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

INDEPENDENT AUDITOR'S REPORT
THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 31 MAY 2020

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

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

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Limited review report of the interim financial statements

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

Introduction

We have performed a limited review for the accompanying consolidated interim financial statements of Cairo for Investment and Real Estate Development "S.A.E." and its subsidiaries (the "Group") which comprise the consolidated interim statement of financial position at 31 May 2020 and the consolidated interim statements of profit or loss, other comprehensive income, changes in equity, and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Limited review scope

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position at 31 May 2020, and its financial performance and cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standards.

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

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
pwc
برايس وترهاوس كوبرز عز الدين ودياب وشركاهم

15 July 2020
Cairo

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

Consolidated interim statement of financial position - At 31 May 2020

(All amounts are shown in Egyptian Pounds)	Note	31 May 2020	31 August 2019
Non-current assets			
Fixed assets	6	1,641,443,443	961,870,938
Work in progress	7	24,576,325	26,236,589
Investments in associates	8	67,125,949	57,421,325
Goodwill	30	28,975,049	803,420
Total non-current assets		**1,762,120,766**	**1,046,332,272**
Current assets			
Investments	10	20,586,896	1,000,000
Inventory	11	9,722,659	661,838
Debtors and other debit balances	12	394,835,095	260,920,863
Cash on hand and at banks	13	135,239,217	163,026,674
Total current assets		**560,196,275**	**425,609,375**
Total assets		**2,322,504,633**	**1,471,941,647**
Equity			
Shareholders' equity attributable to the shareholders of the parent company			
Paid-up share capital	14	233,116,130	233,116,130
Reserves	15	229,879,860	222,538,045
Retained earnings		593,624,096	378,014,151
Total shareholders' equity attributable to the shareholders of the parent company		**1,056,620,086**	**833,668,326**
Non-controlling interests	29	110,062,476	56,370,363
Total shareholders' equity		**1,166,682,562**	**890,038,689**
Non-current liabilities			
Non-current portion of borrowings and credit facilities	16	493,510,365	66,879,677
Deferred tax liabilities	20	33,245,928	3,934,028
Total non-current liabilities		**526,756,293**	**70,813,705**
Current liabilities			
Provisions	21	63,679,491	33,205,054
Creditors and other credit balances	17	327,465,803	177,431,195
Advance revenues	18	79,068,269	211,730,601
Current income tax liabilities	19	**100,987,760**	**66,104,436**
Current portion of borrowings and credit facilities	16	57,864,455	22,617,967
Total current liabilities		**629,065,778**	**511,089,253**
Total liabilities		**1,155,822,071**	**581,902,958**
Total liabilities and shareholders' equity		**2,322,504,633**	**1,471,941,647**

- The accompanying notes on pages 7 to 57 form an integral part of these consolidated financial statements
- Independent auditor's report – attached

Mohamed El Khouly

Mr. Mohamed El Khouly
Chief Financial Officer

El Kalla

Dr. Hassan Hassan El Kalla
Board Chairman

14 July 2020

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

Consolidated interim statement of profit or loss
For the nine-month period ended 31 May 2020

(All amounts are shown in Egyptian Pounds)

		Nine months ended		Three months ended	
	Note	31 May 2020	31 May 2019	31 May 2020	31 May 2019
Activity revenues	22	991,844,728	642,394,040	325,371,498	218,300,594
Activity costs	23	(417,073,406)	(261,399,852)	(130,505,636)	(86,414,659)
		574,771,322	**380,994,188**	**194,865,862**	**131,885,935**
General and administrative expenses	24	(119,413,408)	(94,112,339)	(38,742,819)	(30,154,203)
Other revenues	26	2,775,194	2,639,355	616,319	784,283
Profits generated from operations		**458,133,108**	**289,521,204**	**156,739,362**	**102,516,015**
Net financing (costs) revenues	27	(28,325,112)	13,274,840	(14,543,088)	6,162,187
Profit before taxes		**429,807,996**	**302,796,044**	**142,196,274**	**108,678,202**
Current income tax	19	(99,662,010)	(71,495,943)	(35,310,319)	(25,905,995)
Deferred tax	20	259,224	263,735	(215,657)	(226,741)
Profit for the period		**330,405,210**	**231,563,836**	**106,670,298**	**82,545,466**
Profit of:					
Shareholders of the parent company		308,922,975	223,694,896	99,088,404	78,954,068
Non-controlling interests	29	21,482,235	7,868,940	7,581,894	3,591,398
		330,405,210	**231,563,836**	**106,670,298**	**82,545,466**
Earnings per share of the shareholders of the parent company					
Basic and diluted share	31	0,44	0,32	0,15	0,12

The accompanying notes on pages 7 to 57 form an integral part of these consolidated financial statements.

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

Consolidated interim statement of other comprehensive income
For the nine-month period ended 31 May 2020

(All amounts are shown in Egyptian Pounds)

		Nine months ended		Three months ended	
	Note	**31 May 2020**	**31 May 2019**	**31 May 2020**	**31 May 2019**
Profit for the period		330,405,210	231,563,836	106,670,298	82,545,466
Other comprehensive income items					
Currency differences resulting from foreign currency translation		388,196	-	(170,649)	-
Revaluation differences of available for sale financial investments		587,321	-	587,321	-
Total comprehensive income for the period		**331,380,727**	**231,563,836**	**107,086,970**	**82,545,466**
Total comprehensive income of:					
Shareholders of the parent company		309,743,214	223,694,896	99,573,335	78,954,068
Non-controlling interests	29	21,637,513	7,868,940	7,513,635	3,591,398
		331,380,727	**231,563,836**	**107,086,970**	**82,545,466**

The accompanying notes on pages 7 to 57 form an integral part of these consolidated financial statements.

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

Consolidated interim statement of changes in equity
For the nine-month period ended 31 May 2020

(All amounts are shown in Egyptian Pounds)

	Note	Paid-up capital	Reserves	Retained earnings	Total shareholders' equity attributable to the shareholders of the parent company	Non-controlling interests	Total Equity
Balance at 1 September 2018		**219,116,130**	**32,003,019**	**192,088,678**	**443,207,827**	**61,170,738**	**504,378,565**
Capital increase		14,000,000	-	-	**14,000,000**	-	**14,000,000**
Transferred to reserves		-	190,535,026	(1,140,346)	**189,394,680**	-	**189,394,680**
Non-controlling interests in acquired entities	29	-	-	-	-	(4,569,668)	**(4,569,668)**
Dividends		-	-	(1,196,171)	**(1,196,171)**	(4,492,072)	**(5,688,243)**
Total profit for the period		-	-	223,694,896	**223,694,896**	7,868,940	**231,563,836**
Balance at 31 May 2019		**233,116,130**	**222,538,045**	**413,447,057**	**869,101,232**	**59,977,938**	**929,079,170**
Balance at 1 September 2019		**233,116,130**	**222,538,045**	**378,014,151**	**833,668,326**	**56,370,363**	**890,038,689**
Transferred to reserves	15	-	6,521,576	(6,521,576)	-	-	-
Non-controlling interests in acquired entities	29	-	-	(1,571,827)	**(1,571,827)**	37,962,739	**36,390,912**
Dividends		-	-	(85,219,627)	**(85,219,627)**	(5,908,139)	**(91,127,766)**
Currency differences resulting from foreign currency translation		-	232,918	-	**232,918**	155,278	**388,196**
Revaluation differences of available for sale financial investments		-	587,321	-	**587,321**	-	**587,321**
Total profit for the period		-	-	308,922,975	**308,922,975**	21,482,235	**330,405,210**
Balance at 31 May 2020		**233,116,130**	**229,879,860**	**593,624,096**	**1,056,620,086**	**110,062,476**	**1,166,682,562**

The accompanying notes on pages 7 to 57 form an integral part of these consolidated financial statements.

