

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**LIMITED REVIEW REPORT
INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
30 NOVEMBER 2023**

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Interim separate financial statements
For the three month period ended 30 November 2023**

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Limited review report on the interim separate financial statements

To the Board of Directors of Taaleem Management Services S.A.E.

Introduction

We have conducted a limited review for the accompanying interim separate statement of financial position of Taaleem Management Services S.A.E. (the "Company") as of 30 November 2023 and the related interim separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Egyptian Accounting Standards, and our responsibility is limited to expressing a conclusion on these interim separate financial statements based on our limited review.

Scope of the limited review

We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements No. 2410 "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of interim 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 interim separate financial statements.

Conclusion

In light of our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the financial position of the Company as of 30 November 2023, and its financial performance, and its cash flows for the three-month period then ended in accordance with Egyptian Accounting Standards.

Ashraf Mamdouh, CPA
R.A.A. 26231
F.R.A. 383



15 January 2024
Cairo

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Interim separate statement of financial position - As at 30 November 2023

(All amounts in Egyptian Pound)

	Note	30 November 2023	31 August 2023
Assets			
Non-current assets			
Fixed assets	5	6,341,922	5,370,722
Investments in subsidiaries	6	877,513,442	847,513,442
Investment in associates	7	294,312,258	294,312,258
Right of use assets	11	14,253,507	14,954,499
Deferred tax assets	14	1,494,818	1,494,818
Total non-current assets		<u>1,193,915,947</u>	<u>1,163,645,739</u>
Current assets			
Trade receivables and other debit balances	8	7,495,186	12,181,961
Due from related parties	9	8,056,548	8,043,216
Cash and bank balances	10	6,868,110	1,718,506
Total current assets		<u>22,419,844</u>	<u>21,943,683</u>
Total assets		<u>1,216,335,791</u>	<u>1,185,589,422</u>
Equity			
Paid up capital	12	730,250,000	730,250,000
Reserves	13	16,324,479	10,623,911
Retained earnings		148,344,390	145,262,661
Total equity		<u>894,918,869</u>	<u>886,136,572</u>
Liabilities			
Non-current liabilities			
Lease liabilities	15	16,969,730	17,542,115
Total non-current liabilities		<u>16,969,730</u>	<u>17,542,115</u>
Current liabilities			
Trade and other payables	16	6,497,279	5,682,881
Lease liabilities	15	2,173,862	2,028,158
Due to related parties	9	262,856,150	251,948,770
Current income tax liability	17	32,919,901	22,250,926
Total current liabilities		<u>304,447,192</u>	<u>281,910,735</u>
Total liabilities		<u>321,416,922</u>	<u>299,452,850</u>
Total liabilities and equity		<u>1,216,335,791</u>	<u>1,185,589,422</u>

- The accompanying notes on pages 7 - 35 form an integral part of these interim separate financial statements.
- Limited review report attached.


Mr. Khaled Khater
Chief Financial Officer


Eng. Mohamed El Rashidi
Chief executive officer

15 January 2024

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Interim separate statement of profit and loss
For the three month period ended 30 November 2023**

(All amounts in Egyptian Pound)

	<u>Note</u>	<u>30 November 2023</u>	<u>30 November 2022</u>
Management fees		64,295,181	37,341,408
Salaries		(8,705,676)	(5,878,051)
Board remuneration		(1,310,000)	(2,410,000)
Professional fees		(4,270,590)	(2,665,011)
Employee stock ownership plan expense		(2,326,712)	(2,104,141)
Other expenses	18	(2,407,533)	(1,533,282)
Right-of-use assets depreciation		(700,992)	(700,992)
Depreciation expense		(628,800)	(648,340)
Comprehensive medical expense		(160,841)	(93,429)
Rent expenses		-	(56,940)
Finance (cost) /income - net	19	(263,650)	3,435,960
Other income		111,948	30,000
Profit before tax		43,632,335	24,717,182
Income tax expense	20	(10,668,975)	(6,597,969)
Deferred tax income	20	-	680,872
Profit for the period		32,963,360	18,800,085
Earnings per share	21	0.041	0.023

- The accompanying notes on pages 7 - 35 form an integral part of these interim separate financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Interim separate statement of comprehensive Income
For the three month period ended 30 November 2023**

(All amounts in Egyptian Pound)

	<u>30 November 2023</u>	<u>30 November 2022</u>
Profit for the period	32,963,360	18,800,085
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>32,963,360</u>	<u>18,800,085</u>

- The accompanying notes on pages 7 – 35 form an integral part of these interim separate financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Interim separate statement of change in equity
For the three month period ended 30 November 2023**

(All amounts in Egyptian Pound)

	Paid up capital	Reserves	Retained earnings	Total
Balance at 1 September 2022	730,250,000	3,020,225	93,397,100	826,667,325
Legal reserve	-	3,861,964	(3,861,964)	-
Employee stock ownership plan	-	2,104,141	-	2,104,141
Profit share distribution to board members and employees	-	-	(11,749,591)	(11,749,591)
Total comprehensive income for the period	-	-	18,800,085	18,800,085
Balance at 30 November 2022	730,250,000	8,986,330	96,585,630	835,821,960
Balance at 1 September 2023	730,250,000	10,623,911	145,262,661	886,136,572
Legal reserve	-	3,373,856	(3,373,856)	-
Employee stock ownership plan	-	2,326,712	-	2,326,712
Profit share distribution to board members and employees	-	-	(26,507,775)	(26,507,775)
Total comprehensive income for the period	-	-	32,963,360	32,963,360
Balance at 30 November 2023	730,250,000	16,324,479	148,344,390	894,918,869

- The accompanying notes on pages 7 - 35 form an integral part of these interim separate financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Interim separate statement of cash flows
For the three month period ended 30 November 2023**

(All amounts in Egyptian Pound)

