**CAIRO FOR INVESTMENT & REAL ESTATE DEVELOPMENT "S.A.E."**

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

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

**Separate financial statements for the financial year ended 31 August 2022**

# Auditor's Report

## *The Shareholders of Cairo for Investment and Real Estate Development "S.A.E."*

### *Report on the separate financial statements*

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

### *Management's responsibility for the separate financial statements*

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

### *Independent auditor's responsibility*

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

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

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

## *Auditor's Report*
## *Page 2*

### *Opinion*

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

### *Report on the other legal and regulatory requirements*

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he Company maintains proper financial records, which includes all that is required by the law and the Company's statutes, and the separate financial statements are consistent therewith. Also, the inventory count was taken by the Company's management in accordance with proper principles.

The financial statements attached to the report of the Board of Directors, which is prepared in accordance with the requirements of the Law No. 159 of 1981 and its executive regulations, are consistent with the Company's books to the extent such statements are recognized in such books.

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

30 November 2022
Cairo

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

**Separate statement of financial position - as at 31 August 2022**

| (All amounts are shown in Egyptian Pounds) | Note | 31 August 2022 | 31 August 2021 |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | 5 | 2,681,026,018 | 1,948,748,382 |
| Investments in subsidiaries and associates | 6 | 415,074,318 | 310,648,802 |
| Investments in Badr University | 7 | 965,106,218 | 928,761,251 |
| Debtors and other debit balances - non-current portion | 9 | - | 17,018,511 |
| Work in progress | 8 | 164,317,425 | 21,581,907 |
| Right-of-use assets | 10 | 13,711,660 | - |
| **Total non-current assets** | | **4,239,235,639** | **3,226,758,853** |
| **Current assets** | | | |
| Debtors and other debit balances | 9 | 595,729,743 | 493,895,518 |
| Cash and cash equivalents | 11 | 34,561,446 | 24,548,622 |
| **Total current assets** | | **630,291,189** | **518,444,140** |
| **Total assets** | | **4,869,526,828** | **3,745,202,993** |
| | | | |
| **Equity** | | | |
| Paid-up capital | 12 | 233,116,130 | 233,116,130 |
| Reserves | 13 | 235,664,941 | 235,664,941 |
| Retained earnings | | 461,874,845 | 280,509,688 |
| **Total equity** | | **930,655,916** | **749,290,759** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Non-current portion of borrowings and credit facilities | 14 | 1,137,447,664 | 671,953,040 |
| Ijarah sukuk - non-current portion | 15 | 531,554,701 | 587,656,871 |
| Deferred tax liabilities | 20 | 3,007,412 | 2,374,907 |
| Creditors and other credit balances - non-current portion | 17 | 642,303,714 | 74,228,492 |
| Lease liabilities - non-current portion | 21 | 390,051 | - |
| **Total non-current liabilities** | | **2,314,703,542** | **1,336,213,310** |
| **Current liabilities** | | | |
| Provisions | 16 | 21,953,807 | 27,087,407 |
| Creditors and other credit balances | 17 | 1,023,095,951 | 1,403,217,923 |
| Advance revenues | 18 | 102,132,254 | 71,723,817 |
| Ijarah sukuk - current portion | 15 | 58,051,085 | - |
| Current portion of borrowings and credit facilities | 14 | 404,226,773 | 157,669,777 |
| Lease liabilities - current portion | 21 | 14,707,500 | - |
| **Total current liabilities** | | **1,624,167,370** | **1,659,698,924** |
| **Total liabilities** | | **3,938,870,912** | **2,995,912,234** |
| **Total liabilities and equity** | | **4,869,526,828** | **3,745,202,993** |

- The accompanying notes on pages 8 to 50 form an integral part of the separate financial statements
- Auditor's report attached

Elkalla

Mr. Mohamed El Khouly
Chief Financial Officer

Dr. Hassan Hassan El Kalla
Chairman

30 November 2022

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C.R: 273431

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

## Separate statement of profit or loss - for the financial year ended 31 August 2022

(All amounts are shown in Egyptian Pounds)

| | Note | 31 August 2022 | 31 August 2021 |
|---|---|---|---|
| Operating income | 22 | 368,847,327 | 259,481,971 |
| Operating cost | 23 | (278,820,911) | (181,565,337) |
| | | **90,026,416** | **77,916,634** |
| General and administrative expenses | 24 | (52,246,090) | (60,185,642) |
| Badr university operating surplus | 27 | 372,107,254 | 234,716,099 |
| Other income | 26 | 26,293,735 | 25,269,667 |
| **Profits generated from operations** | | **436,181,315** | **277,716,758** |
| Finance costs – net | 28 | (128,072,641) | (129,043,125) |
| **Profit before tax** | | **308,108,674** | **148,673,633** |
| Deferred tax | 20 | (632,505) | (453,813) |
| **Profit for the year** | | **307,476,169** | **148,219,820** |
| | | | |
| **Earnings per share** | | | |
| Basic and diluted share | 31 | 0,44 | 0,22 |

- The accompanying notes on pages 8 to 50 form an integral part of the separate financial statements

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

**Separate statement of comprehensive income - for the financial year ended 31 August 2022**

| (All amounts are shown in Egyptian Pounds) | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Profit for the year | 307,476,169 | 148,219,820 |
| Other comprehensive income | - | - |
| **Total comprehensive income for the year** | **307,476,169** | **148,219,820** |

- The accompanying notes on pages 8 to 50 form an integral part of the separate financial statements

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

**Separate statement of changes in equity - for the financial year ended 31 August 2022**

(All amounts are shown in Egyptian Pounds)

| | Paid-up capital | Reserves | Retained earnings | Total |
|---|---|---|---|---|
| **Balance at 1 September 2020** | **233,116,130** | **235,664,941** | **228,537,258** | **697,318,329** |
| Dividends | - | - | (96,247,390) | **(96,247,390)** |
| Total comprehensive income for the year | - | - | 148,219,820 | **148,219,820** |
| **Balance at 31 August 2021** | **233,116,130** | **235,664,941** | **280,509,688** | **749,290,759** |
| | | | | |
| **Balance at 1 September 2021** | **233,116,130** | **235,664,941** | **280,509,688** | **749,290,759** |
| Dividends | - | - | (126,111,012) | **(126,111,012)** |
| Total comprehensive income for the year | - | - | 307,476,169 | **307,476,169** |
| **Balance at 31 August 2022** | **233,116,130** | **235,664,941** | **461,874,845** | **930,655,916** |

- The accompanying notes on pages 8 to 50 form an integral part of the separate financial statements

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

**Separate statement of cash flows - for the financial year ended 31 August 2022**

(All amounts are shown in Egyptian Pounds)

| | Note | 31 August 2022 | 31 August 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year before taxes | | 308,108,674 | 148,673,633 |
| **Adjustments:** | | | |
| Depreciation for the year | 5 | 28,713,412 | 19,986,590 |
| Finance costs | 28 | 128,768,560 | 136,026,992 |
| Leases liabilities interest expenses | 23 | 2,024,228 | - |
| ECL in other debit balances | 9 | 5,210,609 | 11,273,592 |
| Formed provisions | 16 | 12,131,421 | 14,255,349 |
| Interest revenues | 28 | (2,682,573) | (8,285,798) |
| Right-of-use assets depreciation | | 13,711,660 | - |
| Provisions no longer required | 9 | (7,295,405) | (1,383,049) |
| Amortization of sukuk issuance cost | | 1,948,915 | 1,299,277 |
| **Operating profit before changes in assets and liabilities** | | **490,639,501** | **321,846,586** |
| **Change in assets and liabilities** | | | |
| Change in other debit balances | | (80,194,002) | (241,869,676) |
| Change in creditors and other credit balances and accrued income | | 303,450,129 | 932,953,221 |
| Write-off of other debit balances | 9 | (2,536,916) | (172,939) |
| Utilised provisions | 16 | (17,265,022) | (112,625) |
| **Net cash flows generated from operating activities** | | **694,093,690** | **1,012,644,567** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for purchase of fixed assets | 5 | (179,899,615) | (967,072,880) |
| Payments of investment in subsidiaries and associates | 6 | (104,425,516) | (57,235,631) |
| Repaid for Badr University investments | 7 | - | (28,848,562) |
| Payments for projects in progress | 5 | (637,436,407) | (556,374,949) |
| Finance interests collected | | 2,682,573 | 8,285,798 |
| Proceeds from disposal of fixed assets projects in progress | | 20,000,000 | - |
| Payments for works in progress | | (142,735,518) | - |
| Lease liabilities payments | | (14,347,741) | - |
| **Net cash flows used in investing activities** | | **(1,056,162,224)** | **(1,609,532,022)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Repaid from borrowings and bank facilities | | (223,631,058) | (208,725,670) |
| Proceeds from borrowings and bank facilities | | 935,682,680 | 453,514,245 |
| Sukuk issuance cost | | - | (13,642,406) |
| Issued Ijarah sukuk | | - | 600,000,000 |
| Paid finance expenses | | (216,215,662) | (136,026,992) |
| Dividends paid | | (123,754,602) | (96,565,310) |
| **Net cash flows generated from financing activities** | | **372,081,358** | **606,839,665** |
| | | | |
| **Change in cash and cash equivalents** | | **10,012,824** | **9,952,210** |
| Cash and cash equivalents at the beginning of the year | | 24,541,220 | 14,589,010 |
| **Cash and cash equivalents at the end of the year** | 11 | **34,554,044** | **24,541,220** |

- The accompanying notes on pages 8 to 50 form an integral part of the separate financial statements

## 1. Introduction

Cairo for Investment and Real Estate Development (S.A.E.) 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 Company's headquarters is located in 36 Sheikh Ahmed El Sawy Street, Nasr City, Cairo.

