

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

**LIMITED REVIEW REPORT AND CONSOLIDATED
INTERIM FINANCIAL STATEMENTS FOR THE SIX-
MONTH PERIOD ENDED
28 FEBRUARY 2019**

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

Consolidated interim financial statements - For the six-month period ended 28 February 2019

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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 as at 28 February 2019 and the consolidated interim statements of income, other comprehensive income, changes in equity, and cash flows for the six-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.

Scope of the Limited Review

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

In light of 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 as at 28 February 2019, and its financial performance and cash flows for the three months period then ended in accordance with Egyptian Accounting Standards.

Basma Samra
Member of Egyptian Society of Accountants & Auditors
Member of the Egyptian Tax Society
R.A.A. 6588
F.R.A. 137

15 April 2019
Cairo



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

Consolidated interim statement of financial position
As at 28 February 2019

(All amounts in Egyptian Pounds)

	Note	28 February 2019	31 August 2018
Assets			
Non-current assets			
Fixed assets	6	740,175,622	743,344,427
Projects under construction	7	67,278,409	7,044,657
Work in progress	8	24,097,785	24,097,785
Investments in associates	9	25,791,070	25,791,070
Held-to-maturity investments	11	-	1,000,000
Goodwill	31	5,936,481	5,936,481
Total non-current assets		863,279,367	807,214,420
Current assets			
Inventories	12	352,964	2,527,821
Financial Investments held to maturity	11	1,000,000	-
Debtors and other debit balances	13	131,370,532	72,070,411
Cash on hand and at banks	14	304,360,902	91,503,367
Total current assets		437,084,398	166,101,599
Total assets		1,300,363,765	973,316,019
Shareholders' equity			
Shareholders' equity attributable to the owners of the Parent Company			
Paid-up share capital	15	233,116,130	219,116,130
Reserves	16	222,538,045	32,003,019
Retained earnings		333,910,458	192,088,678
Total shareholders' equity attributable to the owners of the Parent Company		789,564,633	443,207,827
Non-controlling interests	30	55,804,010	61,170,738
Total shareholders' equity		845,368,643	504,378,565
Non-current liabilities			
Non-current portion of borrowings and credit facilities	17	15,359,437	24,991,787
Deferred tax liabilities	21	3,070,022	3,592,063
Total non-current liabilities		18,429,459	28,583,850
Current liabilities			
Provisions	22	27,161,801	27,505,492
Creditors and other credit balances	18	109,356,217	96,672,075
Advance revenues	19	236,654,933	185,203,224
Current income tax liabilities	20	47,043,951	41,075,377
Current portion of borrowings and credit facilities	17	16,348,761	89,897,436
Total current liabilities		436,565,663	440,353,604
Total liabilities		454,995,122	468,937,454
Total liabilities and shareholders' equity		1,300,363,765	973,316,019

- The accompanying notes on pages 7 to 50 form an integral part of these consolidated interim financial statements.
- Limited review report is attached

Mr. Mohamed El-Khouly
Group Chief Financial Officer

Cairo on 15 April 2019

Dr. Hassan El Kalla
Chairman



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

Consolidated interim statement of profit or loss
For the six month period ended 28 February 2019

(All amounts in Egyptian Pounds)		Six months ended		Three months ended	
		28 February 2019	28 February 2018	28 February 2019	28 February 2018
	Note				
Operating revenues	23	424,093,446	320,626,744	223,177,865	167,768,498
Operating cost	24	(174,985,193)	(129,914,395)	(89,260,841)	(65,774,496)
Gross profit		249,108,253	190,712,349	133,917,024	101,994,002
General and administrative expenses	25	(63,958,136)	(37,520,073)	(29,216,180)	(20,236,906)
Provisions		-	(688,107)	-	-
Other income	27	1,272,541	2,065,245	1,005,009	764,316
Operating profits		186,422,658	154,569,414	105,705,853	82,521,412
Finance costs - net	28	7,112,653	(7,018,884)	4,335,949	(2,944,363)
Profit before tax		193,535,311	147,550,530	110,041,802	79,577,049
Current income tax	20	(45,589,948)	(34,028,267)	(24,524,125)	(18,271,526)
Deferred tax	21	490,476	432,573	44,330	287,319
Profit for the period		148,435,839	113,954,836	85,562,007	60,592,842
Profits attributable to					
Owner's of the Parent Company		144,158,297	108,611,922	82,701,719	57,669,721
Non-controlling interests	30	4,277,542	5,342,914	2,860,288	2,923,121
		148,435,839	113,954,836	85,562,007	60,592,842
Earnings per share for the period	32	0.26	0.19	0.15	0.10

- The accompanying notes on pages 7 to 50 form an integral part of these consolidated interim financial statements.

CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A."
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
P.P. 15
17/02/2019

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

Consolidated interim statement of other comprehensive income
For the six-month period ended 28 February 2019

(All amounts in Egyptian Pounds)

	Note	Six months ended		Three months ended	
		28 February 2019	28 February 2018	28 February 2019	28 February 2018
Profit for the period		148,435,839	113,954,836	85,562,007	60,592,842
Comprehensive income		-	-	-	-
Comprehensive income for the period		148,435,839	113,954,836	85,562,007	60,592,842
Comprehensive income attributable to					
Owner's of the Parent Company		144,158,297	108,611,922	82,701,719	57,669,721
Non-controlling interests	30	4,277,542	5,342,914	2,860,288	2,923,121
		148,435,839	113,954,836	85,562,007	60,592,842
Earnings per share for the period	32	0.26	0.19	0.15	0.10

- The accompanying notes on pages 7 to 50 form an integral part of these consolidated interim financial statements.



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

Consolidated interim statement of changes in equity
For the six-month period ended 28 February 2019

(All amounts in Egyptian Pounds)

Handwritten signature and stamp in blue ink, dated 28 Feb 2019, with the text "P.P. 00" and "28 Feb 2019".

	Note	Paid up Capital	Reserves	Retained earnings	Total shareholders' equity attributable to the owners of the Parent Company	Non- controlling interests	Total Equity
Balance at 1 September 2017		219,116,130	17,009,363	143,527,345	379,652,838	40,590,078	420,242,916
Transferred to reserves		-	3,908,034	(3,908,034)	-	-	-
Dividends	30	-	-	(25,358,583)	(25,358,583)	(3,665,920)	(29,024,503)
Total comprehensive income for the period		-	-	108,611,922	108,611,922	5,342,914	113,954,836
Balance at 28 February 2018		219,116,130	20,917,397	222,872,650	462,906,177	42,267,072	505,173,249
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
Transfer to Reserves		-	190,535,026	(1,140,346)	189,394,680	-	189,394,680
Non-controlling interests in acquired entities	30	-	-	-	-	(4,569,668)	(4,569,668)
Dividends	30	-	-	(1,196,171)	(1,196,171)	(5,074,602)	(6,270,773)
Total comprehensive income for the period		-	-	144,158,297	144,158,297	4,277,542	148,435,839
Balance at 28 February 2019		233,116,130	222,538,045	333,910,458	789,564,633	55,804,010	845,368,643

- The accompanying notes on pages 7 to 50 form an integral part of these consolidated interim financial statements.

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

Consolidated interim statement of cash flows
For the six-month period ended 28 February 2019

(All amounts in Egyptian Pounds)

	Note	28 February 2019	28 February 2018
Cash flows from operating activities			
Profit before tax		193,535,311	147,550,530
Adjustments:			
Depreciation of property, plant and equipment	6	27,814,846	23,725,927
Finance costs	28	6,086,972	13,105,500
Interest expenses	28	(13,659,962)	(6,056,286)
Impairment losses on investments in associates		-	73,835
Provisions no longer required	13	(8,997)	-
Group's share of profit of associates	27	-	(536,067)
Provisions made	22	-	688,107
Provisions used	22	(343,691)	-
Operating profit before changes in current assets and liabilities		213,424,479	178,551,546
Changes in current assets and liabilities			
Change in inventories		2,174,857	566,585
Change in debtors and other debit balances		(37,796,151)	(68,804,094)
Change in creditors and other credit balances and accrued income		77,104,100	75,700,712
Income tax paid	20	(50,404,300)	(22,095,619)
Net cash flows generated from operating activities		204,502,985	163,919,130
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	6	(26,011,611)	(19,528,890)
Payments for purchase non-controlling interest shares		(11,174,988)	-
Interest payable received		13,659,962	6,056,286
Payments for projects under construction	7	(61,293,752)	(28,366,703)
Payment under purchase of investments in associates		(19,603,190)	(30,953,466)
Change in restricted cash		2,440,008	-
Net cash flows used in investing activities		(101,983,571)	(72,792,773)
Cash flows from financing activities			
Proceeds from borrowings and bank facilities		434,750	(27,427,463)
Payments to borrowings and bank facilities		(83,615,775)	25,240,977
Finance costs paid		(6,821,148)	(13,105,500)
Payments for capital increase and share premium		210,000,000	-
Dividends paid		(7,219,698)	(26,004,219)
Net cash flows generated from (used in) financing activities		112,778,129	(41,296,205)
Net change in cash and cash equivalents during the period		215,297,543	49,830,152
Cash and cash equivalents at the beginning of the period		89,055,957	54,631,302
Cash and cash equivalents at the end of the period	14	304,353,500	104,461,454

- The accompanying notes on pages 7 to 50 form an integral part of these consolidated interim financial statements.