	<u>Note</u>	<u>30 November 2023</u>	<u>30 November 2022</u>
Cash flows from operating activities			
Profit before tax		43,632,335	24,717,182
Adjustments for:			
Fixed assets depreciation	5	628,800	648,340
Right of use assets depreciation	11	700,992	700,992
Interest income	19	(234,412)	(3,970,948)
Lease interest expense	15	498,062	534,988
Employee stock ownership plan expense	13	2,326,712	2,104,141
Operating profits before changes in operating assets and liabilities		47,552,489	24,734,695
Changes in operating assets and liabilities			
Trade receivables and other debit balances	8	4,686,775	629,181
Due from related parties	9	(13,332)	48,340,577
Due to related parties	9	10,907,380	79,319,311
Trade and other payables	16	814,398	(1,700,782)
Net cash flows generated from operating activities		63,947,710	151,322,982
Cash flows from investing activities			
Payments for purchase of fixed assets	5	(1,600,000)	(631,825)
Proceeds from interest income	19	234,412	3,970,948
Investments in subsidiaries	6	(30,000,000)	(187,478)
Net cash flows (used in)/generated from investing activities		(31,336,350)	3,151,645
Cash flows from financing activities			
Dividends distribution to board members and employees		(26,507,775)	(11,749,591)
Lease payments	15	(924,743)	(560,450)
Net cash flows used in financing activities		(27,432,518)	(12,310,041)
Net change in cash and cash equivalents		5,149,604	142,164,586
Cash and cash equivalents at the beginning of the period		1,718,506	257,542
Cash and cash equivalents at the end of the period	10	6,868,110	142,422,128

- The accompanying notes on pages 7 – 35 form an integral part of these interim separate financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

1. Introduction

Taaleem Management Services Company S.A.E (the "Company") was established on 8 September 2014 in accordance with Law No.159 of 1981 and its executive regulations under the name of Bisco Investment Company. which is changed on 3 July 2016 to be Taaleem Management Services Company S.A.E. The Company was registered in the commercial register under No. 96337. The Company's term is 25 years as of the date it is entered in the commercial register.

The Company's head office is located at unit number (N3-01), third floor, Neptune building, number (2), Plot number 12, Crazy water axis, Sheikh Zayed.

The purpose of the Company is general trade. facilities and institutions services (management. operational. operational lease as a lessee or lessor. planning. marketing. facilities management). human resources management and training. quality assurance management. conferences and events management. general and educational consultancy services (except consultancy and advisory services in relation to stock exchanges. legal. capital increase & acquisition valuation. and capital market advisory listed under article 27 of capital market law and its executive regulations). private universities establishment and management. educational institutions management under law no. 12/2009. the company is allowed to acquire. merge. or partner with other companies to carry its purpose.

On 22 September 2019. EgyEdu Invest B.V a shareholding company incorporated in the Netherlands (intermediary parent) acquired 60% of the shares of "Sphinx Obelisk" the parent of Taaleem Management Services. which is considered the leading management service provider for private higher education in Egypt that operates and controls the "Nahda University" in Bani Suif.

The company's shares were listed on the Egyptian Stock Exchange on April 7, 2021. and the ownership structure changed. Sphinx Obelisk owned 52% after listing.

Sphinx Obelisk (the former direct parent company) of Taaleem Management Services has sold its entire share to its shareholders. and currently the largest shareholder in Taaleem Management Services is (Thebes CV) owning 21% of the company's capital.

The interim separate financial statements have been approved by the Board of directors on 15 January 2024, and the general assembly of shareholders has the right to amend these interim separate financial statements after their issuance.

2. Accounting policies

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

2.1 New issues and amendments made to the Egyptian Accounting Standards

The Prime Minister issued Decision No. 883 of 2023 in March 2023, amending some provisions of 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 6 March 2023. The most important amendments are summarized as follows, which are effective for the financial periods beginning on or after January 1, 2023.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Notes to the interim separate financial statements
For the three month period ended 30 November 2023**

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

2. Accounting policies (continued)

2.1 New issues and amendments made to the Egyptian Accounting Standards (continued)

Standard name	Modification summary	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation"	<p>"Scope of the standard" The scope of the standard has been amended to include "bearer plants".</p> <p>"Measurement" - An option to apply the revaluation model for fixed assets has been added - Paragraph (20 / A) has been added, according to which the facility must record the proceeds from the sale of any output produced during the delivery of the fixed asset to the condition necessary for it to be operable in the manner intended by the management within the profits or losses.</p> <p>"Disclosures" Some new disclosures have been added to the re-evaluation form.</p>	The standard has no impact on the financial statements.	<p>The Company has not applied the option to use the revaluation model for the fixed assets.</p> <p>The amendments to add the option to use the re-evaluation model on the financial periods beginning on or after September 1, 2023.</p>
Egyptian Accounting Standard No. (23) "Intangible Assets"	<p>"Scope of the standard" The scope of the intangibles standard has been amended to include rights held by the lessee under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents, and copyrights.</p>	The standard has no impact on the financial statements.	<p>The Company has not applied the option to use the revaluation model for the intangible assets.</p> <p>The amendments to add the option to use the re-evaluation model on the financial periods beginning on or after September 1, 2023.</p>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Notes to the interim separate financial statements
For the three month period ended 30 November 2023**

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

Standard name	Modification summary	Potential impact on the financial statements	Application date
	<p>"Measurement" - An option to apply the revaluation model for intangible assets has been added - The fair value is determined by an estimate made by experts specialized in valuation and valuation among those registered in a register designated for that in the Financial Regulatory Authority.</p> <p>"Disclosures" Some new disclosures have been added to the re-evaluation form.</p>		
<p>Amendments to Egyptian Accounting Standard No. (23) "Intangible Assets" Amendments to the Egyptian Accounting Standard "Fixed Assets" No. (10) and the Egyptian Accounting Standard No. (23) "Intangible Assets" related to depreciation and amortization.</p>	<p>This amendment clarifies that a depreciation method that is based on revenue generated from an activity that includes depreciation of an asset may not be used. As the generation of revenue related to the asset reflects factors other than the consumption of economic benefits related to the asset. It is possible to refute this assumption in limited cases related to intangible assets when there is a close correlation between the volume of revenue and the intangible asset.</p>	<p>The standard has no impact on the financial statements.</p>	<p>Applies to financial periods beginning on or after September 1, 2023.</p>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

Standard name	Modification summary	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (49) "Lease Contracts"	"Measurement" A revaluation model option has been added to all usufruct assets, if the usufruct asset is related to a category of fixed assets in which the lessee applies the revaluation model contained in Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation". "Disclosures" Some new disclosures have been added regarding the revaluation model in accordance with Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation".	The standard has no impact on the financial statements.	The Company has not applied the option to use the revaluation model for the lease contracts. The amendments to add the option to use the revaluation model on the financial periods beginning on or after September 1, 2023.

The following Egyptian Accounting Standards have been amended to comply with the addition of the option to apply the revaluation model and the fair value model as mentioned in the above paragraphs:

Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" Egyptian Accounting Standard No. (5) "Accounting Policies" Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Currency Exchange Rates" Egyptian Accounting Standard No. (24) "Income Taxes" Egyptian Accounting Standard No. (31) "impairment of assets" Egyptian Accounting Standard No. (32) "non-current assets held for the purpose of sale and non-continuing operations".