The 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 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 Company may also merge with, purchase, or own the aforementioned entities in accordance with 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 Company.

On 1 October 2018, Cairo for Investment and Real Estate Development offered the Company's shares on the Egyptian Stock Exchange.

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

The separate financial statements have been approved by the Board of Directors on 30 November 2022.

## 2. Accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are summarised below. They were applied consistently over the financial periods unless otherwise stated:

### A. Basis of preparation of the separate financial statements

The separate financial statements have been prepared in accordance with the Egyptian Accounting Standards (EASs) and applicable laws. The financial statements have been prepared under the historical cost convention.

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

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

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

## 2. Accounting policies (continued)

### A. Basis of preparation of the separate financial statements (continued)

The Company's separate financial statements were prepared in accordance with the relevant local laws, and the separate financial statements were prepared in accordance EASs. The Company's separate financial statements should be read with its consolidated financial statements as at and for the financial year ended 31 August 2022 to obtain complete information on the financial position of the Company, its operating results, cash flows and changes in equity.

Financial periods and comparative figures
In accordance with the Company's Articles of Association, the financial year begins on 1 September of each year and ends on 31 August of the following year.

### B. New EASs and interpretations applied by the Company

On 28 March 2019, the Ministry of Investment issued Resolution No. 69 of 2019, which includes the new standards and amendments to the existing standards. Amendments to EASs were published in the Official Gazette on 7 April 2019, and changing these standards are applicable for the financial year starting on or after January 2021.

The Company has applied new standards that include EAS (47) "Financial Instruments", EAS (48) "Revenue from Contracts with Customers" and EAS (49) "Leases". The following is the impact of applying these standards on the retained earnings on 1 September 2021:

| | |
|---|---|
| **Retained earnings on 31 August 2021** | 280,509,688 |
| The impact of applying EAS (47) "Financial Instruments" | - |
| The impact of applying EAS (48) "Revenue from Contracts with Customers" | - |
| The impact of the change in EAS (49) "Leases" | - |
| **Total** | - |
| **Retained earnings on 1 September 2021** | **280,509,688** |

#### (1) EAS (47) - "Financial Instruments":

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

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

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

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

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## 2. Accounting policies (continued)

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

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

There will be no impact on the Company's accounting of financial liabilities, as the new requirements only affect the accounting of financial liabilities at fair value through profit or loss and the Company does not have any of these liabilities. The Company does not have financial commitments that have been restructured or amended.

**Impairment of financial assets**

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

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

**Trade and other receivables**
The impairment model of financial assets requires to be measured based on expected credit loss rather than realized credit loss.

The impairment model applies to financial assets at amortised cost and debt instruments measured at fair value through comprehensive income and contract assets resulting from EAS (48), "Revenue from Contracts with Customers", lease receivables, loans' commitments, and some financial guarantee contracts. The Company has applied the new rules as of 1 September 2021, while applying the practical expedients permitted under the standard. The comparative figures for the financial year ended 2021 are not restated.

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

**(2) EAS (48) "Revenue from Contracts with Customers"**
A standard for revenue recognition has been issued, to replace EAS (11) that covers sales of goods and services contracts, and EAS (8) that covers construction contracts.

The new standard is based on the principle of revenue recognition when transferring control of goods or services to the customer.

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

## 2. Accounting policies (continued)

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

### (3) EAS (49) - "Leases":

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

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

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

The Company, as a lessee, recognises the right-of-use asset and lease liabilities on the start date of the lease.

At the initial recognition date, the "right-of-use" asset is recognised in the statement of financial position at carrying amount, discounted using the lending rate at of the lessee at the date of application. The right-of-use assets are depreciated using the straight-line method over the estimated useful life of these assets or the lease term.

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

Subsequently, right-of-use assets and lease liabilities are remeasured in the following cases:

- Changing the lease amount.
- Amending the lease contract.
- Amending the lease term.

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

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

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

There is no impact of applying this standard on lease liabilities on 1 September 2022:

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

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## 2. Accounting policies (continued)

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

### The practical expedient applied

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

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

### Lease liabilities

The Company leases buildings. Leases are made for fixed periods of 1 to 3 years, and may have extension options.

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

## C. Foreign currency translation

### (1) Functional and presentation currency

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

### (2) Transactions and balances

Foreign currency transactions during the year 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 statement of profit or loss at the date of the separate financial position.

## D. Fixed assets

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

The Company recognises subsequent costs of the acquisition of the fixed asset as a separate asset, only when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. The Company recognises in the carrying amount of a fixed asset the cost incurred to replace part of that asset at the date such costs are incurred, 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 Company recognises the costs of daily servicing of the fixed asset in the separate statement of profit or loss.

## 2. Accounting policies (continued)

### D. Fixed assets (continued)

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% |
| Equipment and tools | 20% |
| Devices, furniture and fittings | 20% |
| Computers | 20% |
| Transportations | 20% |

The Company reviews the residual value and the estimated useful lives of fixed assets at the end of each financial year, and adjusts them when expectations differ from previous estimates and accounted for prospectively.

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

Gains or losses on the disposal of an item of fixed assets from the books are determined based on the difference between the net proceeds from the disposal of the item and the carrying amount of the item, and the gain or loss resulting from the disposal of fixed assets is included in the separate statement of profit or loss within "Other operating expenses or revenues".

### E. 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.

### F. Works in progress

Works in progress are stated at cost, which includes all direct costs related and required to prepare the asset.

### G. Subsidiaries

These are entities (including Special Purpose Entities / SPEs), in which the Company has, directly or indirectly, the ability to control its financial and operating policies, and usually the Company owns more than half of the voting rights. This takes into consideration the impact of the future voting rights which can be exercised or converted at the current time when evaluating the Parent Company's ability to control the subsidiaries.

Associates and subsidiaries are accounted for in the separate financial statements of the Parent Company using the cost method. According to this method, investments are recognised at the cost of acquisition, including goodwill, less any impairment loss. Dividends are recognised in the separate statement of profit or loss, when the dividends are approved to be distributed and Parent Company's right of collection is established.

## 2. Accounting policies (continued)

### H. Impairment of non-financial assets

The Company carries out an annual impairment test for an intangible asset that has an indefinite useful life or an intangible asset that is not ready to use at the date of the separate financial statements.

Non-financial assets that have definite useful lives, and they are subject to depreciation or amortisation are tested for impairment whenever there are indications of the possibility for the asset to incur impairment losses.

The asset is tested for impairment by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of sale or value in use. For the purposes of impairment testing, assets are grouped at the lowest group that can be identified from assets generating cash inflows that are largely independent from other inflows of assets or groups of assets (cash-generating unit).

The Company recognises impairment loss in the separate statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

At the end of each financial period the Company assesses whether there is an indication that the impairment loss of any asset other than goodwill, which is recognised in prior years, no longer exists or has decreased, the Company then evaluates the recoverable amount of that asset.

Impairment losses recognised in prior years are reversed when there is an indication that such losses no longer exist or have decreased. 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 the separate statement of profit or loss.

### I. Financial assets

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

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

Financial Assets - derecognition

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial liabilities - measurement categories

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

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## 2. Accounting policies (continued)

### I. Financial assets (continued)

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

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

### J. Impairment of financial assets

The Company assesses the ECL associated with financial assets carried at amortised cost on a forward-looking basis.

As permitted by EAS 47, the Company applies the simplified approach to the ECL on trade receivables, due from related parties and other receivables. The Company uses the provision matrix in calculating ECLs on trade receivables and due from related parties to estimate lifetime ECLs, with applying the respective provision rates to the relevant age groups.

Expected loss rates have been determined using the historical propensity so that debit balances become uncollectible and are adjusted to reflect current and forward-looking information about macroeconomic factors affecting the ability of customers to settle debit balances.

Cash and balances at banks are also subject to impairment requirements in accordance with EAS 47. However, the impairment loss identified was not material.

Financial assets are written off after fulfilling all of the following conditions:
1. Debit balances are overdue for at least one year.
2. The Company has tried to restore and participate in all relevant law enforcement activities.
3. It was concluded that there is no reasonable expectation of recovery, and
4. The write-off is approved by the management.

The recovered amounts are recognised in the statement of comprehensive income.

### K. Cash and cash equivalents

For the purposes of presenting the separate statement of cash flows, cash and cash equivalents comprise current accounts, deposits with banks and cash on hand with maturities not exceeding three months from the deposit date.