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

Consolidated interim statement of cash flows
For the nine-month period ended 31 May 2020

(All amounts are shown in Egyptian Pounds)	Note	Nine-month period from 1 September 2019 to 31 May 2020	Nine-month period from 1 September 2018 to 31 May 2019
Cash flows from operating activities			
Profit before tax		429,807,996	302,796,044
Adjustments:			
Fixed assets depreciation	6	57,840,445	43,193,389
Finance costs	28	41,426,385	7,627,943
Interest income	28	(13,459,701)	(22,274,935)
Impairment of projects in progress	6	26,214	-
Bad debts		-	-
Proceeds from debts previously written off		-	(8,997)
Provisions formed		602,341	-
Profits on sale of fixed assets		537	(2,141)
Utilised provisions	22	(4,525,563)	(809,602)
Operating profit before change in current assets and liabilities		**511,718,654**	**330,521,701**
Change in current assets and liabilities			
Changes in inventories		(8,873,229)	2,072,298
Change in debtors and other debt balances		(184,168,501)	(67,555,160)
Change in creditors and other credit balances and advance revenues		(58,080,203)	(107,040,554)
Income tax paid	20	(65,133,611)	(39,652,939)
Net cash flows generated from operating activities		**195,463,110**	**118,345,346**
Cash flows from investing activities			
Payments to purchase of fixed assets	6	(321,959,334)	(34,679,345)
Interest payable received		13,459,701	22,274,935
Proceeds on sale of fixed assets		4,825	3,829
Payments for projects under construction	6	(225,138,636)	(132,919,800)
Payments for works in progress		1,660,264	-
Payments under investment in subsidiaries		(9,704,624)	(55,981,432)
Change in restricted cash		-	2,440,008
Investments held to maturity date		1,000,000	-
Available-for-sale investments		(19,999,575)	-
Payments for purchase non-controlling interests shares		(1,571,827)	(11,174,988)
Net cash flows used in investing activities		**(562,249,206)**	**(210,036,793)**
Cash flows from financing activities			
Proceeds from borrowings and bank facilities		472,052,164	1,530,206
Payments for capital increase and share premium		-	210,000,000
Payments from borrowings and bank facilities		(10,174,988)	(84,931,306)
Finance costs paid		(41,426,385)	(7,627,943)
Dividends paid		(81,451,472)	(6,637,167)
Net cash flows used in financing activities		**338,999,319**	**112,333,790**
Net change in cash and cash equivalents during the period		**(27,787,457)**	**20,642,343**
Currency differences resulting from foreign currency translation		(680)	-
Cash and cash equivalents at the beginning of the period		163,019,272	89,055,957
Cash and cash equivalents at the end of the period	13	**135,231,815**	**109,698,300**

The accompanying notes on pages 7 to 57 form an integral part of these consolidated financial statements.

1. Introduction

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

The Parent Company's headquarters is located in 36 Sheikh Ahmed El Sawy Street, Nasr City, Cairo. The Parent Company was founded for the purpose of: construction, foundation and management of educational institutions in accordance with the applicable laws and decrees, administrative housing, below average housing, medical institutions - trade of medical tools and hospitals equipment, providing petroleum services, buying and selling and the division of land , taking into account the provisions of law No. 143 of 1981, - import and export-, sale and purchase of residential apartments, administrative units and real estate, without violation to the decision of the Minister of Economy and Foreign Trade No. 204 for the year 1991. The Parent Company may have interests or participate in any mean with companies having similar activities or which may assist it in achieving its purpose in Egypt or abroad. The Parent Company may also have the right to be merged or acquire or annex the above mentioned entities to it under the provisions of law and its executive regulations. The activity of establishing real estates, private and general public contracting and commercial agencies from Egyptian and foreign companies has been added to the purpose of the Group.

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

The consolidated financial statements have been approved by the Board of Directors on 14 July 2020.

2. Accounting policies

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

A) Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and applicable laws and regulations which have been consistently applied over the year and all prior years unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention except for financial investments available for sale measured at fair value.

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

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

Basis of preparation of the consolidated financial statements (continued)

All other assets are classified as non-current assets.

The liability is classified as current when:

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

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

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

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

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

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

1. **Accounting standard (47) "Financial instruments"**
   This standard is effective for the financial periods beginning on or after the 1st of January 2020, and early application is permitted, provided that the revised EASs Nos. (1), (25), (26) and (40) are applied at the same time.

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

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

   As the Company's financial period beginning on 1 September 2019 until 31 May 2020, the Company will applying the standard from 1 September 2020. The Company has not evaluated the effect of the application of the standard on the financial statements.

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

2. **EAS (48) "Revenue from contracts with customers"**
   This standard is effective for the financial periods beginning on or after the 1st of January 2020, and early application is permitted, provided that the revised EASs Nos. (1), (25), (26) and (40) are applied at the same time.

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

   As the Company's financial period beginning on 1 September 2019 until 31 May 2020, the Company will applying the standard from 1 September 2020. The Company has not evaluated the effect of the application of the standard on the financial statements.

   This standard is effective for financial periods beginning on or after 1 January 2020. Early adoption is permitted and is applied in accordance with Egyptian Accounting Standard (48) "Revenue from Contracts with Customers" at the same time.

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

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

   As the Company's financial period beginning on 1 September 2019 until 31 May 2020, the Company will applying the standard from 1 September 2020. The Company has not evaluated the effect of the application of the standard on the financial statements.

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

C) Basis of consolidation

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

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

Basis of consolidation (continued)

The consolidated financial statements includes the following subsidiaries:

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

Management of the Parent Company has assessed the degree of the Group's influence over the Futures and Nations Company and concluded that the Company has the control over operating and financing policies of the Company. Also, the Parent Company is entitled to variable returns through its contribution to the Company and has the ability to influence those returns through its power over the Company. Consequently, the investment has been accounted for as an investments in subsidiaries and consolidated within the consolidated financial statements.

1.1) Acquisition method

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

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

Acquisition-related costs are expensed as incurred.

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

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

Basis of consolidation (continued)

1.2) Changes in ownership interests held within controlling interests

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

1.3) Disposal of subsidiaries

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

1.4) Goodwill

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

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

1.5) Measurement period

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

Basis of consolidation (continued)

2. Associates

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

2.1) Equity method

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

2.2 Changes in equity

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

2.3 Losses of associates

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group ceases to recognise its share in further losses. Once the Group's share is reduced to zero, further losses are recognised but only to the extent of incurred legal or constructive obligations by the Group or payments made on behalf of the associate. When those companies realise profits in subsequent periods, the Group resumes to recognise its share in those profits, but only after its share of profits equals its share in unrecognised losses.

2.4 Transactions with associates

In relation to profits or losses resulting from transactions between the Group and the associate, only the portion not owned by the Group is recognised.

2.5 Goodwill arising from investment in associates

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

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

D) Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

E) Fixed assets

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

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

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

Buildings, premises and facilities	5%
Devices, furniture, and fittings	20%
Computers	20%
Vehicles	20%
Tools and equipment	20%

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

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

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

F) Projects in progress

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

G) Works in progress

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

H) H) Impairment of non-financial assets

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

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

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

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

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

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

I) Financial assets

1. **Classification**

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

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

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

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

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

2. **Initial recognition and measurement**

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

Financial assets are initially measured at fair value plus costs directly associated with the execution of the transaction.

3. **Subsequent measurement**

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

Financial assets (continued)

4. Derecognition

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

J) Impairment of financial assets

Financial assets carried at amortised cost

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

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

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

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

Impairment of financial assets (continued)

Available-for-sale financial assets

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

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

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

K) Inventories

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

L) Cash and cash equivalents

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

M) Provisions

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

N) Trade payables

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

O) Issued and paid-up capital

Ordinary shares are classified as shareholders' equity.

P) Borrowings

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

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

Q) Current and deferred income tax

Current income tax

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

Deferred income tax

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

Deferred 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.

R) Revenue recognition

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

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

Revenue recognition (continued)

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

Revenue is recognized using accrual basis.

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

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

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

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

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

Interest income
Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable generated from the recognition of interest is impaired, the Group reduces the carrying amount to its recoverable amount.

S) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

T) Employee benefits

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

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

U) Fair value of financial instruments

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

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

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

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

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

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

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

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

V) Segment reporting

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

W) Dividends

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

X) Comparative figures

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

3. Financial risk management

(1) Financial risk factors

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

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

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

(A) Market Risks

i) Foreign exchange risks

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

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

Currency	31 May 2020	31 August 2019
USD - asset (liability)	3,527,021	20,637
Euro - asset (liability)	60,408	-
AED - asset (liability)	1,308	-

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

Financial risk management (continued)

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

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

Currency	31 May 2020	31 August 2019
USD	352,702	2,064
Euro	6,041	-
AED	131	-

ii) Interest rate risk

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

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

Note (16) is illustrating the borrowings and credit facilities owed by the Group.