2.2 Basis of preparation of the interim separate financial statements

These interim separate financial statements have been prepared in accordance with Egyptian Accounting Standards, and the relevant laws, and on the basis of the historical cost convention.

The EASs require the reference to the International Financial Reporting Standards (IFRS) when there is no EAS, or legal requirements that explain the treatment of specific balances and transactions.

The preparation of the interim separate financial statements in conformity with EASs requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in the process of applying the Company's accounting policies. Note (4) describes the significant accounting estimations and assumptions of these interim separate financial statements, as well as significant judgments used by the Company's management when applying the Company's accounting policies.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

2. Accounting policies (continued)

2.2 Basis of preparation of the interim separate financial statements (continued)

The Company has prepared the consolidated financial statements of the Company under the Egyptian Accounting Standards. The consolidated financial statements are available from the Company's management and issued and approved by the board of directors on 15 January 2024. Investments in subsidiaries are presented in these interim separate financial statements and accounted for at cost method.

2.3 Foreign currency transaction

(a) Functional and presentation currency

Items included in the interim separate financial statements of each of the company's entities are measured and presented using the currency of the primary economic environment in which the Company operates "the functional currency". The interim separate financial statements are presented in Egyptian Pounds, which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions made in foreign currency during the period are initially recognised in the functional currency of the Company on the basis of translation of foreign currency using the spot prevailing exchange rates between the functional currency and the foreign currency at the date of the transaction, and the monetary items denominated in foreign currency are also translated using the closing rates at the end of each financial period.

Foreign exchange gains and losses resulting from the settlement of such monetary items and from the translation of monetary items denominated in foreign currencies are recognised by the Company in the profit and loss in the period in which these differences arise.

Translation differences on non-monetary financial assets and liabilities that are measured by fair value are recognised as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised as profit or loss as part of fair value gain or loss. For available for sale financial assets, which do not represent monetary items (e.g. equity instruments), gains or losses recognised within other comprehensive income.

2.4 Fixed assets

The Company applies the cost model for 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 Company.

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

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

2. Accounting policies (continued)

2.4 Fixed assets (continued)

The straight line method is used to allocate the depreciation of fixed assets consistently to their residual values 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:

Vehicles	4 – 5 years
Electrical devices	4 years
Furniture and office equipment	4 years
Computers	4 years

The Company reviews the residual value of fixed assets and estimated useful lives of fixed assets at the end of each fiscal year and adjusted when expectations differ from previous estimates.

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 and is recognized in the statement of profit or loss.

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 book value of the item, and the gain or loss resulting from the disposal of fixed assets is included in the interim separate statement of profit and loss "Other expenses - income".

2.5 Investment in subsidiaries and associates

(i) Investments in subsidiaries:

Investments in subsidiaries are accounted for in the interim separate financial statements by using the cost method of accounting. The Cost method require recognition of investment at cost and recording of investment income to the extent of dividends distribution received from investee. The subsidiaries are entities controlled by the Company, a subsidiary is separate when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(ii) Investments in associates:

Investments in associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

2. Accounting policies (continued)

2.5 Investment in subsidiaries and associates (continued)

(ii) Investments in associates: (continued)

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

Where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence is clearly demonstrated.

A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.6 Financial assets

Accounting policies according to the Egyptian Accounting Standard No. (47) "Financial Instruments"

(i) Classification

The company classifies financial assets in the following measurement categories:

- assets measured at fair value (either through other comprehensive income or through profit or loss); or
- asset measured at amortized cost. Financial assets at amortized cost consists of accounts receivables, other debit balances and treasury bills.

The classification depends on the Company's business model for managing the related assets portfolio and the cash flow characteristics of the asset.

As for the financial assets measured at fair value, the profits or losses will be recorded in the separate profit or loss statement or the separate other comprehensive income statement. As for the investments in equity instruments not held for trading, it depends on whether the Company has made an irrevocable election at initial recognition to measure the equity investment at fair value through other comprehensive income.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

2. Accounting policies (continued)

2.6 Financial assets (continued)

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

(iii) Subsequent measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iv) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the related assets portfolio and the cash flow characteristics of the asset. There are three measurement categories in which the Company's debt instruments are classified:

- Amortized Cost: Assets held solely to collect the contractual cash flows from the assets; as these cash flows only represents payments of principal and interest is measured at amortized cost. Interest income from these financial assets is presented in Finance income using the effective interest method. Any profit or loss resulting from the derecognition of these financial assets is presented in the separate profit or loss statements as other income/loss in addition to the foreign exchange gains or losses as other income/loss. Impairment expense is presented as a separate line item in the statement of profit or loss.
- Fair value through other comprehensive income: Assets held to collect both the contractual cash flows and the cash flows arising from the sale of assets; as these cash flows only represents payments of principal and interest at fair value through other comprehensive income.
- Movements in the carrying amount are presented through the statement of other comprehensive income, with the exception of recognizing impairment gains or losses, interest income and foreign exchange gains and losses recognized in the separate statement of profit or loss.
- On the financial asset derecognition, retained earnings/losses -previously recognized in the statement of other comprehensive income- from the statement of equity to the statement of profit or losses and recognized in other income/(loss). Interest income from these financial assets is included in financing income using the effective interest method. Foreign exchange gains and losses are presented in other income/(loss) and impairment expense is presented as a separate line item in the statement of profit or loss.
- Fair value through profit or loss: Assets not meeting the criteria if amortized cost of fair value through other comprehensive income is measured at fair value through profit or loss. The income or loss from debt instrument that is subsequently measured at fair value through profit or loss in the statement of profit or loss (net) included in the other income/loss during the period it was originated in.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

2. Accounting policies (continued)

2.7 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortized cost.

As permitted by EAS 47, the Company applies the simplified approach for ECL on trade receivables and due from related parties. The Company uses a provision matrix in the calculation of the ECL on trade receivables and due from related parties to estimate the lifetime expected credit losses, applying certain provision rates to respective aging buckets.

Expected loss rates are determined using the historical propensity for the receivables to become uncollectible and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables.

Cash and bank balances are also subject to the impairment requirements of EAS 47; however, the identified impairment loss was immaterial.

Financial assets are written off when all of the following conditions are met:

- i. the receivable is at least one year past due,
- ii. the Company has attempted to recover and engaged in all relevant legal enforcement activities,
- iii. it is concluded that there is no reasonable expectation of recovery, and
- iv. the write-off is approved by the management.