## 2. Accounting policies (continued)

### L. Provisions

Provisions are recognised when there is a present legal or constructive liability as a result of past events, and it is more likely that a use of resources will be required to settle these liabilities; with a reliable estimate of the amount of the liability. Provisions are reviewed at the date of each financial position and adjusted to reflect the best current estimate. Where the impact of the time value of cash is significant, the amount recognised as a provision should be the present value of the expected expenses required to settle the liability.

### M. Trade payables

Trade payables are recognised initially at the fair values of goods and services received from others. Trade payables are subsequently carried at amortised cost using the effective interest rate.

### N. Issued and paid up capital

Ordinary shares are classified as equity.

### O. Borrowings

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

Borrowings and advances are classified as current liabilities unless the Company has an unconditional right to defer settlement of such liabilities for at least 12 months after the date of the separate financial statements.

Borrowing costs eligible for capitalization
Borrowing costs directly attributable to the acquisition or production of a qualifying asset are the borrowing costs that could have been avoided if there is no expenditures made on this asset and if the entity has borrowed cash particularly to obtain a qualifying asset, it will be easy to determine the borrowing costs attributable to such asset.

### P. Current and deferred income tax

Current income tax

- The Company's current tax are calculated in accordance with the applicable Egyptian laws and regulations.
- The Company is subject to corporate income taxes. The Company uses tax advisors to estimate the income tax provision. In case of differences between the final tax outcomes with the initially recorded amounts, such differences will affect the income tax and deferred tax provision in the year in which they occur.

Deferred income tax
Deferred income tax is fully recognised using the liabilities method on temporary differences between the tax value of assets and liabilities and their carrying amounts in the separate 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)

## Q. Legal reserve

In accordance with the Company's Articles of Association, 5% of the net profit is transferred to the legal reserve, after the approval of the separate financial statement by the Ordinary General Assembly. Such transfer may be discontinued when the reserve equals 50% of the Company's issued and paid up capital and once the reserve decreases, the deduction should resume. This reserve is not available for distribution.

## R. Statutory reserve

In accordance with the Company's Articles of Association, 5% of the net profit is deducted to form the statutory reserve after the approval of the financial statement by the General Assembly. Such transfer may be discontinued when the reserve equals 50% of the Company's issued and paid capital and once the reserve decreases, the deduction should resume. This reserve is not available for distribution.

On 30 May 2021, Article (56) of the Company's Articles of Association was amended to discontinue the deduction of the statutory reserve from profits.

## S. Revenue recognition

In accordance with EAS (48) "Revenue from contracts with customers", which consists of five steps (determining the contract - determining performance obligations - determining the transaction price - allocating transaction price - revenue recognition).

Revenue is measured at the fair value of the consideration received or receivable to the Company, which results from selling or rendering services through the Company's normal course of business, stated net of value added taxes (VAT), discounts, or deductions. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Company; and when specific conditions have been met for each transaction, as described below. The amount of revenue is not considered accurately measurable unless it is certain that the amount due will be collected. The Company bases its estimate on historical results of returns, taking into consideration the type of customer, the type of transaction and the related specific arrangements and contracts between the Company and the customer.

Revenues are recognised using accrual basis.

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

Bus revenues
The Company provides educational 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 is recognised throughout the period of rendering services.

## 2. Accounting policies (continued)

### S. Revenue recognition (continued)

Contracting revenues

EAS (48) "Revenues from contracts with customers" specifies a comprehensive model for accounting for revenues arising from contracts with customers. It replaces the current revenue recognition guidelines existed in many standards and interpretations within the IFRS. The standard establishes a five-step model that is based on revenues arising from contracts with customers.

Step 1 - Determine the contract with customers: A contract is defined as an agreement between two or more parties that establishes enforceable rights and obligations and sets the standards for such rights and obligations.

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

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

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

Step 5: Revenue recognition upon the Company's fulfillment of the performance obligation.

Lease revenues

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

Interest income

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

### T. Lease

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

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

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## 2. Accounting policies (continued)

### T. Lease (continued)

The initial recognition and measurement of these assets and liabilities is on the basis of the present value, and the lease liabilities include the net present value of unpaid lease payments on the date of the beginning of the application, which is shown as follows:

- Fixed payments less any payable lease incentives.
- Variable lease payments that depend on an index or rate, and are measured initially using the index or rate at the start date of the lease contract.
- Amounts that the lessee expects to pay under residual value guarantees.
- The price of exercising the purchase option, if any, and if the lessee is reasonably certain of practising it.
- Payments of fines to terminate the lease contract if the contract term reflects the lessee's exercise of the option to terminate the lease contract.

Lease payments relating to the contract extension option are only taken into consideration if the Company reasonably expects to exercise it.

Lease liabilities are deducted using the interest rate implicit in the lease contract if it can be determined easily, and if this rate cannot be determined easily, the interest rate is used on the incremental borrowing rate of the Company. To determine this rate, the Company uses interest rates related to loans and overdrawn amounts from banks as a starting point, and adjusts them in relation to the conditions of the lease (contract period, country, currency, collaterals, etc...).

The interest on these liabilities is recognised in the statement of profit or loss during the lease contract term, using the effective interest method, which results in a fixed interest rate on the balance of remaining lease liabilities at the end of each period / year.

Right-of-use assets are measured on a cost basis, as shown below:

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

Right-of-use assets are depreciated on the basis of the estimated useful life of the asset or the lease term, whichever is shorter.

Lease payments relating to short-term lease contracts and lease contracts of low-value assets are recognised as an expense in the statement of profit or loss on the basis of the straight-line method.

## 2. Accounting policies (continued)

### U. Employees' benefits

Employees' share of profit
In accordance with the Companies Law, the Company shall pay the employees' profits share at the rate of 10% of the profits that are distributed and up to a maximum amount equal to the total salaries of the last financial year before distribution. Employees' share of profit is recognised as dividends in equity and as liabilities when approved by the Company's Shareholders' General Assembly. No liability is recognised in the employees' share of undistributed profits.

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

### V. Fair value of financial instruments

Fair value is the price that would be obtained to sell an asset or paid to convert a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market.

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

The fair values of all assets and liabilities are measured or disclosed in the separate 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.

## 2. Accounting policies (continued)

### W. Segment reporting

The Company considers that the school activities sector is one sector, and therefore there is no difference between the financial statements of this sector and the financial statements of the Company, except for the contracting sector, which appeared during this financial period and is not continuous for the Company.

### X. Dividends

Dividends are recognised as liabilities in the separate financial statements at the end of the financial period in which the dividends are approved by the Company's General Assembly of Shareholders.

### Y. Comparative figures

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

## 3. Financial risk management

### 3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks. These risks include market risks (including change in foreign currency rates risks, change in interest rates risks), the Company does not have changes in the prices risks, as there are no investments that are assessed by the fair value plus credit and liquidity risks.

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

### (A) Market risks

#### 1. Risks of change in foreign currency rates

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 Company is exposed to foreign exchange risk on foreign currency positions, mainly the US dollar. Management believes that the nature of its activities are not significantly exposing the Company to foreign currencies risks. There are no significant balances in foreign currencies at the end of the year.

#### 2. Fair value and cash flow risks arising from change in interest rates

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 Company is exposed to cash flow risk arising from changes in interest rates of its assets and liabilities that are due after more than one year bearing variable interest (bank deposits, bank overdrafts and term deposits). The Company maintains an appropriate mix of fixed rate and variable rate loans to manage the interest rate risk. Note (14) shows the borrowings and credit facilities owed by the Company.

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## 3. Financial risk management (continued)

### 3.1 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 separate statement of profit or loss.

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

| | Increase/ decrease | Impact on separate profit or loss EGP |
|---|---|---|
| 31 August 2022 | 300 points | 46,250,233 |
| 31 August 2021 | 300 points | 24,888,685 |

### (B) Credit risks

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

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

The balances of accrued revenues that are more than one academic year are reduced completely on their due dates. The total balance of provisions for ECLs at the end of the year amounted to EGP 9,188,796. (2021: EGP 13,810,508).

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

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Due from related parties | 379,426,570 | 258,884,178 |
| Cash at banks | 33,585,733 | 24,188,109 |
| Accrued revenues | 20,085,605 | 15,359,679 |
| ECL in debtors and other debit balances | (9,188,796) | (13,810,508) |

### (C) Liquidity risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial liabilities due to shortage of finance. The Company's exposure to liquidity risk results primarily from the lack of offset between maturities of financial assets and liabilities.

Prudent liquidity risk management requires maintaining sufficient cash, and the availability of funding through an adequate amount of available credit facilities and reliance on related parties.