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

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

	Increase (decrease)	Effect of consolidated profit or loss EGP
31 May 2020	300 points	14,805,311
31 August 2019	300 points	2,006,390

(B) Credit risks

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

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

Financial risk management (continued)

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

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

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

	31 May 2020	31 August 2019
Balances and deposits at banks	133,318,626	159,923,126
Due from related parties	11,217,644	11,393,629
Accrued revenues	29,754,752	16,035,780
Investments held to maturity date	-	1,000,000

(C) Liquidity risk

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

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

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

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

	31 May 2020		
	Less than 3 months	3 months to 1 year	1 year to 5 years
Borrowings and credit facilities	28,375,786	36,345,378	541,638,351
Land purchase payables	2,425,570	-	-
Accrued expenses	35,693,498	5,810,691	-
Dividends payables	-	24,401,686	-
Suppliers and contractors	33,888,290	22,176,491	124,557,592
Due to governmental agencies	-	45,491,922	-
Due to related parties	175,615	-	-

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

Financial risk management (continued)

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

(2) Capital risk management

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

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

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

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

	31 May 2020	**31 August 2019**
Borrowings and land purchase payables	553,800,390	91,923,214
Total debts	**553,800,390**	**91,923,214**
Less: Cash on hand and at banks	(135,239,217)	(163,026,674)
(Surplus) total debts deficit	**418,561,173**	**(71,103,460)**
Equity	1,166,682,562	890,038,689
Total capital	**1,585,243,735**	**818,935,229**
Net debt ratio to total capital	**26.40%**	**(8.68%)**

(3) Fair value estimation

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

4. Critical accounting estimates and judgements

(1) Critical accounting estimates and assumptions

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

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

(A) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group reviews the provision at the date of each financial position, and adjusts it to reflect the best current estimate by using the appropriate expertise.

(B) Impairment of goodwill

The Group's management annually assesses goodwill to determine whether goodwill is impaired. The carrying amount of goodwill is reduced if it is higher than its recoverable amount. Goodwill impairment losses are charged to the consolidated statement of profits or losses and cannot be subsequently reversed.

(C) Impairment of due revenues

The valuation of impairment value in due revenues is made by monitoring the ageing of debts and the ratios adopted based on management's best estimate through their experience.

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

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

Generally, applying the Group's accounting policies does not require the management to use the personal judgement (other than the accounting estimates and assumptions referred to in the "Note 4.1"), as such judgement could have a material effect on the amounts recognised in its consolidated financial statements.

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

5. Segment reporting

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

Below is the assets and liabilities of each segment:

	School segment		Higher Education segment		Others		Consolidation entries		Total	
	31 May 2020	31 August 2019	31 May 2020	31 August 2019	31 May 2020	31 August 2019	31 May 2020	31 August 2019	31 May 2020	31 August 2019
Financial position:										
Non-current assets	1,777,181,680	1,095,742,336	557,396,787	468,487,927	418,926	2,130,582	(572,876,627)	(520,028,573)	1,762,120,766	1,046,332,272
Current assets	762,569,814	539,404,706	333,978,213	269,275,742	-	-	(536,351,752)	(383,071,073)	560,196,275	425,609,375
Total assets	**2,539,751,494**	**1,635,147,042**	**891,375,000**	**737,763,669**	**418,926**	**2,130,582**	**(1,109,228,379)**	**(903,099,646)**	**2,322,504,633**	**1,471,941,647**
Current liabilities	1,007,018,941	706,413,325	158,239,949	187,600,692	-	175,252	(536,380,704)	(383,100,016)	629,065,778	511,089,253
Non-current liabilities	496,077,221	68,157,471	2,715,605	2,656,234	-	-	27,963,467	-	526,756,293	70,813,705
Total liabilities	**1,503,096,162**	**774,570,796**	**160,955,554**	**190,256,926**	**-**	**175,522**	**(508,417,237)**	**(383,100,016)**	**1,155,822,071**	**581,902,958**

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

Segment reporting (continued)

	School segment		Higher Education segment		Others		Total	
	Nine months ended 31 May		Nine months ended 31 May		Nine months ended 31 May		Nine months ended 31 May	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues								
Tuition revenues	430,995,533	272,523,383	445,794,327	311,882,706	-	-	876,789,860	584,406,089
Bus revenues	24,626,144	24,280,092	11,008,414	9,113,121	-	-	35,634,558	33,393,213
Admission revenue	3,620,000	2,674,921	16,480,099	4,761,559	-	-	20,100,099	7,436,480
Contracting revenues	-	-	-	-	23,881,774	-	23,881,774	-
Other activities revenues	25,750,236	12,331,799	9,688,201	4,826,459	-	-	35,438,437	17,158,258
Total revenues	**484,991,913**	**311,810,195**	**482,971,041**	**330,583,845**	**23,881,774**	**-**	**991,844,728**	**642,394,040**
Costs								
Tuition costs								
Employees costs	(134,900,939)	(77,258,874)	(62,162,003)	(46,595,593)	-	-	(197,062,942)	(123,854,467)
Teaching tools, aids and books expenses	(19,394,907)	(18,163,307)	(2,958,961)	(2,987,985)	-	-	(22,353,868)	(21,151,292)
Maintenance, electricity and utilities expenses	(17,940,306)	(15,156,315)	(9,976,349)	(5,810,391)	-	-	(27,916,655)	(20,966,706)
Rents	(9,267,120)	(6,816,168)	(1,643,953)	(1,156,721)	-	-	(10,911,073)	(7,972,889)
Professional and consulting fees and charges	(5,895,653)	(2,118,135)	(17,287,326)	(6,255,757)	-	-	(23,182,979)	(8,373,892)
Contracting expenses	-	-	-	-	(17,659,071)	-	(17,659,071)	-
Other expenses	(27,471,188)	(11,230,113)	(1,113,646)	(1,517,615)	-	-	(28,584,834)	(13,334,622)
Bus costs	(28,642,427)	(18,491,697)	(4,753,903)	(5,853,640)	-	-	(33,396,330)	(24,345,337)
Total costs	**(243,512,540)**	**(149,234,609)**	**(99,896,141)**	**(70,177,702)**	**(17,659,071)**	**-**	**(361,067,752)**	**(219,999,205)**
	241,479,373	**162,575,586**	**383,074,900**	**260,406,143**	**6,222,703**	**-**	**630,776,976**	**422,394,835**
Administrative expenses and provisions	(58,691,009)	(36271,598)	(58,887,608)	(44,470,053)	-	-	(117,578,617)	(80,154,757)
IPO expenses and capital increase	-	(12,164,840)	-	-	-	-	-	(12,164,840)
Depreciation	(25,621,757)	(16,752,925)	(32,218,688)	(26,440,464)	-	-	(57,840,445)	(43,193,389)
Operating profits	**157,166,607**	**97,386,223**	**291,968,604**	**189,495,626**	**6,222,703**	**-**	**455,357,914**	**286,881,849**
Other revenues	1,439,759	1,242,516	1,335,435	1,396,839	-	-	2,775,194	2,639,355
Interests payable	6,402,642	16,187,618	7,057,059	6,087,317	-	-	13,459,701	22,274,935
Other (expenses) revenues	(332,071)	(34,328)	(26,357)	(1,337,824)	-	-	(358,428)	(1,372,152)
Finance costs	(41,426,385)	(7,627,943)	-	-	-	-	(41,426,385)	(7,627,943)
Net profit before tax	**123,250,552**	**107,154,086**	**300,334,741**	**195,641,958**	**6,222,703**	**-**	**429,807,996**	**302,796,044**
Current income tax	(31,827,372)	(27,060,016)	(67,834,638)	(44,435,927)	-	-	(99,662,010)	(71,495,943)
Deferred income tax	318,595	(120,215)	(59,371)	383,950	-	-	259,224	263,735
Net profits for the period	**91,741,775**	**79,973,855**	**232,440,732**	**151,589,981**	**6,222,703**	**-**	**330,405,210**	**231,563,836**

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

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

6. Fixed assets

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

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

Fixed assets (continued)