Recoveries made are recognized in the interim separate statement of comprehensive income.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.9 Trade receivables and other debit balances

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

The carrying amount of the asset is reduced through the use of an impairment account, and the amount of the expected credit loss is recognised in the statement of profit or loss when a trade receivable is uncollectible, it is written off against the expected credit losses for trade receivables. Subsequent recoveries of amounts previously written off are credited to the profit or loss.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

2. Accounting policies (continued)

2.10 Cash and cash equivalents

In the interim separate financial statement of cash flows. "cash and cash equivalents" includes cash in hand and with banks and deposits with maturities less than 3 months from the date of placement and treasury bills that are less than 3 months.

2.11 Capital

Ordinary shares are classified within equity.

2.12 Leases

The Company rents buildings as a lessee; which are used in the Company's operations. The contract terms vary from one year to five years, and they don't include any non-lease components.

Until 31 August 2021, lease contracts were all recognized as operating leases. From 1 September 2021, these contracts are recognized in accordance with EAS No. (49) "Lease contracts". As such, the Company has recognized right of use assets and lease obligations related to these contracts.

Initial measurement (Right of use assets):

Management starts by calculating the initial measurement amount of the lease obligation, at the present value of the unpaid lease payments on that date. Lease payments are discounted using the implicit interest rate in the lease if that rate can be determined easily. If it is not possible to determine that rate, the tenant must use the interest rate on the additional borrowing of the tenant. The right of use asset is initially measured at the following:

- (A) Initial measurement amount for lease liabilities,
- (B) any lease payments made on or before the start date of the lease, minus any lease incentives received,
- (C) any initial direct costs incurred by the lessee,

An estimate of the costs that the tenant will incur in dismantling and removing the underlying asset, and returning the location in which the asset is located to the original state or returning the asset to its required condition in accordance with the terms and conditions of the lease, unless those costs will be incurred to produce the stock. The lessee incurs obligations for those costs, whether on the date of the start of the lease or as a result of using the underlying asset during a specific period.

Subsequent measurement (Right of use assets):

After the date of commencement of the lease, the "Right of use" principle is measured at cost, where it is measured at cost:

- (A) minus any accumulated depreciation and any accumulated impairment losses,
- (B) Show Modified by any re- measurement of the lease obligation.

Initial measurement (Lease liabilities):

On the date of the start of the lease, the commitment of the lease is measured at the present value of the unpaid rent payments on that date. Lease payments are discounted using the implicit interest rate in the lease if that rate can be determined easily. If that rate cannot be easily determined, the tenant must use the company's additional borrowing rate as a tenant.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

2. Accounting policies (continued)

2.12 Leases (continued)

Subsequent measurement (Lease liabilities):

After the start date of the lease, the following may be done as part of remeasurement:

- (A) Increase the carrying amount of the obligation to reflect interest on the commitment of the lease.
- (B) Decrease the carrying amount of the obligation to reflect the rental payments,
- (C) to re-measure the carrying amount of the obligation to reflect any revaluation or adjustments to the lease or to reflect the fixed lease payments in their modified substance.

2.13 Employees' benefits

Profit-sharing

According to Companies law, employees are entitled to profit-sharing equivalent to 10% of the value of cash dividends, not exceeding the total wages at the last fiscal year, according to the proposals made by the company's board of directors and subject to approval by the general assembly of shareholders. Profit sharing is recognised as a dividend distribution through equity and as a liability when approved by the Company's shareholders.

Defined contribution plan

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law No. 79 for the year 1975 and its amendments. The subsidiary's liability is confined to the amount of its contribution. Contributions are charged to the statement of profit and loss using the accrual basis of accounting.

Employees Share Ownership Plan

Taaleem Management Services Company promises to sell shares to the company's selected employees in accordance with the criteria, principles and rules that are set by the supervisory committee to implement the plan. The main aim of the scheme is to link the interests of the beneficiaries of the scheme with the interests of the Company shareholders and to ensure that highly qualified participants receive the appropriate incentive to support the growth and stability of the Company.

The company's supervisory committee supervises the implementation of the system under the supervision of the company's board of directors.

Elements of the scheme:

- (a) Each beneficiary is granted units that are considered the basis on which allocated shares are calculated.
- (b) The supervisory committee determines the date of the grant.
- (c) The scheme period is seven years starting from the date of listing of the company's shares on the Egyptian Stock Exchange on April 7, 2021.
- (d) The total shares allocated to each beneficiary shall be allocated over five years with each year grant calculated based on the following formula:

The difference between the share price at the beginning of the year (the first trading of the company's shares on the Egyptian Stock Exchange, which was 5.75 Egyptian Pounds for the first allocation) and the share price upon the exercise of the right by the end of the year. Then, the difference is multiplied by the number of units allocated to each participant to calculate the grant. The monetary allocation shall be then divided into three equal values, and exercised over three consecutive years through the ownership of shares at the share market price at the time of each exercise.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

2. Accounting policies (continued)

2.13 Employees' benefits (continued)

- (a) Starting from April 2021, the number of units allocated to the scheme is 83,978,750 units to be allocated over five years for 16,795,750 units per year.
- (b) The company recognizes the cost related to the services performed by the employees participating in the scheme over the period of performing the service. The company recognizes the obligations related to the scheme at the date of each financial position according to the fair value of the consideration expected to be paid to employees on the date of grant. The fair value of these obligations is estimated at the date of the financial position by taking into consideration all the circumstances related to the cash flows expected to be paid. discounted at the market rate of return.

The change in the fair value of these obligations is recognized in the statement of profit or loss.

During the period, the total employee stock ownership plan expenses amounted to EGP 2,326,712 (30 November 2022: EGP 2,104,141).

2.14 Segments 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 Company's segments. and are represented to the central management committee. The Company has one business segment which provides educational services to the university's students and all its operations are in Egypt.

2.15 Current and deferred income tax

The company recognises the current and deferred tax in the profit or loss for the year. Current and deferred tax is recognised in other comprehensive income or directly in equity if it is related to items recognised - in the same period or different periods- in the statement of comprehensive income or directly in equity.

The income tax for the year is calculated on the basis of the tax laws enacted at the balance sheet date. Management annually evaluates tax situation through tax returns. taking into account the differences that may arise from some interpretations issued by administrative or regulatory authorities. and establishes the appropriate provisions on the basis of amounts expected to be paid to the tax authority.

Deferred tax is provided in full. using the liability method. on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim separate financial statements.

Deferred tax is determined using tax rates and laws that have been enacted at the date of the interim separate financial statements and are expected to apply when the related deferred income tax asset is used. or the deferred tax liability is settled.

The deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction - other than a business combination - that at the time of the transaction affects neither accounting nor taxable profit or loss.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

2. Accounting policies (continued)

2.15 Current and deferred income tax (continued)

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

Deferred tax liabilities are recognised on temporary differences arising from investments in subsidiaries, associates and shares in joint arrangements, except for such cases where the timing of the settlement of the temporary difference is controlled by the Company and it is probable that the temporary differences will not be settled in the foreseeable future. Generally, the Company is unable to control the settlement of the temporary difference for associates, only where there is an agreement in place that gives the Company the ability to control the settlement of the temporary difference.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and equity shares in joint ventures only to the extent that it is probable the temporary differences will be settled in the future and there is future taxable profit available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current taxable liabilities and assets on a net basis.

2.16 Provisions

Provisions are recognised when the Company has 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 a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and amended to show the best present estimate. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the pre-tax rate expenditures expected to be required to settle the obligation.

2.17 Trade payables

Trade payables are recognised initially at the amount of goods or services received from others, whether the invoices received or not. When they are material, goods and services received, as well as the trade payables are recognised at the present value of the cash outflow expected by using the interest rate of similar term loans. Trade payables are then carried at amortised cost using the effective interest rate.

2.18 Revenue recognition

According to the Egyptian Accounting Standard No. 48 – "Revenue from contracts with customers", revenue recognition consists of five steps (Identify the contract - Identify performance obligations - Determine the transaction price - Allocate the transaction price - Recognize revenue).

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

2. Accounting policies (continued)

2.18 Revenue recognition (continued)

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or service rendered due to the Company's normal course of business, stated net of value-added taxes, discounts, or deductions. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Company; and when specific criteria have been met for each of the Company's activities, as described below. The amount of revenue is not considered accurately measurable unless all cases of uncertainty regarding the possibility of the collection of the amount due are excluded. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the related specifics arrangement.

(1) Management fees

Revenue from management fees is recognized throughout the period of rendering the services.

(2) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(3) Dividend income

Dividend income is recognised when the right to receive the payment is established.

2.19 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to settle 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 pay the liability takes place either:

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

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

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

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

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

2.20 Dividends

Dividends are recognised as liabilities in the interim separate financial statements upon the approval of the Company's General Assembly of Shareholders. The company is obligated to deduct 10% of the dividend tax from the shareholders' share and pay it within one month from the date of the approval of the ordinary general assembly for dividends.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

3. Financial risk management

3.1 Financial risks factors

The Company's activities expose it to a variety of financial risks. These risks include market risks (including foreign currency exchange rate risk, cash flow, interest rate risk, and fair value), credit risk, and liquidity risk. The Company is not exposed to price risk as it doesn't have investments measured at fair value.

The Company's management aims to minimise the potential adverse effects on the Company's financial performance. The Company does not use any derivative financial instruments to hedge specific risks.

(a) Market risk

(i) Foreign currency exchange rate risks

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

At the end of the period, the Company does not have any material monetary assets and liabilities in foreign currency.

(ii) Cash flows and fair value interest rate risks

The Company's main interest rate risk arises from time deposits and treasury bills at fixed rates subject to change in renewal, which expose the Company to fair value risk. The risk is mitigated through the short-term nature of assets and that they are frequently repriced. Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates if the interest rate increased/decreased by 100 bps points (holding all other variables constant). The impact on profit for the three months period ended 30 November 2023 (30 November 2022) is not material.

(b) Credit risk

Credit risk arises from cash and bank balances and due from related parties.

Cash at banks is placed with local banks that are subject to the supervision of the Central Bank of Egypt. Accordingly, the Company's management believes that credit risk resulting from the cash at banks is not material.

Balances exposed to credit risks are as follows:

	<u>30 November 2023</u>	<u>31 August 2023</u>
Due from related parties	8,056,548	8,043,216
Cash at banks	6,868,110	1,718,506
	<u>14,924,658</u>	<u>9,761,722</u>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

3. Financial risk management (continued)

3.1 Financial risks factors (continued)

(c) Liquidity risk

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

The management makes cash flow projections on periodic basis. and takes the necessary actions to negotiate with suppliers. and manage the current assets in order to ensure sufficient cash is maintained to discharge the Company's liabilities.

The Company's management monitors liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs to be able to maintain financial terms. guarantees and covenants at all times. Balances due to suppliers are normally settled within 45 days from the date of purchase.

The table below summarises the maturities of the Company undiscounted financial liabilities (excluding income tax liabilities). based on contractual payment dates and current market interest rates.

	<u>Less than 6 months</u>	<u>From 6 months to 1 year</u>	<u>From 1 year to 5 years</u>	<u>Total</u>
30 November 2023				
Due to related parties	262,856,150	-	-	262,856,150
Trade and other payables	6,497,279	-	-	6,497,279
Lease liabilities	2,003,609	2,034,434	21,111,045	25,149,088
Total	<u>271,357,038</u>	<u>2,034,434</u>	<u>21,111,045</u>	<u>294,502,517</u>
31 August 2023				
Due to related parties	251,948,770	-	-	251,948,770
Trade and other payables	5,682,881	-	-	5,682,881
Lease liabilities	1,911,135	2,034,433	22,128,262	26,073,830
Total	<u>259,542,786</u>	<u>2,034,433</u>	<u>22,128,262</u>	<u>283,705,481</u>

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders using the interim separate 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 Company may adjust the amount of dividends paid to shareholders. return capital to shareholders. issue new shares or sell assets to reduce the Company's debts. The Company's management monitors the capital structure using the ratio of net debt to total capital. Net debt is the total of the due to related parties, trade and other payables less cash on hand and at banks. The total capital is the Company's total equity as described in the statement of financial position plus net debt.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

3. Financial risk management (continued)

3.2 Capital risk management (continued)

Net debt to total capital ratio is as follows:

	<u>30 November 2023</u>	<u>31 August 2023</u>
Total liabilities		
Due to related parties	262,856,150	251,948,770
Current income tax	32,919,901	22,250,926
Lease liabilities	19,143,592	19,570,273
Trade and other payables	6,497,279	5,682,881
Less: Cash and cash equivalent	<u>(6,868,110)</u>	<u>(1,718,506)</u>
Net liabilities	314,548,812	297,734,344
Equity	<u>894,918,869</u>	<u>886,136,572</u>
Total capital	<u>1,209,467,681</u>	<u>1,183,870,916</u>
Gearing ratio	26%	25%

3.3 Fair value estimation

At period-end no financial assets or liabilities were measured at fair value. The carrying value of financial assets and financial liabilities classified as current assets or current liabilities in the statement of financial position at period-end approximates its fair value due to their shorter maturities.

4. Critical accounting estimates and judgment

4.1 Critical accounting estimates and assumptions

Estimates and assumptions are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. In general, applying the Company's accounting policies does not require management to use professional judgments that may have significant impacts on the amounts recognised in the interim separate financial statements.