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## 3. Financial risk management (continued)

### 3.1 Financial risk factors (continued)

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

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

| | 31 August 2022 | | |
|---|---|---|---|
| | **Less than 3 months** | **From 3 months to 1 year** | **From 1 year to 5 years** |
| Loans | 65,458,627 | 189,146,784 | 1,137,447,664 |
| Ijarah sukuk | - | 58,051,085 | 531,554,701 |
| Due to related parties | 702,679,658 | - | - |
| Land purchase payables | 130,978,836 | 52,262,345 | 642,303,714 |
| Leases liabilities | 3,945,000 | 11,444,949 | 390,051 |
| Suppliers and contractors | 34,250,204 | - | - |
| Accrued expenses | - | 8,238,190 | - |
| Accrued finance costs | - | 28,400,000 | - |
| Due to government agencies | 18,336,650 | - | - |
| Dividends payables | 16,754,249 | - | - |

| | 31 August 2021 | | |
|---|---|---|---|
| | **Less than 3 months** | **From 3 months to 1 year** | **From 1 year to 5 years** |
| Loans | 45,281,438 | 112,388,340 | 671,953,040 |
| Ijarah sukuk | - | - | 587,656,871 |
| Due to related parties | 535,779,629 | - | - |
| Land purchase payables | 437,113,478 | 331,379,840 | 74,228,492 |
| Suppliers and contractors | 24,479,301 | - | - |
| Accrued expenses | 4,122,351 | - | - |
| Accrued finance costs | 41,871,507 | - | - |
| Due to government agencies | 11,132,019 | - | - |
| Dividends payables | 14,395,589 | - | - |

### 3.2 Capital risk management

The objectives of Company's management when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders using the separate 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 Company's due debts. The Company's management monitors the capital structure using the ratio of net debt to total capital. The net debt represents the total borrowings and credit facilities less cash on hand and at banks. The total capital represents the shareholders' total equity of the Company as shown in the separate statement of financial position as well as the net debts.

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## 3. Financial risk management (continued)

### 3.2 Capital risk management(continued)

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

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Loans | 1,541,674,437 | 829,622,817 |
| Ijarah sukuk | 600,000,000 | 600,000,000 |
| **Total debts** | **2,141,674,437** | **1,429,622,817** |
| **Less:** Cash and cash equivalents | (34,561,446) | (24,548,622) |
| **Net debts** | **2,107,112,991** | **1,405,074,195** |
| Equity | 930,658,447 | 749,295,806 |
| **Total capital** | **3,037,771,438** | **2,154,370,001** |
| Gearing ratio | 69.36% | 65.22% |

### 3.3 Fair value estimates

The fair value of the current financial assets and liabilities approximate their carrying amount, after considering any impairment. The Company has obtained three long-term loans from Egyptian and foreign banks, and the management believes that the fair value of the loan approximates its carrying amount, as it has a variable interest linked to the corridor announced by the Central Bank of Egypt.

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## 4. Critical accounting estimates and judgement

### (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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will rarely equal the actual results. The following are the critical estimates and judgements that the Company uses:

(A) Provisions

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

(B) ECLs for financial assets

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 exceeds more than one academic year are fully reduced.

(C) Estimating useful lives of fixed assets

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

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

Generally, applying the Company's accounting policies does not require the management to use the personal judgement (other than 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 separate financial statements.

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## 5. Fixed assets

| | Lands | Buildings, premises and facilities | Equipment and tools | Devices, furniture and fittings | Computers | Transportations | Projects in progress | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost at 1 September 2021** | **1,265,670,879** | **233,250,928** | **16,219,360** | **34,351,143** | **12,741,189** | **39,448,896** | **480,640,228** | **2,082,322,623** |
| Additions for the year | 133,940,186 | 4,523,473 | 15,828,400 | 5,819,623 | 2,975,929 | 16,811,997 | 637,436,407 | **817,336,015** |
| Transferred from projects in progress | - | 33,066,566 | - | - | - | - | (33,066,566) | - |
| Transferred to Badr University | - | - | - | - | - | - | (36,344,967) | **(36,344,967)** |
| Reclassification | (932,551,678) | - | - | - | - | - | 932,551,678 | - |
| Disposals | - | - | - | - | - | - | (20,000,000) | **(20,000,000)** |
| **Cost at 31 August 2022** | **467,059,387** | **270,840,967** | **32,047,760** | **40,170,766** | **15,717,118** | **56,260,893** | **1,961,216,780** | **2,843,313,671** |
| **Accumulated depreciation at 1 September 2021** | - | **65,957,665** | **10,292,609** | **25,778,538** | **8,066,631** | **23,478,798** | - | **133,574,241** |
| Depreciation for the year | - | 11,652,357 | 4,574,763 | 3,687,456 | 1,867,766 | 6,931,070 | - | **28,713,412** |
| **Accumulated depreciation at 31 August 2022** | - | **77,610,022** | **14,867,372** | **29,465,994** | **9,934,397** | **30,409,868** | - | **162,287,653** |
| **Net carrying amount at 31 August 2022** | **467,059,387** | **193,230,945** | **17,180,388** | **10,704,772** | **5,782,721** | **25,851,025** | **1,961,216,780** | **2,681,026,018** |

Projects in progress related to Badr University and Badr University, Asyout Governorate, represent the costs of completing the rest of 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 and Badr University, Asyout Governorate as soon as the completion of each stage. The rest of the work is the constructions and buildings works related to the schools owned by the Company.

As explained in Note (14), the fixed assets item as at 31 August 2022 includes assets that have been secured by sukuk issued and include the land and buildings of Future French/ German International Languages School in Rehab city, the land and buildings of Futures language school - Rehab city and the land and buildings of Futures Girls Elementary School (1) and (2) and the land and buildings of Othman Ibn Affan School - Rehab city. The net carrying amount of these assets as at 31 August 2022 amounts to EGP 39,390,770 (2021: EGP 38,591,574).

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

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

## 5. Fixed assets (continued)

| | Lands | Buildings, premises and facilities | Equipment and tools | Devices, furniture and fittings | Computers | Transportations | Projects in progress | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost at 1 September 2020** | **513,771,780** | **154,679,566** | **13,404,490** | **28,897,615** | **10,427,356** | **24,147,349** | **138,311,763** | **883,639,919** |
| Additions for the year | 884,711,367 | 4,448,061 | 2,814,870 | 4,162,958 | 2,172,724 | 15,301,547 | 609,836,302 | **1,523,447,829** |
| Transferred from projects in progress | - | 74,123,301 | - | 1,290,570 | 141,109 | - | (75,554,980) | - |
| Transferred to Badr University | - | - | - | - | - | - | (191,952,857) | **(191,952,857)** |
| Disposals | (132,812,268) | - | - | - | - | - | - | **(132,812,268)** |
| **Cost at 31 August 2021** | **1,265,670,879** | **233,250,928** | **16,219,360** | **34,351,143** | **12,741,189** | **39,448,896** | **480,640,228** | **2,082,322,623** |
| | | | | | | | | |
| **Accumulated depreciation at 1 September 2020** | - | **55,672,960** | **8,416,929** | **22,568,644** | **6,664,444** | **20,264,674** | - | **113,587,651** |
| Depreciation for the year | - | 10,284,705 | 1,875,680 | 3,209,894 | 1,402,187 | 3,214,124 | - | **19,986,590** |
| **Accumulated depreciation at 31 August 2021** | - | **65,957,665** | **10,292,609** | **25,778,538** | **8,066,631** | **23,478,798** | - | **133,574,241** |
| **Net carrying amount at 31 August 2021** | **1,265,670,879** | **167,293,263** | **5,926,751** | **8,572,605** | **4,674,558** | **15,970,098** | **480,640,228** | **1,948,748,382** |

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## 6. Investments in subsidiaries and associates

| | Shareholding percentage | 31 August 2022 | 31 August 2021 |
|---|---|---|---|
| Investments in the subsidiaries | | | |
| Star Light Company (6) | 80% | 143,755,724 | 100,000,000 |
| Egyptian Schools for Educational Services Company (5) | 61% | 65,715,744 | 52,087,675 |
| Upper Egypt Educational Services Company | 99% | 40,000,000 | 40,000,000 |
| Cairo Egypt for Educational Premises Company (3) | 60% | 60,024,436 | 30,024,436 |
| Cairo Educational Services Company | 70% | 16,815,399 | 16,815,399 |
| Egyptian Educational Systems Company (1) | 92% | 14,650,040 | 14,650,040 |
| Global Educational Technologies Company | 78% | 14,470,830 | 14,470,830 |
| Futures and Nations Company (2) | 50% | 5,000,000 | 5,000,000 |
| Emco for Systems and Computers Company | 82% | 4,114,100 | 4,114,100 |
| Educational Systems International Company | 80% | 1,155,800 | 1,155,800 |
| CIRA Talent Company for Sports Services and Talent Development (9) | 33% | 825,000 | - |
| Cairo Facility Management Company (10) | 30% | 30,000 | - |
| Al-Ahly CIRA Company (8) | 51% | 5,100,000 | - |
| | | **371,657,073** | **278,318,280** |
| Investments in associates | | | |
| Egyptians Health Care Company (7) | 11% | 42,950,306 | 31,863,583 |
| Innovvette Company (4) | 51% | 5,600,000 | 5,600,000 |
| New Soft Company | 23% | 230,000 | 230,000 |
| | | 48,780,306 | 37,693,583 |
| **(Less):** Impairment of investment | | (5,363,061) | (5,363,061) |
| | | **415,074,318** | **310,648,802** |

(1) On 21 April 2019, the Extraordinary General Assembly meeting of the Egyptian Education Systems Company resolved to approve to put the Company under liquidation, provided that the liquidation period shall be one year, starting from the date of the registration 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. Whereas 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, and this resulted in an impairment in its investment of EGP 5,133,061 on 31 August 2019.