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

	Lands	Buildings, premises and facilities	Devices, furniture, and fittings	Computers	Vehicles	Tools and equipment	Projects in progress	Total
Cost at 1 September 2019	200,588,475	598,228,534	132,445,335	32,531,459	38,501,968	16,635,038	214,568,829	**1,233,499,638**
Additions for the period	289,601,821	6,019,483	15,933,804	8,240,288	828,543	1,335,395	225,138,636	**547,097,970**
Transferred from projects in progress	-	514,149	13,877,727	-	-	-	(14,391,876)	-
Impairment of projects in progress	-	-	-	-	-	-	(26,214)	**(26,214)**
Cost of assets generated from acquiring subsidiaries	114,350,000	63,625,062	4,653,125	19,506,827	-	12,001,812	-	**214,136,826**
Disposals for the period	-	-	-	(13,600)	-	-	-	**(13,600)**
Cost at 31 May 2020	**604,540,296**	**668,387,228**	**166,909,991**	**60,264,974**	**39,330,511**	**29,972,245**	**425,289,375**	**1,994,694,620**
Accumulated depreciation at 1 September 2019	-	144,307,207	70,282,411	20,726,527	26,935,257	9,377,299	-	**271,628,701**
Depreciation for the period	-	26,529,911	18,629,166	6,462,673	3,016,159	3,202,536	-	**57,840,445**
Accumulated depreciation of assets generated from acquiring subsidiaries	-	8,264,808	9,123,096	-	2,005,054	4,397,311	-	**23,790,269**
Accumulated depreciation of disposals	-	-	-	(8,238)	-	-	-	**(8,238)**
Accumulated depreciation at 31 May 2020	-	**179,101,926**	**98,034,673**	**27,180,962**	**31,956,470**	**16,977,146**	-	**353,251,177**
Net carrying value at 31 May 2020	**604,540,296**	**489,285,302**	**68,875,318**	**33,084,012**	**7,374,041**	**12,995,099**	**425,289,375**	**1,641,443,443**

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

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

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

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

7. Works in progress

	31 May 2020	31 August 2019
Cairo Heights project - lResidential buildings	21,579,382	21,527,997
Commercial mall land *	2,578,017	2,578,010
Medical City	418,926	2,130,582
	24,576,325	**26,236,589**

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

8. Investments in associates

	Shareholding % 2019	Shareholding % 2018	31 May 2020	31 August 2019
New Soft Company		23%	303,835	303,835
Perdive for Programming Company		48.5%	255,000	255,000
Egyptians Health Care		25%	66,870,949	57,166,325
			67,429,784	**57,725,160**
Less:				
Impairment losses in associates			(303,835)	(303,835)
			67,125,949	**57,421,325**

* During the financial period ended 31 May 2020, the Egyptian Health Care Company increased its capital, which resulted in an increase in the Group's investments by EGP 16,525,983. The percentage of shareholding in the Company was not affected, as the capital increase was made equally among the shareholders without changing their percentage of ownership in the Company.

Below are the summarised financial information of associates:

	Country of Company's head office	Total Assets	Total equity	Total Revenues	Profit (loss) for the year
Egyptians Health Care	Egypt	343,877,817	219,773,368	-	(6,614,355)

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

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

9. Unconsolidated subsidiaries

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

	31 May 2020	31 August 2019
International Health Care Company	1,126,285	1,126,285
Alex Company For Educational Services	325,000	325,000
	1,451,285	**1,451,285**
Less: Impairment in value	(1,451,285)	(1,451,285)
	-	-

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

10. Investments

10/A. Held-to-maturity investments

	31 May 2020	31 August 2019
Investment certificates	-	1,000,000

Held-to-maturity investments represent cumulative-return-investment certificates of the Suez Canal Bank maturing in 16 September 2019 with a cumulative rate of return of 12%.

10/B. Available for sale financial investments

	31 May 2020	31 August 2019
Investment fund	20,586,896	-

Available-for-sale investments represent an investment classified as an equity instrument in Themar Fund in Qatar National Bank ALAHLI.

11. Inventories

	31 May 2020	31 August 2019
Computer and electrical equipment inventory	9,722,659	661,838

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

12. Debtors and other receivables

	31 May 2020	31 August 2019
Prepayments for suppliers	27,068,187	32,151,137
Payments under purchase of lands account	233,169,215	16,653,380
Prepaid expenses	17,797,568	19,341,922
Accrued revenues	29,754,752	16,035,780
Compensational assets	35,000,000	-
Withholding taxes	3,076,514	5,212,970
Payments under investment in associates and subsidiaries account	20,963,205	108,222,781
Due from related parties (Note 28)	11,217,644	11,393,629
Other debit balances	20,413,059	16,078,561
	398,460,144	**225,090,160**
Less: Impairment in debtors and other receivables	(3,625,049)	(7,135,728)
	394,835,095	**217,954,432**

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

	31 May 2020	31 August 2019
Balance at the beginning of the period/ year	7,135,728	3,924,297
Formed during the period/ year	602,341	3,661,205
Utilised during the period/ year	-	(449,774)
Provisions no longer required during the period/ year	(4,113,020)	-
Balance at the end of the period/ year	**3,625,049**	**7,135,728**

- As at 31 May 2020, accrued revenue balances, due from related parties that are not impaired amounted of EGP 37,347,347 (31 August 2019: EGP 16.322.196).
- As at 31 May 2020, debtors and other receivables of EGP 3,625,049 (31 August 2019: EGP 7.135.728).
- The amount of the compensational assets is represented by the potential tax reconciliation resulting from the acquisition of Star Light Company, including its subsidiary. This amount was recorded under debtors and other receivables, and a similar amount was recorded under provisions (Note 21) to prove potential tax obligations that were estimated by the independent financial advisor upon acquisition.
- The payment item under the land purchase account is in advance payments for the purchase of land in Al Alamein city, New Sohaj city, Qina and Badr city.

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

13. Cash on hand and at banks

	31 May 2020	31 August 2019
Current accounts with banks	109,220,627	78,725,288
Term deposits	24,097,999	81,197,838
Cash in hand	1,920,591	3,103,548
	135,239,217	**163,026,674**

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

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

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

	31 May 2020	31 August 2019	30 November 2018
Cash on hand and at banks	135,239,217	163,026,674	305,703,434
Restricted cash at banks	(7,402)	(7,402)	(210,007,402)
	135,231,815	**163,019,272**	**95,696,032**

14. Share capital

The authorized capital is set at EGP 500,000,000. The issued capital was set at EGP 233,116,130 distributed on 582,790,325 shares, the value of share is EGP 0,40 , all of which are fully paid cash shares.

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

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

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

Share capital (continued)

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

	Shareholding %	Par value
Social Impact Capital "L.L.C"	51.22%	119,395,130
Kings Way Fund	5.64%	11,774,442
Others	43.14%	101,946,558
		233,116,130

The capital development was as follows:

1. On 17 December 2018, the capital was increased from EGP 219,116,130 to EGP 233,116,130, an increase of EGP 14,000,000 distributed over 35 million shares, with a par value of EGP 0,40.

2. On 1 October 2018, Cairo for Investment and Real Estate Development "Parent Company", offered shares of the Parent Company in the Egyptian Exchange through two tires, public offering and private offering in the secondary market in order to increase the ownership base of trading in Egyptian Exchange with a maximum of 207,259,025 shares held by the Parent Company out of 547,790,325 shares with a percentage of 37.84% of the Parent Company's issued capital with a price of EGP 6 per share. The offering process was as follows:

   First - Public offering
   During the public subscription to the public, the number of offered shares was 14,508,132 shares with a percentage of 7% from the total shares offered for sale, which represents 2.65% of the Parent Company's shares.

   Second - Private offering
   During the private subscription to the financial institutions, individuals with high financial solvency, and individuals and institutions with experience in securities sector, the number of offered shares was 192,750,893 shares with a percentage of 93% from the total shares offered for sale, which represents 35.19% of the Parent Company's capital shares.

   Social Impact Capital LTD (the main shareholder in the Parent Company) used a part of the shares sale proceeds to increase the share capital with an amount of EGP 210,000,000 distributed over 35,000,000 shares with a nominal value of EGP 0,40 per share in addition to a share premium of EGP 5,60 with an increase amounted to EGP 196,000,000. The increase occurred without taking into consideration the priority rights of old shareholders in the subscription of the increased shares. Participants in the public or private offering has no right to subscribe in this increase for this increase to be fully in favour of Social Impact Capital LTD, the main shareholder in the Parent Company, this will be according to the decision of the Ordinary General Assembly to the Cairo for Investment and Real Estate Development "Parent Company" on 3 July 2018.

3. The Extraordinary General Assembly approved the split of the (Parent) Company's shares with a ratio of 25 shares per each share. Accordingly, number of shares of the (Parent) Company's' became 547,790,325 share with nominal value of EGP 0,40. On 5 July 2018 the Parent Company registered this split within its commercial register.