4.2 Estimation of useful lives for fixed assets

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and the estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Notes to the interim separate financial statements
For the three month period ended 30 November 2023**

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

4. Critical accounting estimates and judgment (continued)

4.3 Impairment of financial assets:

Expected credit losses for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses a range of significant judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history and current market conditions as well as future estimates at the end of each year. Expected loss rates are based on historical credit losses and historical loss rates are adjusted to reflect current and future information about macroeconomic factors that affect customers' ability to settle receivables. The Company has determined GDP and therefore adjusts historical loss rates based on expected changes in these factors.

4.4 Sensitivity:

Reasonable changes in the inputs/assumptions would not materially change the impairment of the expected credit loss recognized in the separate financial statements.

4.5 Depreciation of right-of-use assets:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

5. Fixed assets

	Vehicles	Electrical devices	Furniture & office equipment	Computers	Total
At 31 August 2023					
Opening net book amount	820,835	24,670	6,362,794	296,278	7,504,577
Additions	-	15,960	634,264	346,335	996,559
Depreciation charge	(553,750)	(15,603)	(2,269,847)	(291,214)	(3,130,414)
Net book amount at 31 August 2023	267,085	25,027	4,727,211	351,399	5,370,722
Cost	2,870,800	437,457	8,058,253	1,644,140	13,010,650
Accumulated depreciation	(2,603,715)	(412,430)	(3,331,042)	(1,292,741)	(7,639,928)
Net book amount at 31 August 2023	267,085	25,027	4,727,211	351,399	5,370,722
At 30 November 2023					
Opening net book amount	267,085	25,027	4,727,211	351,399	5,370,722
Additions	1,600,000	-	-	-	1,600,000
Depreciation charge	(138,438)	(2,548)	(434,327)	(53,487)	(628,800)
Net book amount at 30 November 2023	1,728,647	22,479	4,292,884	297,912	6,341,922
At 30 November 2023					
Cost	4,470,800	437,457	8,058,253	1,644,140	14,610,650
Accumulated depreciation	(2,742,153)	(414,978)	(3,765,369)	(1,346,228)	(8,268,728)
Net book amount at 30 November 2023	1,728,647	22,479	4,292,884	297,912	6,341,922

The company does not have fixed assets that are temporary idle or discontinued.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

6. Investment in subsidiaries

<u>Company</u>	<u>Country of incorporation</u>	<u>Share %</u>	<u>30 November 2023</u>	<u>31 August 2023</u>
Nahda University LP & Nahda University	Egypt	98.9%	730,263,464	730,263,464
Nahda University for Education and Management Services Company S.A.E.	Egypt	99.9%	249,978	249,978
Nahda Education Services S.A.E.	Egypt	99.99%	12,000,000	12,000,000
Egyptian International Higher Education S.A.E	Egypt	60%	135,000,000	105,000,000
			<u>877,513,442</u>	<u>847,513,442</u>

Nahda Education Services S.A.E. Nahda University LP and Nahda University

In 2006, a presidential decree was issued granting the right to a group of founders (the predecessor founders) to establish Nahda University "The University".

On 6 September 2015, Taaleem Management Services Company S.A.E. acquired one share in Nahda Education Services Company S.A.E. for a nominal amount to enable it to subscribe in the Nahda Education Services Company S.A.E. share capital increase from EGP 250.000 to EGP 10 million. The Company general meeting approved the share capital increase on 10 September 2015. Taaleem Management Services Company S.A.E was the sole subscriber to the Nahda Education Services S.A.E. capital increase (only 25% of the share capital increase was required to be paid).

On 9 September 2015, the predecessor ultimate parent paid 730.263.464 Egyptian Pounds and entered into an investment agreement to acquire 97.72 of Nahda University founder share and 100% of Nahda Education Service S.A.E. which in turn own 98.73 of Nahda LP. On 10 September 2015, Nahda Education Services Company S.A.E. entered into an assignment agreement with the University's founders whereby they have contractually passed to Nahda Education Services Company S.A.E. all of their beneficial rights in the University. Subsequently; during 2019 a presidential decree issued to transfer 97.72% of the university's predecessor founders' rights to Nahda University for Education and Management Services Company S.A.E (the New Founder).

On 10 September 2015, Taaleem Management Services Company S.A.E. entered into a management agreement with Nahda University, which was subsequently revised on 1 June 2016. As per the revised management agreement, Taaleem Management Services Company S.A.E. became entitled to a management fee and can unilaterally direct the relevant activities of the University, drive key decisions, be exposed to variable return as a result of the University's performance, and manage the day to day activities of the University. By virtue of this revised management agreement and the above other arrangements, Taaleem Management Services Company S.A.E. obtained control over the Nahda University's business and consolidated the University's business in its financial statements from that date.

On 31 October 2016, Taaleem Management Services Company S.A.E. acquired the remaining 2.5% in Nahda Education Services Company S.A.E. to become a wholly-owned subsidiary.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

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

6. Investment in subsidiaries (continued)

On 11 August 2020. Taaleem Management Services Company S.A.E. acquired an additional 0.18% of Nahda LP and 0.71% of the University founder share for an EGP 2.000.000 consideration. After the transaction. Taaleem and Nahda Education S.A.E. ownership in Nahda LP became 98.91%.

Nahda University for Education And Management Services Company S.A.E

In October 2017. Taaleem Management Services Company S.A.E established Nahda University for Education Management Services Company S.A.E. which was registered in the commercial register under No. 111584 on 26 October 2017 (the "Established entity"). At the date of establishment Taaleem Management Services Company S.A.E owned 48%

On the 19th of September 2019. the Company entered into a nominee agreement with a shareholder that owns 52% ("the Shareholder") of the established entity. The agreement concluded that the shareholder is a nominee of the company with the assignment of the title of the shares along with the attached voting. managerial. and distribution rights to the Company. Accordingly. the Company concluded that it controls the established entity starting from the date of the agreement.

Egyptian International Higher Education S.A.E.

On 1 February 2021, Taaleem Management Services Company S.A.E established Egyptian International Higher Education S.A.E, which was registered in the commercial register under No. 161102 (the "Established entity"). At the date of establishment Taaleem Management Services Company S.A.E owned 60% and Palm Hills for Education S.A.E owned 40%.

The Company controls the established entity starting from the date of the presidential decree issued on 12 August 2023 to establish a private university under the name "Badya University".

The increase in investment in Egyptian International Higher Education S.A.E of EGP 30.000.000 was paid during the financial period ended 30 November 2023 to complete the subsidiary's issued capital as per the board meeting held on 19 November 2023.