(2) The Company's management 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 Futures and Nations Company. Accordingly, the investment has been considered as an investment in subsidiaries, and the Company was included in the consolidated financial statements.

## 6. Investments in subsidiaries and associates (continued)

(3) During the year ended 31 August 2021, the Company increased its investment in the capital of Cairo Egypt for Educational Services by an amount EGP 30,000,000, without changing its shareholding percentage in the Company.

The Company sold 40% of its share in Cairo Egypt for Educational Premises to El Sewedy Educational Services Holding Company Ltd., while retaining its ability to control the operating and financing policies and the Company's main activities. Accordingly, the investment was retained as an investment in subsidiaries.

(4) During the year ended 2021, the Company purchased 51% of Innovvette for Education Company. The Company has assessed the degree of influence on the Company and concluded that it does not have the ability to control the operating and financing policies. The investment was classified as an investment in associates.

Furthermore, the Company owns a controlling interest in the International Healthcare Company and Alex for Educational Services, as these companies have discontinued their activities, and their full value has been impaired. There are no liabilities incurred by the Company regarding the liabilities of these Companies.

(5) During the financial year ended 31 August 2022, the Company increased its investment in the capital of Egyptian Schools for Educational Services by an amount of EGP 13,628,069, without changing its shareholding percentage in the Company.

(6) During the financial year ended 31 August 2022, the Company increased its investment in the capital of Star Light Company by an amount of EGP 43,755,724. The Company's shareholding precentage has increased from 60% to 80%.

(7) During the financial year ended 31 August 2022, the Company increased its investment in the capital of Egyptians Health Care Company by an amount of EGP 13,628,069, without changing its shareholding percentage in the Company.

(8) During the financial year ended 31 August 2022, the Company established Al-Ahly CIRA Company by 51% in partnership with Al-Ahly Capital Holding by 48.9% and Al-Ahly Consulting and Investment Services Company by 0.1%

(9) During the financial year ended 31 August 2022, the Company established CIRA Talent for Sports Services and Talent Development by 33% in partnership with International Company for Education Systems by 34% and Badr University by 33%

(10) During the financial year ended 31 August 2022, the Company established Cairo Facility Management by 30% in partnership with International Company for Education Systems by 34%.

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## 7. Investments in Badr University

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

In accordance with Article 7 of the Executive Regulations of Law No. 12 of 2009 regarding private and national universities, the founder transfers the fixed assets to the University. Accordingly, the University's fixed assets are transferred thereto during each period since the inception of the University. These amounts have been recognized as investments representing the in-kind contributions that the Company paid to Badr University. These contributions amounted to EGP 965,106,218 at 31 August 2022 (31 August 2021: EGP 928,761,251).

These contributions have been recognized as an investment in a subsidiary in accordance with Egyptian Accounting Standard No. 25 "Financial Instruments - Disclosure and Presentation", since the Company will not receive consideration for these assets in the form of cash, in kind or by transferring other financial assets. The Company (the Founder) will have the right to the excess of distribution after the approval of the University's board of trustees, which is consistent with the classification of investments in equity instruments according to the aforementioned Egyptian standard.

Presidential Decree No. 545 of 2019 was issued to add 7 faculties to Badr University in Cairo, followed by the operation of the Faculty of Applied Health Science Technology, the Faculty of Law, and the Faculty of Politics and International Relations, starting from the academic year 2021.

## 8. Works in progress

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Cairo Heights project - Residential buildings | 21,581,907 | 21,581,907 |
| Medical City | 142,735,518 | - |
| | **164,317,425** | **21,581,907** |

The work in progress for the medical city is represented in the construction work that the Company carries out to establish a medical city for the Egyptians for Health Care Company (an associate). In the subsequent period for the financial year ended 31 August 2022, an amount of EGP 93,757,863 was recognised as contracting revenues based on the delivery of the completed part of the works in progress. Related contracting revenues were also recognised during the year with an amount of EGP 57,893,163 (2021: EGP nil) and the contracting expenses with an amount of EGP 53,279,754 (2021: EGP nil).

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## 9. Debtors and other debit balances

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Paid under land purchase account | - | 17,018,511 |
| Due from related parties (Note 29) | 379,426,570 | 258,884,178 |
| Paid under purchase of investments account | 77,252,973 | 96,996,162 |
| Prepayments of suppliers | 31,228,172 | 120,364,941 |
| Accrued revenues | 20,085,605 | 15,359,679 |
| Prepaid expenses | 1,896,481 | 7,918,741 |
| Withholding tax | 433,079 | 383,389 |
| Miscellaneous debit balances | 94,595,659 | 7,798,936 |
| | **604,918,539** | **524,724,537** |
| **(Less):** ECL in debtors and other debit balances | (9,188,796) | (13,810,508) |
| | **595,729,743** | **510,914,029** |
| **(Less):** Non-current portion | - | (17,018,511) |
| **Current portion** | **595,729,743** | **493,895,518** |

* The payment item under the land purchase account is in advance payments for the purchase of land in Al Alamein city, New Sohag city, Qina and Badr city.

The movement of ECLs in debtors and other debit balances during the year is as follows:

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **13,810,508** | **4,092,904** |
| Formed during the year | 5,210,609 | 11,273,592 |
| Provisions no longer required | (7,295,405) | (1,383,049) |
| Write-off during the year | (2,536,916) | (172,939) |
| **Balance at the end of the year** | **9,188,796** | **13,810,508** |

- Accrued revenues item is represented in private educational revenues that have not been collected up to the date of the financial position.
- The item of paid under purchase of investments account represents the amounts paid under the account of the purchase of investments in subsidiaries or associates. This item includes EGP 50 million paid under the capital account of the Egyptians for Health Care Company, EGP 14,500,00 million paid under the capital account of the Global Furniture Company and EGP 8,178,712 paid under the capital account of Global Educational Technologies Company.
- On 31 August 2022, balances due from related parties and accrued revenues with no impairment indicators amounted to EGP 399,512,175 (31 August 2021: EGP 274,243,857).
- On 31 August 2022, debtors and miscellaneous debit balances subject to impairment amounted to EGP 9,188,796 (31 August 2021: EGP 13,810,508).

A provision for impairment was made in full on 31 August 2022 and on 31 August 2021.

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## 10. Right-of-use assets

The right-of-use asset represents the lease contract related to the Company's school building and it was measured at the carrying amount as if the standard was applied since the commencement of the lease contract, but it was deducted using the borrowing rate for the lessee at the date of application, and it is subsequently depreciated over the life of the lease contract using the straight-line method.

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| **Balance at the beginning of the year** | - | - |
| The impact of initial application of EAS (49) "Leases" | 27,423,320 | - |
| Depreciation of right-of-use assets during the year | (13,711,660) | - |
| **Balance** | **13,711,660** | **-** |

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the lessee's borrowing rate is used, which is the rate that shall be paid by the lessee to borrow the funds needed for the acquisition of an equivalent value asset in a similar economic environment with similar terms and conditions. An average interest rate of 10,75% was used.

## 11. Cash and cash equivalents

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Current accounts at banks * | 22,209,156 | 3,405,734 |
| Deposits ** | 11,376,577 | 20,782,375 |
| Cash on hand | 975,713 | 360,513 |
| | **34,561,446** | **24,548,622** |

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

** The deposits are due within periods of 90 days from date of placement, and are subject to interest of 11.25% (31 August 2021: 9.75%) annually. Also, interest rates of current accounts reached 15% annually (31 August 2021: 8.25% annually).

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

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Cash on hand and balances at banks | 34,561,446 | 24,548,622 |
| Restricted cash at banks | (7,402) | (7,402) |
| | **34,554,044** | **24,541,220** |

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## 12. Capital

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

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

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

## 13. Reserves

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

| | 31 August 2022 | | |
|---|---|---|---|
| | Balance at 1 September | Formed during the year | Balance at 31 August |
| Legal reserve | 116,640,502 | - | 116,640,502 |
| Statutory reserve | 19,752,007 | - | 19,752,007 |
| Special reserve | 99,272,432 | - | 99,272,432 |
| **Total** | **235,664,941** | **-** | **235,664,941** |

| | 31 August 2021 | | |
|---|---|---|---|
| | Balance at 1 September | Formed during the year | Balance at 31 August |
| Legal reserve | 116,640,502 | - | 116,640,502 |
| Statutory reserve | 19,752,007 | - | 19,752,007 |
| Special reserve | 99,272,432 | - | 99,272,432 |
| **Total** | **235,664,941** | **-** | **235,664,941** |

A. Legal and statutory reserve

In accordance with the companies' law number 159 for year 1981, 5% of the net profit for the year is transferred to the legal reserve account. The deduction is discontinued once the legal reserve reaches 50% of the issued and paid up capital.

At least an amount equals to 5% of the profit shall be transferred to the statutory reserve, until the reserve reaches 25% of the Company's issued capital and whenever the reserve decreased, the transfer should resume. On 30 May 2021, Article (56) of the Company's Articles of Association was amended to discontinue the deduction of the statutory reserve from profits.