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

15. Reserves

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

	31 May 2020		
	Balance at 1 September	Formed during the period	Balance at 31 May
Legal reserve	116,558,065	-	**116,558,065**
Statutory reserve	13,312,868	6,521,576	**19,834,444**
Special reserve	92,667,112	-	**92,667,112**
Reserve resulting from foreign currency translation	-	232,918	**232,918**
Reserve resulting from available-for-sale investments valuation	-	587,321	**587,321**
Total	**222,538,045**	**7,341,815**	**229,879,860**

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

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

Also, an amount of 5% is deducted from the profit to form the statutory reserve each year until the reserve reaches is equivalent to 25% of the Parent Company's issued capital. Once the balance reaches below that limit, deduction should resume again.

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

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

16. Borrowings and credit facilities

	Current portion		Non-current portion	
Statement	**31 May 2020**	**31 August 2019**	**31 May 2020**	**31 August 2019**
Arab Investment Bank- credit facility	-	1,618,011	-	-
Qatar National Bank ALAHLI- credit facility	3,674,422	-	-	-
Qatar National Bank ALAHLI Bank loan (1)	3,979,496	11,979,496	-	-
Qatar National Bank ALAHLI Bank loan (2)	36,353,086	-	64,734,126	60,296,205
Qatar National Bank ALAHLI Bank loan (3)	-	-	108,722,248	-
Ahli United Bank loan	-	-	59,980,322	-
International Company for Finance Lease loan	13,288,870	8,164,984	36,669,294	6,313,390
European Bank loan	-	-	223,404,375	-
Upper Egypt Finance lease loan	568,581	855,476	-	270,082
	57,864,455	**22,617,967**	**493,510,365**	**66,879,677**

Credit facilities from Qatar National Bank ALAHLI have an interest rate of1.5% above the corridor price stated by the Central Bank.

On 16 March 2020, the Central Bank of Egypt issued an initiative to allow the postponement of the collection of credit proceeds on individuals and institutions for a period of 6 months without calculating any delay penalty in postponing loan repayment. The Company did not submit a request to postpone the payment of any due instalment during the period and pays its instalments regularly.

Qatar National Bank ALAHLI Bank loan (1)
On 30 October 2017, the Company signed a contract for a medium term loan of EGP 20,000,000 for the purpose of completing Badr University's Projects, 100% owned by the Company. The contract ends on 31 August 2020, and this loan will be paid semi-annually on 5 instalments amounted to EGP 4,000,000 excluding the related interests that will be calculated at an interest rate of 1.5% above the lending rate announced by the Central Bank of Egypt.
The balance of this loan as of 31 May 2020 amounted to EGP 3,979,496 (31 August 2019: EGP 11.979.496).

Qatar National Bank ALAHLI Bank loan (2)
On 30 May 2019, the Company signed a contract for a medium term loan of EGP 100 for the purpose of new faculties in Badr University that is 100% owned by the Company. The contract ends on 31 August 2024, and this loan will be paid equal semi-annually on 9 instalments excluding the related interests that will be calculated at an interest rate of 1.5% above the lending rate announced by the Central Bank of Egypt.

The balance of this loan as of 31 May 2020 amounted to EGP 101,087,212 (31 August 2019: EGP 60.296.205).

Borrowings and credit facilities (continued)

Qatar National Bank ALAHLI Bank loan (3)
On 8 November 2019, the Company signed a contract for a medium term loan of EGP 130 million for the purpose of using it in partially finance for the remaining projects of the Company's expansion plan, which is to establish new seven faculties in Badr University and a school in the new city of Al Mansoura. The contract ends on 31 August 2026, and this loan will be paid equal semi-annually on 12 instalments in February and August, in addition to the applicable interest. The first instalment must due on the last day of February 2021, followed by the second instalment on the last day of August 2021, and so on, respectively and periodically, every six-months until the maturity date ofthe eleventh and final instalments that must due on 31 August 2026.

The balance of this loan as of 31 May 2020 amounted to EGP 108,722,248 (31 August 2019: EGP 1.691.900).

The principalconditionsand guarantees of the above loans are:

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

Ahli United Bank loan
On 14 January 2020, the Company signed a contract for a medium term loan of EGP 100 for the purpose of future expansions in establishing schools and new faculties in Badr University that is 100% owned by the Company. The contract ends on 31 August 2024, and this loan will be paid equal semi-annually on 9 instalments excluding the related interests that will be calculated at an interest rate of 1.25% above the lending rate announced by the Central Bank of Egypt with a grace period of one year without any administrative expenses.

The balance of this loan as of 31 May 2020 amounted to EGP 59,980,322.

Main conditions and gaurantees

- Submitting to the bank the collateral guarantees from the following companies: Upper Egypt Educational Services, Emco for Systems and Computers, Global Educational Technologies, and Educational Systems International, provided that each guarantee covers the full amount of the finance granted by the bank under this contract.
- Submitting to the bank every six-months the commercial register extract of the Company, explaining that there are no mortgages on its assets.
- Opening an operating account with the bank, the first party, to collect all revenues that related to the funded schools and the revenues resulting from the expansion of Badr University, that have been funded by the bank.

Borrowings and credit facilities (continued)

- Submitting to the bank a written undertaking signed by the legal representative of Badr University to transfer the net surplus generated from its activity to the Company to cover any financial liabilities payable on the Company throughout the duration of the finance granted by the bank, according to the budget of the University.
- Submitting to the bank a quarterly financial report within 90 days of the end of each quarter of the financial year of the borrowing Company and the guarantors. The Company is also committed to achieving the financial terms in all consolidated financial positions provided to the bank throughout the duration of the finance as follows:

(1) The debt service rate (total cash flows from operating activities in addition to depreciation and amortisation less tax divided by annual financial payments in addition to the annual dividends) should not fall bellow X1.15.
(2) The financial leverage (total bank borrowings divided by net shareholders' equity) should not exceed X 1.5.

International Company for Finance Lease loan (Incolease)
On 23 February 2010, the Parent Company signed a preliminary contract with Incolease to obtain a finance lease of EGP 31,9 million for sale and leaseback of a plot of land owned by the Company at an interest rate equal to the lending rate announced by the Central Bank of Egypt. Payable over 84 monthly instalments starting 3 May 2010. Since this transaction does not qualify in its substance to be sale and leaseback transaction as it represent a collateralised loan by the asset "the plot of land " and since this transaction is outside the scope of EAS 20 " Accounting rules and standards relating to finance lease " the transaction was not considered as a sale and leaseback, instead, it was regarded as a loan agreement subject to the above mentioned conditions.

On 13 October 2019, an adjustment contract was signed with Incolease Company for Finance Lease and in accordance with the previous contract on May 2016 to obtain a loan of EGP 84,797,280. The loan amount includes interest amounted to EGP 5,917, and that the loan instalments are repaid over 60 months and expire on 20 September 2024, and interest payment of 14% from the date of signing the contract. It changes with an increase or decrease according to the borrowing price announced by the Central Bank of Egypt, within an equivalent to 2.5% above the official lending rate from the Central Bank. The Company obtained the second tranche of the loan under the same terms mentioned above. The total balance of the loan as of 31 May 2020 was EGP 49,958,164 including interest (31 August 2019: EGP 14.478.374).

European Bank loan
On 30 September 2019, the Company signed a contract for a medium term loan of EGP 446,8 million. The first instalments was injected on 19 September 2019, and the second instalment will be injected within three months from 31 May 2020 for the purpose of purchasing a new land in Assiut to establish faculties related to Badr University - Assiut and the establishment of the stage 1 of the University 100% owned by the Company. The contract ends on 30 September 2027, and this loan will be paid on 12 equal semi-annual instalments excluding the related interests that will be calculated at an interest rate of 2% above the lending rate announced by the Central Bank of Egypt with a grace period of two years.

The balance of this loan as of 31 May 2020 amounted to EGP 223,404,375.

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

Borrowings and credit facilities (continued)

Main conditions and gaurantees

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

Upper Egypt Finance lease loan

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

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

The amounts financed for both contracts amounted to EGP 3,156,160 including interest and payable over 60 instalments. The total due balance of this loan as at 31 May 2020 amounted to EGP 568.581 (31 August 2019: EGP 1.125.558).