The signed shareholders agreement includes two exercisable put options granted by "Taaleem for Management Services" (shareholder-60% ownership)" to "Palm Hills for Education" (shareholder-40% ownership) to be exercised on specific future dates which give "Palm Hills" the option to sell its shares in the jointly incorporated company "Egyptian International Higher Education" (The investee) to "Taaleem" in exchange for specific consideration which is either the strike price mentioned for options 1 or 2 in the shareholder's agreement.

The strike price for the first put option is calculated as the average of both 10x the EBITDA of "EIHE" and the fair value of its shares exercisable at any time within the put option period which is 36 months commencing after the lapse of 24 months from the date the University commences accepting student admissions.

The strike price for the second put option shall be the entire value of the land of the currently under construction university "Badya University" exercisable on 31 August 2028.

The Company would recognize any put option liability for the variance between the option's exercise price and the fair value of the shares subject matter to the option. The management has assessed the impact of granting the put options on the interim separate financial statements and no adjustments were needed since the option price is directly linked to the fair value of the shares subject to the put option, however, there is a put option liability recognized on the group's consolidated financial statements amounting to EGP 506 million as at 30 November 2023 (31 August 2023: EGP 481 million).

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

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

7. Investment in associates

Investment in associates as of November 30, 2023 are represented in the investment in SB Investment Company, whose capital consists only of ordinary shares, which is held directly by the Company. The country of incorporation or registration is also the main place of business, and the percentage of ownership is the same as that of the voting rights owned.

	Place of business / country of incorporation	Nature of relationship	Shareholding %		Carrying amount	
			30 November 2023	31 August 2022	30 November 2023	31 August 2022
SB Investment S.A.E.	Egypt	Associate	32%	32%	294,312,258	294,312,258

On 27 March 2023, the Company held the capital increase extraordinary general meeting allowing Taaleem Management Services to subscribe and become a 32% shareholder in SB Investment S.A.E. The transaction was completed after fulfilling the agreement and completing all the required procedures.

The ownership percentage of Taaleem Management Services Company in SB Investment reached 32% through a capital increase of 294 million Egyptian Pounds. The Company's efforts are currently directed towards completing the licensing of the University and using capital increase to accelerate the pace of establishing the University.

The shareholder's agreement includes a "Call Option" which gives Taaleem the right to purchase part of the shares owned by the existing shareholders of the Company that would give Taaleem Group 51% ownership of SB Investment S.A.E. This option is exercisable upon the lapse of the first academic year of the University and for a period of twelve months thereafter "exercise period". As of the date of the financial position, the licensing of the University is still in progress.

8. Trade receivables and other debit balances

	30 November 2023	31 August 2023
Withholding tax	6,410,395	4,481,341
Due from employees	646,451	599,583
Prepaid expenses	409,725	403,421
Advances to suppliers	28,615	48,616
Employees dividends paid in advance	-	6,649,000
	<u>7,495,186</u>	<u>12,181,961</u>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

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For the three month period ended 30 November 2023**

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

9. Related party balances / transactions

The Company entered into several transactions with companies and entities that are included within the definition of related parties. as stated in Accounting Standard (15). "Disclosure of related parties". The management decides the terms and conditions of transactions and services provided from/ to related parties. as well as other expenses. Below is the statement that shows the nature and amounts of the transactions with related parties during the period:

(a) Due from related parties:

Nature of the entity's relationship	30 November 2023	31 August 2023
Subsidiaries	8,056,548	8,043,216
	8,056,548	8,043,216

(b) Due to related parties:

Nature of relationship	30 November 2023	31 August 2023
Subsidiaries	262,856,150	251,948,770
	262,856,150	251,948,770

(c) Key management compensation

	30 November 2023	30 November 2022
Profit distribution	16,080,362	9,497,945
Salaries	5,215,075	3,326,501
Board meeting attendance	1,310,000	2,410,000
	22,605,437	15,234,446

(d) Transactions with related parties

Nature of the entities relationship	Nature of transactions	30 November 2023	31 August 2023
Subsidiaries	Expenses paid on behalf the subsidiaries	10,907,374	(49,288)
	Management fees paid in advance	-	150,935,841
	Expenses on behalf of the company	(13,332)	-
	Management fees*	64,295,181	149,365,632

*** Management fees**

On 1 June 2016. Taaleem Management Services signed a management contract with Nahda University. Pursuant to the contract. the University is entitled to receive technical managerial and educational consultation services. The contract entitled the Company "Taaleem" to the right to set strategic. educational. operational. and financial plans for the University for the contract term. which is 30 years" starting from 9 September 2015 and ending 8 September 2045.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

9. Related party balances / transactions (continued)

The company has a subordination agreement in respect of a tri-party agreement on December 29, 2022 between Al-Nahda University, Ahli United Bank, and Taaleem Management Services Company Guarantor), whereby Taaleem Management Services Company agreed to suspend the payment of the management fees received from Nahda University in case of Nahda defaulting on any loan repayments due. The loan amount is EGP 450 million on November 30, 2023.

10. Cash and bank balances

	<u>30 November 2023</u>	<u>31 August 2023</u>
Bank current accounts	6,868,110	1,718,506
	<u>6,868,110</u>	<u>1,718,506</u>

Current accounts with banks are deposited with local banks under the supervision of the Central Bank of Egypt. The average interest rates on current accounts during the period / year are 14% per annum (31 August 2023: 14% per annum).

11. Right of use assets

The right of use represents lease contracts related to the managerial quarter of the company and was measured at a carrying amount as if the standard had been applied since the inception of the lease. but discounted using the lending rate to the lessee at the date of application. and it is subsequently amortized over the life of the lease using the straight line method.

	<u>30 November 2023</u>	<u>31 August 2023</u>
Balance at the beginning of the period/year	14,954,499	17,758,467
Depreciation during the period/year	(700,992)	(2,803,968)
Balance	<u>14,253,507</u>	<u>14,954,499</u>

Lease payments are discounted at an incremental borrowing rate in the lease. If this rate cannot be determined. then the borrowing rate of the lessee is used. which is the rate that the lessee would have to pay to borrow the money needed to obtain an asset of similar value in a similar economic environment with similar terms and conditions. An average interest rate of 10.75% has been used.

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12. Paid-up capital

The authorized capital of the company amounted to 2.000.000.000 Egyptian pounds according to the extraordinary general assembly held on December 17, 2020.

The Company issued capital amounted to EGP 730,250,000 distributed to 730,250,000 shares with a par value of EGP 1 for each share.