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## 13. Reserves (continued)

B. Legal and statutory reserve

On 2 February 2018 and 30 August 2018, the Company's Ordinary General Assembly approved the separate financial statements for the financial year ended 31 December 2015 as well as for the eight months ended 31 August 2016. Based on the resolution of the Company's Ordinary General Assembly to approve the financial statements of the Company for these periods, and during the financial year ended 31 August 2018 an amount equal to 5% of the profits for the financial period has been deducted from 1 January 2016 until 31 August 2016 and the financial year ended 31 December 2015 to support the legal reserve and 5% to support the statutory reserve, as stated in the Company's Articles of Association.

C. Special reserve

Special reserve represents a due debt from a related entity to a major shareholder to Cairo for Investment and Real Estate Development Company (Social Impact Capital) with an amount of EGP 7,852,416 has been waived and then recognised directly as special reserve in the equity statement after deducting related tax impact of EGP 1,766,794. This transaction is considered to be done with shareholders in their capacity as shareholders.
The special reserve was supported by EGP 93,186,810 on 31 August 2019, and the legal reserve was completed to reach 50% of the issued capital from the share premium amounting to EGP 116,558,065.

## 14. Loans and credit facilities

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

Credit facilities from Qatar National Bank have an interest rate of 1.5% above the corridor price stated by the Central Bank.

**Qatar National Bank loan (1)**

On 30 May 2019, the Company signed a contract for a medium term loan of EGP 100 for the purpose of constructing 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 in addition to the related interests that will be determined at an interest rate of 1.5% above the lending rate announced by the Central Bank of Egypt.

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

## 14. Loans and credit facilities (continued)

**Qatar National Bank loan (2)**

On September 9, 2021, the Company signed a medium-term loan contract in an amount of EGP 260 million, with the purpose of utilizing it to partially finance the remaining projects of the Company's expansion plan represented in establishing the Faculty of Pharmacy and Dentistry at Badr University, Assiut Governorate, and establishing two new schools in Minya and Mirage City, and completing the construction works at Badr University and schools in New Mansoura City. The contract ends on 31 August 2028. The loan shall be paid semi-annually on 12 equalled-amount instalments in February and August, in addition to the applicable interest. The first instalment is due on the last day of February 2024, followed by the second instalment on the last day of August 2021, and so on, respectively and periodically, every six-months until the maturity date of the eleventh and final instalments that is due on 31 August 2028.

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

The principal conditions and guarantees of the above loans are:

- Transfer all income generated from operations of the schools and Badr University to a special account with the lending bank and is used as an additional repayment method for the principal and interest.
- Dividends are not to be distributed unless all loans related liabilities 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. The debt service rate (profits before interest, tax and depreciation/ total financial liabilities) should not be less than 1: 1.
- Not to obtain any loans or credit facilities unless after obtaining a written approval from the bank.

**Ahli United Bank loan**

On 14 January 2021, the Company signed a contract for a medium term loan of EGP 100 million for the purpose of future expansions in establishing schools and new faculties in Badr University which are wholly owned by the Company. The amount of the contract was increased by EGP 200 million as a second payment. The contract was increased again by an amount of EGP 225 million. The term of this contract extends until 31 August 2024, and the repayment of the loan shall be in 9 semi-annual installments of equal amount starting from February 2022. However, the Company is still paying the returns related to it during the current year, which were determined to be 1.25% above the lending rate announced by the Central Bank of Egypt, with a grace period estimated at one year without any administrative expenses. On 11 November 2021 and 10 April 2022, the contract was increased for the last time by an amount of EGP 150 million. During the year, the Company obtained a credit facility of EGP 20 million. The Company signed a medium-term loan contract with an amount of EGP 140 million, for the purpose of the medical city project of Egyptians Health Care Company.

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

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## 14. 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 1.15.

(2) The financial leverage (total bank loans divided by net shareholders' equity) should not exceed 1.5.

**European Bank loan**

On 30 September 2019, the Company signed a contract for a medium term loan of EGP 452 million. The first instalments was injected on 19 September 2019, and the second instalment was injected within three months from 31 August 2021 for the purpose of purchasing a new land in Assiut to establish faculties related to Badr University - Assiut and the establishment of stage 1 of the University is fully owned by the Company. The contract ends on 30 September 2027. The loan shall be paid on 12 semi-annual instalments of equal amount. 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 at 31 August 2022 amounted to EGP 362,251,500 (31 August 2021: EGP 452,814,375).

Principal conditions and guarantees

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



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## 15. Ijarah sukuk

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

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

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

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

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

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

(B)

(C) A leasing contract for the assets subject of bonding has been concluded whereby the bonding company shall 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 lease value that the Group pays to the bonding company according to the payment terms mentioned above.

(D) 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.

(E) 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.

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

### 15. Ijarah sukuk (continued)

These assets have not been derecognised from the books of the Company, 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 Company's continuity in managing these assets.

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

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Balance at the beginning of the year | 12,343,129 | - |
| Sukuk issuance cost | - | 13,642,406 |
| Amortization of sukuk issuance cost (Note 26) | (1,948,915) | (1,299,277) |
| **Balance at the end of the year** | **10,394,214** | **12,343,129** |

### 16. Provisions

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Provision for tax | 21,953,807 | 27,087,407 |
| | **21,953,807** | **27,087,407** |

The movement of provisions during the year is as follows:

| | 31 August 2022 | | | |
|---|---|---|---|---|
| | **Balance at the beginning of the year** | **Formed during the year** | **Utilised during the year** | **Balance at the end of the year** |
| Provision for tax | 27,087,407 | 12,131,422 | (17,265,022) | **21,953,807** |
| | **27,087,407** | **12,131,422** | **(17,265,022)** | **21,953,807** |

| | 31 August 2021 | | | |
|---|---|---|---|---|
| | **Balance at the beginning of the year** | **Formed during the year** | **Utilised during the year** | **Balance at the end of the year** |
| Provision for tax | 12,944,683 | 14,255,349 | (112,625) | **27,087,407** |
| | **12,944,683** | **14,255,349** | **(112,625)** | **27,087,407** |

Provision for tax

Tax provisions have been formed in the current period and prior years from tax claims actually received in addition to estimated tax provisions for prior years that have not been yet inspected.

Regarding the tax provision on tax claims actually received, the formed balance for those provisions on 31 August 2022 amounted to EGP 21,953,807 (31 August 2021: EGP 27,087,407) based on management estimates and the independent external tax advisor of the Company.

If the estimations related to formed provisions have changed by 10% (increase or decrease), the impact on the separate statement of profit or loss will be an amount of EGP 2,195,380 increase or decrease (31 August 2021: EGP 2,708,741).

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

## 17. Creditors and other credit balances

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Due to related parties (Note 27) | 702,679,658 | 535,779,629 |
| Land purchase payables | 825,544,894 | 842,792,658 |
| Suppliers and contractors | 48,002,668 | 24,479,301 |
| Accrued finance costs | 28,400,000 | 41,871,507 |
| Due to government agencies | 18,336,650 | 11,132,019 |
| Dividends payables | 16,754,249 | 14,395,589 |
| Accrued expenses | 8,238,190 | 4,122,351 |
| Other credit balances | 17,443,356 | 2,873,361 |
| | **1,665,399,665** | **1,477,446,415** |
| Less: Non-current portion | | |
| Lands purchase payables - non-current portion* | 642,303,714 | 74,228,492 |
| **Current portion** | **1,023,095,951** | **1,403,217,923** |

* The balance of land purchase payables represents 5 new lands in the framework of the expansion of the Company's activities and the establishment of new schools. A land was purchased in Badr City and Badr University, Assiut Governorate amounting to EGP 673 million, 15% of its amount was paid and the rest shall be paid in 20 semi-annual instalments ending on 12 January 2031. A land was purchased in the New Alamein City amounting to EGP 31 million, 20% of its amount was paid, and the rest shall be paid in 8 semi-annual instalments ending on 2 June 2024. Rasheed land was also purchased, 15% was paid, and the rest shall be in 10 semi-annual installments ending on 12 September 2026, with an amount of EGP 37 million, a land in Qena, 15% was paid, and the rest shall be paid in 10 semi-annual installments ending on 29 November 2025, with an amount of EGP 10 million. A land in Sohag was purchased as well, 15% was paid, and the rest shall be in 10 ten semi-annual installments ending on 20 October 2025, with an amount of EGP 10 million, and finally, 2 buildings in the city of Nasser Assiut, 40% was paid, and the rest shall be paid in 12 quarterly installments ending on 10 May 2025, with an amount of EGP 11 million.

## 18. Advance revenues

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

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Advance revenues | 102,132,254 | 71,723,817 |
| | **102,132,254** | **71,723,817** |

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## 19. Income tax

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

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Deferred tax (note 20) | 632,505 | 453,813 |
| **Total** | **632,505** | **453,813** |

Tax on the profit before tax differs from the amount expected to be obtained theoretically by using the tax rate applicable to the Company's profits as follows:

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Net profit before tax | 308,108,674 | 148,673,633 |
| Income tax calculated at the applicable local tax rates | 69,324,451 | 33,451,566 |
| **Add (less):** | | |
| Unrecognised expenses for tax purposes | 3,808,445 | 6,152,028 |
| Non-taxable revenues * | (80,272,891) | (52,571,024) |
| Deferred tax assets not previously recognised | 7,772,500 | 13,421,243 |
| **Tax as per the statement of income** | **632,505** | **453,813** |

The amount of non-taxable revenues includes the amount of EGP 372,107,254, the surplus of Badr University during the year.