EGYPTIAN DRILLING COMPANY "AN EGYPTIAN JOINT STOCK COMPANY"

Consolidated statement of cash flows - For the year ended 31 December 2018

(All amounts in US Dollars)

	Note	2018	Restated 2017
Cash flows from operating activities			
Net Profit before income tax		56,534,833	22,074,838
Adjustments for:			
Depreciation	5	81,247,227	80,332,166
Provisions formed	11	127,868	430,926
Provisions no longer required	11	(1,353,091)	(3,582,492)
Provisions transfer and foreign exchange adjustments	11	(149,595)	258,401
Impairment of trade and other receivables	9	5,880,733	6,869,868
Trade receivables impairment (no longer required)	9	(4,647,740)	(2,769,744)
Impairment for decline in inventory value	8	959,678	1,181,751
Transaction cost	23	-	-
Unrealized foreign exchange gain		(8,302,518)	(2,119,486)
Interest expense	23	35,678,965	32,587,602
Interest income		(480,841)	(28,614)
Impairment of property and equipment	5	10,155,509	6,728,636
Employees terminal benefit		(10,748,675)	1,703,085
Loss on disposal of property and equipment	22	(16,415)	288,055
Operating profit before changes in working capital		164,885,938	143,954,992
Changes in working capital			
Trade receivables and other debit balances		(18,631,566)	(37,283,485)
Inventories		(1,297,816)	(1,595,187)
Due from related parties		-	368
Trade payables and other credit balances		4,494,819	18,377,787
Due to related parties		(988,470)	(10,400,401)
Provisions used		(464,483)	(3,854,352)
Cash generated from operations		147,998,422	109,199,722
Interest paid		(34,173,964)	(32,587,602)
Zakat and tax paid		(221,781)	(1,511,464)
Interest received		419,226	28,614
Net cash generated from operating activities		114,021,903	75,129,270
Cash flows from investing activities			
Payments for property and equipment and, assets under construction		(54,519,560)	(55,303,908)
Proceed from sale of property and equipment		1,174,619	128,203
Net cash used in investing activities		(53,344,941)	(55,175,705)
Cash flows from financing activities			
Proceed from bank facilities		46,770,934	24,150,801
Repayment of borrowings		(86,680,623)	(30,491,202)
Dividends paid up to employees		(3,961,496)	(3,616,736)
Net cash used in financing activities		(43,871,185)	(9,957,137)
Net decrease in cash and cash equivalents		16,805,777	9,996,429
Cash and cash equivalents at the beginning of the year		15,974,842	5,978,413
Cash and cash equivalents at the end of year		32,780,619	15,974,842
Supplemental cash flow information			
Payables and accruals for property and equipment		3,693,938	4,097,937
Payables for foreign income tax		830,000	618,316
Payables for employees profit sharing		36,000	5,181
Payables for unrealized foreign exchange gain		(303,193)	647,534
Receivables for unrealized foreign exchange loss		(8,002,009)	(2,767,020)

The accompanying notes on pages 8 - 36 form an integral part of these consolidated financial statements

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

**Notes to the consolidated interim financial statements
For the six-month period ended 28 February 2019**

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

Basis of preparation of the consolidated financial statements (continued)

All other assets are classified as non-current.

A 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 financial 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 financial 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. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

The consolidated financial statements includes the following subsidiaries:

	<u>Country of origin</u>	<u>Percentage of ownership</u>
Cairo Educational Services	Egypt	70%
Upper Egypt Educational Services	Egypt	99%
Egyptian Educational Systems	Egypt	92%
Global Educational Technologies	Egypt	78%
Cairo Egypt for Educational Premises	Egypt	100%
Futures and Nations Company *	Egypt	50%
Emco for Systems and Computers	Egypt	82%
Egyptian Schools Company	Egypt	61%
Educational Systems International	Egypt	80%
Badr University	Egypt	100%