17. Creditors and other credit balances

	31 May 2020	31 August 2019
Due to suppliers and contractors	180,622,373	89,436,479
Dividends payables	24,401,686	14,725,392
Accrued expenses	41,504,189	37,939,978
Due to government agencies	45,491,922	15,584,000
Land purchase payables	2,425,570	2,425,570
Due to related parties (Note 28)	175,615	250,566
Other credit balances	32,844,448	17,069,210
	327,465,803	**177,431,195**

18. Advance revenues

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

	31 May 2020	31 August 2019
Advance revenues	79,068,269	211,730,601

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

19. Income taxes

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

	31 May 2020	31 August 2019	31 May 2019
Current income tax	99,662,010	64,650,433	71,495,943
Deferred tax (Note 21)	(259,224)	341,965	(263,735)
Total	**99,402,786**	**64,992,398**	**71,232,208**

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

	Nine months ended		Three months ended	
	31 May 2020	31 May 2019	31 May 2020	31 May 2019
Accounting profit before tax	429,807,996	302,796,044	142,196,274	108,678,202
Income taxes based on enacted tax rate	96,706,799	66,129,110	31,994,162	24,452,595
Add (less):				
Non deductible expenses	36,845,925	3,103,098	33,925,356	1,680,141
Deferred tax assets on tax losses not previously recognised	(1,160,340)	-	(679,999)	-
Non-taxable revenues	(32,989,598)	-	(29,713,543)	-
Tax	**99,402,786**	**71,232,208**	**35,525,976**	**26,132,736**

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

	31 May 2020	31 August 2019
Balance at the beginning of the period/ year	66,104,436	41,075,377
Payments made during the period/ year	(65,133,611)	(39,621,374)
Cost of assets generated from acquiring subsidiaries	354,925	-
Charged to the consolidated statement of profit or loss during the period/ year	99,662,010	64,650,433
Balance at the end of the period/ year	**100,987,760**	**66,104,436**

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

20. Deferred tax liabilities

Deferred tax liabilities comprises temporary differences attributable to fixed assets:

	Balance at 1 September 2019 Asset (Liability)	Movement for the period Revenue (expense)	Acquisition of associates	Balance at 31 May 2020 Asset (Liability)
Fixed assets	(3,934,028)	259,224	(29,571,124)	**(33,245,928)**
	(3,934,028)	**259,224**	**(29,571,124)**	**(33,245,928)**

	Balance at 1 September 2018 Asset (Liability)	Movement for the year Revenue (expense)	Balance at 31 August 2019 Asset (Liability)
Fixed assets	(3,592,063)	(341,965)	(3,934,028)
	(3,592,063)	**(341,965)**	**(3,934,028)**

21. Provisions

	31 May 2020	31 August 2019
Provision for tax	63,477,007	33,002,570
Provision for lawsuits	202,484	202,484
	63,679,491	**33,205,054**

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

	31 May 2020				
	Balance at the beginning of the period	Formed during the period	Acquired provisions *	Utilised during the period	Balance at the end of the period
Provision for tax	32,057,121	-	35,000,000	(4,517,363)	62,539,758
Provision for lawsuits	1,147,933	-	-	(8,200)	1,139,733
	33,205,054	-	**35,000,000**	**(4,525,563)**	**63,679,491**

	31 August 2019			
	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	26,357,559	6,541,606	(842,044)	**32,057,121**
Provision for lawsuits	1,147,933	-	-	**1,147,933**
	27,505,492	**6,541,606**	**(842,044)**	**33,205,054**

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

Provisions (continued)

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

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

The tax provision on tax claims actually received and expected taxes for previous years that have not yet been inspected amounted to EGP 63,477,007 (31 August 2019: EGP 32,188,257) based on management estimates and the independent external tax advisor of the Group.

If the estimations related to formed provisions have changed by 10% (increase or decrease), the impact on the consolidated statement of profit or loss will be EGP 6,347,701 increase or decrease (31 August 2019: EGP 3.218.825).

Provision for lawsuits
Provision for lawsuits amounted EGP 202,484 at 31 May 2020 (31 August 2019: EGP 202.484) based on the Group's legal advisor's estimations. The provision is adjusted for each amendment per each case separately.

If the estimations related to formed provisions have changed by 10% (increase or decrease), the impact on the consolidated statement of profit or loss will be EGP 20.248 increase or decrease (31 August 2019: EGP 20.248).

22. Operating revenues

	Nine months ended		Three months ended	
	31 May 2020	31 May 2019	31 May 2020	31 May 2019
Tuition revenues	876,789,860	584,406,089	305,210,378	200,924,703
Bus revenues	35,634,558	33,393,213	7,637,019	11,915,962
Admission revenue	20,100,099	7,436,480	3,515,371	467,553
Contracting revenues	23,881,774	-	-	-
Other activities revenues	35,438,437	17,158,258	9,008,730	4,992,376
	991,844,728	**642,394,040**	**325,371,498**	**218,300,594**

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

23. Activity cost

	Nine months ended		Three months ended	
	31 May 2020	31 May 2019	31 May 2020	31 May 2019
Employees' wages, salaries and benefits	197,062,942	123,854,467	66,580,925	40,273,489
Depreciation expenses	56,005,654	41,400,647	19,595,141	14,484,027
Teaching tools, aids and books expenses	22,353,868	21,151,292	5,914,133	7,242,373
Maintenance, electricity and utilities expenses communications expenses	27,916,655	20,966,706	7,237,492	5,614,814
Transportation expenses	29,783,387	24,345,337	7,334,020	8,567,458
Rents	10,911,073	7,972,889	3,641,256	2,655,444
Professional and consulting fees, charges other expenses	23,182,979	8,373,892	8,682,802	2,377,753
Contracting expenses	17,659,071	-	-	-
Other expenses	32,197,777	13,334,622	11,519,867	5,199,301
	417,073,406	**261,399,852**	**130,505,636**	**86,414,659**

24. 24. General and administrative expenses

	Nine months ended		Three months ended	
	31 May 2020	31 May 2019	31 May 2020	31 May 2019
Employees' wages, salaries and benefits	67,319,955	38,258,162	24,004,331	15,620,741
Professional and consulting fees, charges	26,765,774	23,599,460	7,978,087	4,546,770
Maintenance, electricity and utilities expenses communications expenses	9,220,707	8,867,930	2,242,308	6,759,520
IPO expenses and capital increase	-	12,164,840	-	-
Operating and financing leases	1,076,127	1,993,702	350,098	627,408
Provision for doubtful debts	450,000	-	150,000	-
Write off receivables expenses	152,341	725,821	152,341	725,821
Depreciation expenses	1,834,791	1,792,742	636,978	894,516
Takaful contribution	1,199,799	-	368,052	-
Board and committees members and board of trustees remuneration and allowances	943,002	556,953	240,006	62,653
Other expenses	10,450,912	6,152,729	2,620,618	916,774
	119,413,408	**94,112,339**	**38,742,819**	**30,154,203**

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

25. 25. Expenses by nature

	Nine months ended		Three months ended	
	31 May 2020	**31 May 2019**	**31 May 2020**	**31 May 2019**
Employees' wages, salaries and benefits	264,382,897	162,669,582	90,585,256	55,956,883
Depreciation expenses	57,840,445	43,193,389	20,232,119	15,378,543
Professional and consulting fees, charges and penalties	49,948,753	31,973,352	16,660,889	6,924,523
Teaching tools, aids and books expenses	22,353,868	21,151,292	5,914,133	7,242,373
Maintenance, electricity and utilities expenses communications expenses	37,137,362	29,834,636	9,479,800	12,374,334
IPO expenses and capital increase	-	12,164,840	-	-
Write off receivables expenses	152,341	725,821	152,341	725,821
Rents	11,987,200	9,966,591	3,991,354	3,282,852
Transportation expenses	29,783,387	24,345,337	7,334,020	8,567,458
Takaful contribution	1,199,799		368,052	
Provision for doubtful debts	450,000	-	150,000	-
Board and committees members and board of trustees remuneration and allowances	943,002	556,953	240,006	62,653
Contracting expenses	17,659,071	-	-	-
Other expenses	42,648,689	18,930,389	14,140,485	6,053,422
	536,486,814	**355,512,191**	**169,248,455**	**116,568,862**

26. Other Revenues

	Nine months ended		Three months ended	
	31 May 2020	**31 May 2019**	**31 May 2020**	**31 May 2019**
Variable leases	2,408,628	1,050,409	615,242	357,705
Proceeds from debts previously written off	330,777	-	-	-
Variable income	35,789	1,588,946	1,077	426,578
	2,775,194	**2,639,355**	**616,319**	**784,283**