## 20. Deferred tax liabilities

| | Balance at 1 September 2021 (Liability) | Movement for the year (Expense) | Balance at 31 August 2022 (Liability) |
|---|---|---|---|
| Fixed assets | (2,374,907) | (632,505) | **(3,007,412)** |
| | **(2,374,907)** | **(632,505)** | **(3,007,412)** |

| | Balance at 1 September 2020 (Liability) | Movement for the year (Expense) | Balance at 31 August 2021 (Liability) |
|---|---|---|---|
| Fixed assets | (1,921,094) | (453,813) | **(2,374,907)** |
| | **(1,921,094)** | **(453,813)** | **(2,374,907)** |

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## 21. Lease liabilities

The liability represents the present value of the lease liabilities relating to the boys' school of the Company that was obtained in return for a lease, and was assessed at the present value of the contractual lease payments deductible at the lessee's incremental borrowing rate of 10.75%.

The following is the undiscounted amount of the liabilities:

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| **Present value** | | |
| Within 1 year | 14,707,500 | - |
| More than one year | 390,051 | - |
| | **15,097,551** | - |

The movement of the lease liabilities was presented as follows:

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Lease liabilities as at 31 August 2021 | - | - |
| The impact of applying EAS (49) "Leases" | 13,073,323 | - |
| **Lease liabilities** | **13,073,323** | - |
| Add: Interest charged during the year | 2,024,228 | - |
| **Lease liabilities at 31 August 2022** | **15,097,551** | - |

## 22. Operating revenues

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Tuition revenues | 289,912,199 | 243,334,116 |
| Bus revenues | 6,920,530 | 5,036,204 |
| Admission revenues | 3,185,350 | 2,199,950 |
| Activities revenues | 3,019,513 | 883,180 |
| Contracting revenues | 57,893,163 | - |
| Other activities revenues | 7,916,572 | 8,028,521 |
| | **368,847,327** | **259,481,971** |

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## 23. Operating cost

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Employees' salaries, wages and benefits | 108,023,790 | 88,131,972 |
| Contracting expenses | 53,279,754 | - |
| Depreciation expenses | 28,713,412 | 19,986,590 |
| Teaching tools, aids and books expenses | 16,293,966 | 14,223,055 |
| Depreciation of right-of-use assets | 13,711,660 | - |
| Transportation expenses | 13,387,150 | 12,583,682 |
| Maintenance, electricity, utilities, communications expenses, and writing tools | 11,454,081 | 14,383,213 |
| Expenses against the management | 5,658,779 | 4,674,276 |
| Professional and other consultation fees and charges | 3,646,673 | 3,007,437 |
| Leases liabilities interest expenses | 2,024,228 | - |
| Leases | 1,731,769 | 13,602,328 |
| Activities expenses | 1,363,075 | 496,417 |
| Other expenses | 19,532,574 | 10,476,367 |
| | **278,820,911** | **181,565,337** |

## 24. General and administrative expenses

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| ECL in other debit balances | 15,388,030 | 25,528,941 |
| Employees' wages, salaries and benefits | 13,968,502 | 12,163,324 |
| Professional and other consultation fees and charges | 10,937,219 | 11,576,942 |
| Maintenance, electricity, utilities, communications expenses, and writing tools | 2,128,920 | 2,152,437 |
| Leases | 1,013,851 | 768,433 |
| Takaful contribution | 940,851 | 1,319,384 |
| Salaries and allowances of the Board and its committees | 655,800 | 557,369 |
| Other expenses | 7,212,917 | 6,118,812 |
| | **52,246,090** | **60,185,642** |

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## 25. Expenses by nature

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Salaries, wages and benefits | 121,992,292 | 100,295,296 |
| Contracting expenses | 53,279,754 | - |
| Depreciation expenses | 28,713,412 | 19,986,590 |
| Teaching tools, aids and books expenses | 16,293,966 | 14,223,055 |
| ECL in other debit balances | 15,388,030 | 25,528,941 |
| Professional and other consultation fees and charges | 14,583,892 | 14,584,379 |
| Depreciation of right-of-use assets during the period/ year | 13,711,660 | - |
| Maintenance, electricity, utilities, communications expenses, and writing tools | 13,583,001 | 16,535,650 |
| Transportation expenses | 13,387,150 | 12,583,682 |
| Expenses against the management | 5,658,779 | 4,674,276 |
| Leases* | 2,745,620 | 14,370,761 |
| Leases liabilities interest expenses | 2,024,228 | - |
| Activities expenses | 1,363,075 | 496,417 |
| Takaful contribution | 940,851 | 1,319,384 |
| Salaries and allowances of the Board and its committees | 655,800 | 557,369 |
| Other expenses | 26,745,491 | 16,595,179 |
| | **331,067,001** | **241,750,979** |

* These measures represents lease contracts of less than a year and of a small value.

## 26. Other revenues

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Investments income | 21,483,288 | 12,406,492 |
| Profits of reversal of provisions | 2,536,916 | 172,939 |
| Gas station lease | 1,492,034 | 1,552,436 |
| Investment fund income | - | 9,742,988 |
| Others | 781,497 | 1,394,812 |
| | **26,293,735** | **25,269,667** |

## 27. Badr university operating surplus

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

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Badr university operating surplus | 372,107,254 | 234,716,099 |

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## 28. Net finance costs

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Finance expenses and interest on installments | (128,768,560) | (136,026,992) |
| Amortization of sukuk issuance cost | (1,948,915) | (1,299,277) |
| Currency differences (losses) | (37,739) | (2,654) |
| | **(130,755,214)** | **(137,328,923)** |
| Interest income | 2,682,573 | 8,285,798 |
| | **(128,072,641)** | **(129,043,125)** |

## 29. Related party transactions

During the year, the Company has made some transactions with related parties represented in the subsidiaries and 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 | Nature of relationship | Balance 31 August 2022 | Balance 31 August 2021 |
|---|---|---|---|
| Cairo Egypt for Educational Premises Company | Subsidiary | 299,486,852 | 224,304,663 |
| Egyptian Educational Services | Subsidiary | 21,405,658 | 19,660,006 |
| Social Impact Capital | Parent Company | 9,000,000 | 9,000,000 |
| Upper Egypt Educational Services | Subsidiary | - | 3,447,822 |
| Karim Moustafa Tawfiq | Vice Chairman of the subsidiary | 1,441,700 | 1,441,700 |
| Innovvette Company | Associate | 2,156,381 | 1,014,164 |
| Al-Ahly CIRA Company | Subsidiary | 6,353,886 | - |
| Egyptian for Office Operation and Preparation | Associate | 15,823 | 15,823 |
| NFX E-Learning Investments | Company under common control | 22,233,150 | - |
| Badr University, Assiut | Company under incorporation | 17,333,120 | - |
| | | **379,426,570** | **258,884,178** |

Balances due to related parties

| The Company | Nature of relationship | Balance 31 August 2022 | Balance 31 August 2021 |
|---|---|---|---|
| Badr University | Subsidiary | 464,055,414 | 341,865,537 |
| Educational Systems International | Subsidiary | 193,009,076 | 154,089,848 |
| Star light | Subsidiary | 24,573,214 | 32,145,354 |
| Upper Egypt Educational Services | Subsidiary | 9,065,215 | - |
| Edu Hive for Educational Services | Subsidiary | 899,918 | - |
| Egyptian Education Systems | Subsidiary | 11,076,821 | 7,678,890 |
| | | **702,679,658** | **535,779,629** |



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## 29. Related party transactions (continued)

Related party transactions during the year

| **The Company** | **31 August 2022** | **31 August 2021** |
|---|---|---|
| Cairo Educational Services | | |
| Bus rental | 629,967 | 371,973 |
| Bank transfers | 10,865,328 | 22,243,421 |
| Dividends to the Company's employees | 2,425,799 | - |
| Offset of current accounts | (13,921,093) | (22,615,394) |
| Egyptian Education Systems | | |
| Bus rental | - | 496,320 |
| General expenses, fees, maintenance, procedures and tax payments | 2,210,045 | 1,820,183 |
| Offset of current accounts | (5,607,975) | (8,272,471) |
| Global Educational Technologies | | |
| Bus rental | 241,515 | 180,075 |
| Dividends | 3,766,838 | 3,701,893 |
| Salaries taxes, withholding taxes, and budget taxes | 6,999,213 | 6,743,499 |
| Offset of current accounts | (11,007,566) | (10,625,467) |
| Upper Egypt Educational Services | | |
| Payment of expenses, fees and allowances | 2,367,615 | 1,835,393 |
| Bank transfers | - | (3,500,000) |
| Closing of projects | - | 10,222,829 |
| Offset of current accounts | - | (1,356,903) |
| Closing of the balance in the accounts of the International Systems Company | (14,880,651) | (12,212,111) |
| Social Impact Capital | | |
| Bank transfers | - | 9,000,000 |
| Emco for Computers | | |
| Bank transfers | - | (11,837) |
| Futures and Nations Company | | |
| Cash transfers | 1,462,909 | 4,892,462 |
| Dividends | 2,777,886 | 1,583,141 |
| Bank and general expenses, fees and procedures | 1,456,210 | - |
| Offset of current accounts | (5,697,006) | (6,475,603) |

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## 29. Related party transactions (continued)

| The Company | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Educational Systems International | | |
| School revenue proceeds | 419,755,084 | 347,250,871 |
| School expenses | (86,524,673) | (131,275,759) |
| Bank transfers | (429,808,347) | (285,511,368) |
| Cash transfers | 90,033,248 | - |
| Expenses paid on behalf of Cairo for Investment | - | 8,004,743 |
| Expenses against the management | (5,567,794) | (4,674,275) |
| Amount of purchase of fixed assets | (4,192,342) | - |
| Offset of current accounts | (22,614,406) | 46,395,326 |
| Cairo Egypt for Educational Premises Company | | |
| Closing of projects | - | 212,741,214 |
| Salaries taxes, and withholding taxes | - | 16,500 |
| Bank transfers | 75,182,189 | 16,392,845 |
| Badr University | | |
| University operating surplus | 372,107,289 | 234,716,099 |
| Cash transfers | (494,297,166) | (340,234,720) |
| Repayment of contractors and suppliers for the project | - | (902,058) |
| Star light | | |
| Bank transfers | 37,810 | 2,532,902 |
| Dividends | 7,534,329 | - |
| Offset of current accounts | - | (34,678,256) |
| NFX E-Learning Investments | | |
| Bank transfers | 22,233,150 | - |
| Badr University, Assiut | | |
| Bank transfers and other payments | 17,871,864 | - |
| Student payments | (538,745) | - |
| Al-Ahly CIRA Company | | |
| Bank transfers | 6,353,886 | - |
| Addio Hive Educational Services | | |
| Bank transfers | (899,918) | - |
| Innovvette Company | | |
| Bank transfers | 1,142,218 | - |
| Egyptian Educational Services | | |
| Expenses repayments | 1,136,213 | 1,538,367 |
| Offset of current accounts | 609,438 | 2,950,514 |
| Bus rental | - | 496,320 |

Key management compensation:

Compensation of the key management of the Company during the year which is charged to the statement of profit or loss amounted to 4,705,063 on 31 August 2022 (31 August 2021: EGP 4,705,431).

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30. Tax position

**First: Corporate tax**

1. Years from 1992 until 1993

The Company was inspected for corporate tax and the final assessment was conducted upon a decision of the Appeal Committee by an amount of EGP 149,952. The dispute between the Company and the competent authority was referred to the court and the dispute is still ongoing and the Company has paid the tax in accordance with the decision of the Appeal Committee.

2. Years from 1994 until 1995

The Company was inspected for the corporate tax and assessment was conducted with an amount of EGP 44,188. The Company was notified of Form No. 18 and it was objected and it was notified of Form No.19 and it was appealed. The file was referred to the Appeal Committee and then referred to the competent court, and the Company has paid the tax in accordance with the assessment decision of the Appeal Committee.

3. Years from 1996 until 2001

The Company was inspected for the corporate tax for and the Company was notified of Form 18 and it was objected and the Company was notified of Form 19 with an amount of EGP 3,096,360 and it was appealed and the file was referred to the internal committee of the Authority and then to the appeal committees. A defence memorandum was submitted and the appeal committee decision was issued. The dispute between the Company and the Authority was referred to the court and the dispute is still ongoing, the assessment was conducted as the decision of the Appeal Committee on the assessment for 1998 until 2001 for not applying the provisions of Article 21 of Law No. 157 of 1981 and its amendments.

The Company paid the tax and the fine with a total amount of EGP 3,466,645 of commercial profits tax for the years 1996 until 2001.

4. Years from 2002 until 2004

The Authority has accounted the Company depending on estimation, and Form No. 18 was notified and objected and Form No. 19 was notified and appealed. The file was referred to the internal committee of the Authority and the Company submitted a request to re-inspect these years and the dispute was transferred to the appeal committees. A defence memorandum was submitted and the appeal committee decision was issued to return the file to the Authority to prepare for the completion of the book inspection at the Authority.

5. Years from 2005 until 2008

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

6. Years from 2009 until 2010

The Company was accounted with the corporate tax based on estimation. The Company was notified of Form 19 with an amount of EGP 7,513,695 and it was appealed. The file was referred to the internal committee of the Authority.

7. Years from 2011 until 2012

The Company was accounted with the corporate tax based on estimation. The Company was notified of Form 19 with an amount of EGP 9,905,640 and it was appealed. The file was referred to the internal committee of the Authority for re-inspection.

### 30. Tax position (continued)

8. Years from 2013 until 2014

The Company was accounted with the corporate tax based on estimation. The Company was notified of Form 19 and it was appealed. The file was referred to the internal committee of the Authority to issue a decision for re-inspection.

9. Years from 2015 to 2020

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

**Second: Stamp duty tax**

1. Years from 2006 until 2016

The Company was inspected and notified of Form No. 5 stamp, and an amount of EGP 112,500 was assessed, and the amount was fully paid.

2. Years from 2017 until 2019

The Company was accounted and an assessment was conducted for the years 2017/ 2019 with an amount of EGP 657,742, and it was fully paid, except for the fine.

**Third: Salaries tax**

1. Years from 2011 until 2014

The Company was accounted for the years 2011/ 2014 with a total amount of EGP 865,330, and the tax was fully paid.

**Fourth: Value added tax (VAT)**

The Company submits tax returns on sales regularly and on the legal deadlines. The Company was inspected since inception until 2005, and the tax differences resulting from the inspection and the additional tax were paid. The Company was inspected for 2006 until 2013. The tax and fines were fully paid for that period in the amount of EGP.

- The Company was not inspected for the years from 2014 until 31 August 2022.

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## 31. Earnings per share

(A) Basic share

In order to calculate "basic earnings per share", the number of ordinary shares is the weighted average number of ordinary shares outstanding during the year.

The basic earnings per share in the profit for the period is calculated by dividing the net profit after deducting the Board of Directors remunerations and the employee's share of profits by the weighted average number of outstanding shares during the period. The weighted average number of ordinary shares outstanding during the period reflects the probability that the amount of shareholders' capital will change during the period as a result of having more or less number of shares outstanding at any time. The weighted average number of ordinary shares outstanding during the period represents, the number of ordinary shares outstanding at the beginning of the year, to be adjusted by the number of ordinary shares that were repurchased (treasury shares) or issued by the entity during the year and multiplied by the time-weighted factor. The time-weighted factor is the number of days in which the number of shares remains outstanding attributable to the total number of days in the year.

Earnings per share are as follows:

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Net profits for the year | 307,478,700 | 148,219,820 |
| **Less:** | | |
| Board of Directors' proposed remuneration | (19,891,696) | (8,743,574) |
| Employees' proposed profit share | (28,758,700) | (13,947,624) |
| **Net distributable dividends** | **258,828,304** | **125,528,622** |
| Weighted average number of shares | 582,790,325 | 582,790,325 |
| **Earnings per share for the year** | **0,44** | **0,22** |

**(B) Diluted share**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to the effects of all potential ordinary shares causing such decrease (dilution).

During the periods ended 31 August 2022 and 31 August 2021, the Company did not issue any of the potential ordinary shares that would lead to reducing the earnings per share in the profit for the period, therefore the management did not calculate the diluted earnings per share for those periods.

## 32. Commitments

**Capital Commitments**

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

| | 31 August 2022 | 31 August 2021 |
|---|---|---|
| Fixed assets | 815,717,785 | 893,251,026 |

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## 33. Contingent liabilities

At 31 December 2022, the Company had contingent liabilities in respect of banks represented in letters of guarantee arising in the ordinary course of business from which it is anticipated that no significant liabilities will arise, amounted to EGP 11,376,577 (31 December 2021: EGP 4,303,000).

## 34. Significant events

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

The Monetary Policy Committee, at its extraordinary meeting held on 21 March 2022, decided to raise the overnight deposit rate, the overnight lending rate, and the main operation rate by to 9.25%, 10.25%, and 9.75%, respectively. The discount rate was also raised by 100 points to 9.75%, in conjunction with the rise in the exchange rate of the Egyptian pound against the US dollar to an average between EGP 18,00 and EGP 19,7 instead of EGP 15,69.

## 35. Subsequent events

After the financial period ended 31 August 2022. The exchange rate of the Egyptian pound against the US dollar reached an average of EGP 24,57. The overnight deposit rate, the overnight lending rate, and the discount rate are recorded at 11,25%, 12,25%, and 11,75% respectively.

The Company's management is currently studying the extent of the impact of such on the results of the Company's business and activities in subsequent periods.

The approval of the Financial Regulatory Authority (FRA) was obtained for the Company's future issuance of securitization sukuk in EGP, at an amount of EGP 2 billion, and the first tranche was obtained, at an amount of EGP 800 million, during the month of November 2022.

Badr University branch was opened in Assiut Governorate for the academic year 2022/2023, with 7 colleges, and 1200 students have been accepted.

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