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

27. Net financing (costs) revenues

	Nine months ended		Three months ended	
	31 May 2020	31 May 2019	31 May 2020	31 May 2019
Interest income	13,459,701	22,274,935	2,951,463	8,614,973
Losses from currency differences	(358,428)	460,337	152,648	(911,815)
Interest expenses	(41,426,385)	(7,627,943)	(17,647,199)	(1,540,971)
	(28,325,112)	**13,274,840**	**(14,543,088)**	**6,162,187**

28. Related parties transactions

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

Due from related parties:

The Company	Nature of relation	31 May 2020	31 August 2019
Egyptians Health Care	Associate	55,995	-
Hassan El Kalla	University President	60,929	-
Mafrix Company	Associate	2,923,657	10,336,152
Egyptian Company for Numbering	Others	140,382	140,382
Egyptian for Office Operation and Supply	Associate	15,823	15,823
HK&S Company	Associate	704,860	540,322
Mohamed Sulieman	General Secretary of Badr University	-	-
Karim Moustafa Tawfiq	A shareholder of Canadian Columbia International School	7,315,998	-
Others		60,929	360,950
		11,217,644	**11,393,629**

Balances due to related parties:

The Company	Nature of relation	31 May 2020	31 August 2019
Future for Educational Activities	Others	134,896	250,566
Others	Vice Chairman of Badr University	40,719	-
		175,615	**250,566**

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

Related parties transactions (continued)

Related party transactions during the year:

	Movement	
	31 May 2020	**31 August 2019**
Egyptians Health Care		
Contributions of share capital	9,704,724	27,922,280
Transferred to investments in subsidiaries and associates	(9,704,724)	(27,922,280)
Bank transfers	55,995	1,571,103
Purchases	-	(1,030,781)
Dr. Hassan El Kalla (University Vice President)		
Expenses paid on behalf of the Company	-	-
Allowances and incentives	-	-
Mafrix Company		
Bank transfers	(7,412,495)	-
HK&S Company		
Payments	762,858	540,322
Purchases	(598,320)	-
Future for Educational Activities		
Proceeds of tuition revenues	2,177,460	12,618,785
Tuition expenses	(2,251,856)	(13,399,172)
Against the management	(41,274)	(217,877)
Dr. Ibrahim El Kalla (University Vice President)		
Expenses paid on behalf of the Company	-	-
Dr. Mohamed Sulieman (University Vice President)		
Advances	-	-
Karim Moustafa Tawfiq		
Withdrawals under dividends account	7,315,998	-
Others		
	392,600	-

Key management compensation:

The charges of the key management of the Company during the period and charged to the revenues and expenses statement on 31 May 2020 amounted to EGP 4,875,998 (31 May 2019: EGP 3.044.135).

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

29. Non-controlling interests

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

	Capital	Retained earnings	31 May 2020
Balance at 1 September 2019	**44,969,084**	**11,401,279**	**56,370,363**
Non-controlling interests of acquired companies	-	37,962,739	**37,962,739**
Dividends	-	(5,908,139)	**(5,908,139)**
Currency differences resulting from foreign currency translation	-	155,278	**155,278**
Profit for the period	-	21,482,235	**21,482,235**
Balance at 31 May 2020	**44,969,084**	**65,093,392**	**110,062,476**

	Capital	Retained earnings	31 August 2019
Balance at 1 September 2018	**44.969.084**	**16.201.654**	**61.170.738**
Non-controlling interests of acquired companies	-	(4.569.668)	**(4.569.668)**
Dividends	-	(4.543.493)	**(4.543.493)**
Profit for the year	-	4.312.786	**4.312.786**
Balance at 31 August 2019	**44.969.084**	**11.401.279**	**56.370.363**

30. Goodwill

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

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

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

Goodwill (continued)

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

Growth rate	5.5%
Discount rate	18%

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

- On 21 April 2019, the Extraordinary General Assembly meeting of the Egyptian Education Systems Company resolved to agree to put the company under liquidation, provided that the liquidation period is one year, starting from the date of the notification of the resolution to put the company under liquidation in the commercial register, and it was approved to appoint Mr./ Mohamed Naguib Salah El-Din, the liquidator of the Company. As Cairo Investment and Real Estate Development Company owns 100% of the Egyptian Education Systems Company , Cairo Investment and Real Estate Development Company will acquire all of these assets. This resulted in impairment of its goodwill of EGP - on 31 May 2020.
- On 26 June 2019, the Group purchased 60% of the shares of Star Light (owner of Canadian Columbia International School) under the agreement signed with W.D. Capital Company. The control of the Group was transferred on 1 September 2019. The Group expects that this acquisition will result in an increase in its market share and future economic benefits. This transaction resulted in goodwill of EGP 28,171,629.

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

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

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

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

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

31. Earnings per share

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

	Nine months ended		Three months ended	
	31 May 2020	**31 May 2019**	**31 May 2020**	**31 May 2019**
Net profits for the period	308,922,975	223,694,896	99,088,404	78,954,068
Board of directors' expected remuneration	(28,182,102)	(20,085,434)	(8,247,818)	(6,335,056)
Employees' expected profit share	(26,529,473)	(19,242,472)	(8,588,617)	(6,867,131)
Profits net after distribution of dividends	**254,211,400**	**184,366,990**	**82,251,969**	**65,751,881**
Weighted average number of shares	582,790,325	569,021,942	547,740,125	569,021,942
Earnings per share in the profit for the period	**0.44**	**0.32**	**0.15**	**0.12**

32. Tax position

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

Fund corporates tax

- The Company was inspected from 1998 until 1999 and due tax was paid.
- The Company was inspected for the years from 2000 until 2004 on a deemed basis at a total tax of EGP 5,793,131. The Company was notified of Forms 18 and 19 Tax of Fund Corporates and they were appealed on the legal deadlines and dispute has not been settled yet in the Internal Committee.
- The Company was not inspected from 2005 to 2008. The Company submits the tax returns regularly on the legal deadlines and pays the due tax based on the tax returns submitted on the legal deadlines and years from 2005 to 4 May 2008.
- The net profit of schools activity is exempted from the corporate income tax in accordance with Law No. 91 of 2005.
- The Company was inspected from 2009 to 2010 and due tax was paid.
- Years from 2011 to 2019, the Company was not inspected until the financial statements date.

Withholding tax

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

Salaries tax

- The Company applies the withholding tax and pays it monthly in accordance with the Tax Law No. 91 of 2005.
- Quarterly tax returns are filed regularly and the Company pays the tax on legal dates.
- The Company paid the tax due until 2004.
- The Company was notified of a salaries tax claim for the period from 1 January 2005 to 30 June 2005, and the Company was notified of a form of 36 salaries for the period from 1 July 2005 to 31 December 2011 and they were challenged in legal deadlines and the dispute still pending before the internal committee.
- Years from 1 January 2012 to 31 May 2020, the Company was not inspected until the financial statements date.

Tax position (continued)

Stamp tax

- The Company paid the tax due until 30 November 2003.
- The Company was notified of Form No. 3 Stamp Duty for the period from 1 February 2003 to 28 February 2006, with a total tax of EGP 74,599. The form was objected upon within the legal date and was referred to the appeals committee, and the dispute still pending until the date of preparing the financial statements.
- The Company was notified of Form No. 3 Stamp Duty for the period from 1 March 2006 until 30 June 2010. It is appealed on the legal deadline and referred to the Appeal Committee. Final assessment to the decision of the Appeal Committee is made on 23 November 2014 at a total tax of EGP 14,798. Payment was made on 29 January 2015.
- Years from 1 July 2010 to 31 May 2020, the Company was not inspected until the financial statements date.

Value added tax

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

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

First: Fund corporates tax

1. Years from 1992 to 1993
   The company was inspected for the corporate income tax for and final tax notice from the decision of the appeal committee by amount of EGP 149,952, and dispute between the company and the specialized authority was referred to the court and the dispute is still ongoing and the company has paid the tax according to the appeal committee decision.

2. Years from 1994 to 1995
   The Company was inspected for the corporate income tax and assessment was made with amount of EGP 44,188 and form 18 was notified and objected and form 19 was notified and objected and has been appealed. The file was referred to the appeal committee and then referred to the specialized court, and the company has paid the tax according to the appeal committee decision tax notice.

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

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

Tax position (continued)

4. Years from 2002 to 2004
   The authority has charged the company depending on estimation, and form 18 was notified and objected and form 19 was notified and has been appealed. The file was referred to the internal committee of the authority and the company submitted a request to re-examine these years and the dispute was transferred to appeal committees and defence memorandum was submitted and the appeal committee decision had been issued to return the file to the authority to prepare for the completion of the inspection of the authority.

5. Years from 2005 to 2008
   The tax returns were submitted on time and the tax was paid from the tax returns and the company was not inspected since it was not included in the inspection sample.

6. Years from 2009 to 2010
   The company was charged with the corporate income tax. The Company was notified in the form 19 in the amount of EGP 7,513,695 and has been appealed, and the file was referred to the internal committee of the authority.

7. Years from 2011 to 2012
   The Company was charged with the corporate income tax. The Company was notified in the form 19 in the amount of EGP 8,784,566 and has been appealed, and the file was referred to the internal committee of the authority to issue a decision to re-examination.

8. Years from 2013 to 2014
   The Company was charged with the corporate income tax. The Company was notified in the form 19 and has been appealed, and the file was referred to the internal committee of the authority to issue a decision to re-examination.

9. Years from 2015 to 2020
   The company has not yet been inspected for these years and submits the tax returns at the specified tax dates and the tax is paid based on the tax return.

Second: Stamp tax

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

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

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

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

Tax position (continued)

Third: Salaries tax

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

2. Years from 1995 to 1999
   Salaries tax was linked to the amount of EGP 265,245 basis of the non-appeal link and the dispute was referred to the specialized court and the dispute is still ongoing. The tax amount was paid by scheduled check.

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

4. Years from 1 January 2005 till 30 June 2005
   The company was inspected with a tax link on the company in the amount of EGP 496,329. The complaint was filed against the model. The file was referred to the internal committee, and then to the appeal committees. The defence memorandum was submitted and it was reserved for the decision on 20 January 2019.

5. Years from 1 July 2005 till 2010
   Salaries tax was linked by EGP 9,030,294 and the company was informed in model 38 that it was objected and the file was referred to the internal committee, and then to the appeal committees and the sessions to resolve the dispute will be attended.

6. Years from 2011 to 2020
   The Company was not notified on financial statements date.
   Pay an amount of EGP 981,000 of differences and salaries tax examination for the years 2002 until 2011.

Fourth: Sales tax

The Company submits tax returns on sales regularly and at legal times. The Company was inspected from the start of the activity until 2005, and the tax differences resulting from the inspection, as well as the additional tax, were paid, and the Company was inspected for the years 2006 to 2013. The tax and fines were paid for that period in the amount of EGP 687,341 in full. The Company was not notified on any other examinations.

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

First: Corporate income tax

Years from 2005 to 2020

- Tax returns were submitted on the legal deadline and the Company is exempted from taxes until 4 May 2008 in accordance with law No. 91 of 2005.
- The period from 5 May 2008 until 30 June 2016, the Company was not notified of the inspection date taking into consideration law No. 91 of 2005 on a sample basis.
  For the period from 1 October 2016 till 31 May 2020.

Tax position (continued)

Second: Salaries tax
Years from 2005 to 2020
- The Company pays the income tax monthly on the legal deadlines and there are no income tax notifications for such years.

Third: Stamp duty
Years from 2005 to 2020
- The Company did not receive any tax notifications related to the tax period.

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

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

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

First: Corporate income tax

1. Years from 2003 to 2004
   - The Company submits the tax returns on the legal deadlines and it has not been notified of the inspection during such years.

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

3. Years from 2008 to 2020
   - The Company submits the tax returns on the legal deadlines and it has not been notified of the inspection during such years.

Second: Salaries tax
Years from 2003 to 2020
- The Company pays the income tax monthly on the legal deadlines and there are no income tax notifications for such years.

Third: Stamp duty
Years from 2003 to 2020
- The Company did not receive any tax notifications related to the tax period.

Fourth: Sales tax
Years from 2003 to 2020
- The Company is not subject to the provisions of law No. 11 of 1991 and its amendments.

Fifth: Value added tax
Years from 2003 to 2020
- The Company is not subject to the provisions of law No. 67 of 2016.

Tax position (continued)

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

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

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

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

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

First: Corporate income tax
<u>Years from 2009 to 2020</u>
- The tax returns were submitted on the legal deadlines and the Company has not been notified of the inspection during such years.

Second: Salaries tax
<u>Years from 2009 to 2020</u>
- The Company pays the income tax monthly on the legal deadlines and there are no income tax notifications for such years. Provision was made amounting EGP 25,000 against dispute of salaries tax.

Third: Stamp duty
<u>Years from 2009 to 2020</u>
- The Company did not receive any tax notifications related to the tax period.

Fourth: Sales tax
<u>Years from 2009 to 2020</u>
- The Company is not subject to the provisions of law No. 11 of 1991 and its amendments.

Fifth: Value added tax
<u>Years from 2009 to 2020</u>
- The Company is not subject to the provisions of law No. 67 of 2016.

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

Tax position (continued)

(7) Badr University L.C.C

Income tax
The income tax is calculated at the realised excess in accordance with the applicable laws and regulations in this regard and using the tax rates enacted at the date of the financial statements. The income tax payable is recognised in the statement of revenues and expenses. The University's records were not inspected from the date of inception until 31 May 2020.

Payroll tax
The University's records were inspected from the date of inception until 31 August 2018.
The University's records were not inspected from 1 September 2018 until 31 May 2020.

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

Withholding tax
The University's records were inspected from the date of inception until 31 August 2014.
The University's records were not inspected from 1 September 2014 until 31 May 2020.

33. Commitments

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

	31 May 2020	31 August 2019
Fixed assets	680,965,422	324,767,848

B) Operating lease
The Group is leasing many buses and a building for one of the schools for operational purposes. The length of these contracts are 1 to 5 years.
Total future payments for the lease contracts are as follows:

	31 May 2020	31 August 2019
Less than one year	9,917,438	30,207,959
over 1 year and less than 5 years	50,629,512	154,214,652

34. Contingent liabilities

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

The balance of the letters of guarantee granted by the Company during its normal activity on 31 May 2020 amounted to EGP 6.098,000 (31 August 2019: EGP 1.795.000).

35. Subsequent events

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

On 15 March 2020, schools and universities were required to close the classrooms and start to present the classes online. Within 72 hours of the activation of the distance learning protocol, 100% of the Group's schools and Badr University faculties started online learning. All non-essential employees now work fully from home, connected to school and students online. The Group has decided to immediately cease all transport services and to cease all buses to reduce the potential spread of the "COVID19" Coronavirus, and transport workers will continue to receive the full amount of their salaries.

The Group explained that it will pay the full-time and part-time employees the full amount of their full salaries, and for all employees who benefit from the internal instalments programs for their children's education fees (20% of employees), they were temporarily exempt from contractual discounts in March.

Regarding Badr University, the Group is about to open six new colleges in the coming academic year 2020/2021. Construction work on the six new faculties buildings has been completed as of the second quarter of "19/20".

The remaining of the constructions is the minor finishes and the latest fixtures of the six new faculties. Construction workers are committed to the strict guidelines for hygiene, maintain physical distances between workers, and the appropriate use of personal protective equipment at all times of work. Although the work schedule has been reduced to maintain the health and safety of workers, construction is expected to be completed on a timely basis.

Regarding the Regent British School in Al-Mansoura, in accordance with the instructions of the Prime Minister that allows the resumption of construction works, the Group now operates a Regent construction site with a capacity of 60% by following all government and internal guidelines for appropriate personal protective equipment, maintain safe physical distances and hygiene.

Subsequent events (continued)

Financial effects

In response to the Coronavirus "COVID-19", and taking into account the importance of expecting a potential financial impact on figures for the financial year ended 31 August 2020, in addition to business continuity, if the Authorities maintain a strict lockdown system to reduce public exposure, the management expects the following financial effects:

1. Returning 15% of the bus fees for the current academic year as a credit for the next academic year, which is estimated at 3 million Egyptian pounds of the service period. It is important to note that the Group will not bear bus rental fees for service providers during the mentioned period as well.
2. The potential cancellation of the summer course program at Badr University will be applied if the spring exams are delayed beyond July 2020. And the summer program for the last year constituted about 2.5% of the University's revenues. If the summer program continues at the same level, the effect will be around EGP 7,924,183.
3. If online education continues for the next period, the Group may consider offering a discount on fees for the value of savings resulting from less activity on the campus of schools and universities.

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