The paid-up capital of the nominal value as at 30 November 2023 and 31 August 2023 is allocated as follows:

<u>Name</u>	<u>Nationality</u>	<u>No. of shares</u>	<u>Value of shares</u>	<u>Paid up capital</u>
30 November 2023 and 31 August 2023				
Thebes CV	Netherlands	152,045,115	152,045,115	152,045,115
EGY EDU BV	Netherlands	96,151,414	96,151,414	96,151,414
Other shareholders	Egyptian and foreign	<u>482,053,471</u>	<u>482,053,471</u>	<u>482,053,471</u>
		<u>730,250,000</u>	<u>730,250,000</u>	<u>730,250,000</u>

The Company established on 8 September 2014 with EGP 250.000 issued capital. and as permitted by the law. 25% of issued capital amounting to EGP 62.500 has been paid and the remaining amount to be completed within a five years period. On 14 May 2019 the Company's board of directors approved the completion of the paid-in capital and payment of the EGP 187.500 remaining amount. The Company registered the fully paid issued capital of EGP 250.000 in its commercial register on 17 June 2019.

The extraordinary general meeting was held on 14 January 2020 and unanimously approved to increase the Company's authorized capital to EGP 1.000.000.000 (one billion Egyptian Pounds) and increase the Company's issued capital to EGP 730.250.000 (seven hundred thirty million two hundred fifty-thousand Egyptian Pounds).

The meeting also registered the payment of EGP 306.600.000 and the amount registered in the commercial register on 11 February 2020 which represents 42% of the EGP 730.000.000 issued capital increase.

On February 2020, EGP 292.000.000 was paid, increasing the total paid-in capital of the Company to EGP 598.850.000 and the amount registered in the commercial register on 8 March 2020.

On May 2020, EGP 131.400.000 was paid, increasing the total paid-in capital of the Company to EGP 730.250.000 and the amount was registered in the commercial register on 11 June 2020.

On December 17, 2020. the Extraordinary General Assembly agreed to split ten shares for one share of its ordinary share. accordingly. The nominal value of the shares became 1 EGP instead of 10 EGP per share before the division and the number of issued shares became 730.250.000 instead of 73.025.000 shares. In addition. the Extraordinary General Assembly approved an increase in the authorized capital from EGP 1.000.000.000 to EGP 2.000.000.000.

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Notes to the interim separate financial statements For the three month period ended 30 November 2023

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

12. Paid-up capital (continued)

On April , 2021. The company's shares were offered on the Egyptian Stock Exchange. and 357.822.200 shares were offered at a value of 2.057.477.650 Egyptian pounds. and thus, the company's ownership structure changed after the subscription. During the period. Sphinx purchased 7.685.288 shares of the offered shares. with a value of 44.190.406 Egyptian pounds.

Sphinx Obelisk. the former direct parent company of Taaleem Management Services has sold its entire stake to its shareholders. and currently the largest shareholder in Taaleem Management Services is Thebes CV. owning 20.821% of the company's capital.

13. Reserves

	<u>30 November 2023</u>	<u>31 August 2023</u>
Legal reserve	10,256,045	6,882,189
Employee stock ownership plan reserve	6,068,434	3,741,722
	<u>16,324,479</u>	<u>10,623,911</u>

Employee stock ownership plan

The balance of the incentive and reward employee stock ownership plan for shares is calculated on the basis of the weighted average in the month preceding the grant date and the share price that is determined on the basis of the weighted average in the month preceding the date of the right to begin to exercise, which is one year after each grant date. Then the outcome is multiplied by the number of units granted to each specific segment for each beneficiary to calculate the financial value due to each segment. The aforementioned outcome is divided into three equal financial values divided into three consecutive years. The number of shares due for each year is calculated by dividing the financial value for the year by the share price for this year (the weighted average in the month preceding the end date of the year subject to the plan), resulting in the final shares for each beneficiary.

The estimated present value of the incentive and reward scheme for three years is EGP 50,387,250 (estimated payment in the period is EGP 16,795,750), the estimated value for the period recorded in the equity is EGP 2,326,712

Legal reserve

In accordance with the Companies law number 159 for year 1981. 5% of the net profit of the year is transferred to the legal reserve. This transfer may be partially discontinued if the legal reserve reaches 50% of the issued capital. This reserve is not available for distribution to shareholders.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

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14. Deferred tax assets

Deferred income tax is represented in the tax liabilities arising from temporary differences between the tax basis of assets and their carrying amounts in the interim separate financial statements.

<u>Assets</u>	<u>Balance at 1 September 2023</u>	<u>Movement during the period</u>	<u>Balance at 30 November 2023</u>
Fixed assets	456,269	-	456,269
Lease contracts	1,038,549	-	1,038,549
Total assets	1,494,818	-	1,494,818

<u>Assets/(liabilities)</u>	<u>Balance at 1 September 2022</u>	<u>Movement during the year</u>	<u>Balance at 31 August 2023</u>
Fixed assets	(101,448)	557,717	456,269
Lease contracts	-	1,038,549	1,038,549
Total assets/(liabilities)	(101,448)	1,596,266	1,494,818

15. Lease liabilities

Liability represents current value for rent liability related to managerial quarter of the company got in exchange with Contract Lease. and it has been evaluated with current value of contractual rent payments discounted at an incremental borrowing rate 10.75%.

	<u>30 November 2023</u>	<u>31 August 2023</u>
Current Value		
Less than one year	2,173,862	2,028,158
More than one year	16,969,730	17,542,115
	19,143,592	19,570,273

The lease movements are presented as follows:

	<u>30 November 2023</u>	<u>31 August 2023</u>
Balance at the beginning of the period / year	19,570,273	20,784,549
Add: interest charged during the period / year	498,062	2,092,383
Less: payments during the period / year	(924,743)	(3,306,659)
Lease liabilities at end of the period / year	19,143,592	19,570,273

The lease commitments are as follows:

	<u>30 November 2023</u>	<u>31 August 2023</u>
Managerial head quarter office		
Within one year	4,038,043	3,945,568
From one year to five years	21,111,045	22,128,262
	25,149,088	26,073,830

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

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

16. Trade and other payables

	30 November 2023	31 August 2023
Accrued expenses	3,129,931	3,333,954
Tax authority	2,864,680	1,884,106
Social insurance authority	367,080	330,861
Others	135,588	133,960
	6,497,279	5,682,881

17. Current income tax liability

	30 November 2023	31 August 2023
Balance at the beginning of the period/year	22,250,926	24,141,622
Current income tax for the period/year (Note 20)	10,668,975	22,598,011
Paid during the period/year	-	(24,488,707)
	32,919,901	22,250,926

18. Other expenses

	30 November 2023	30 November 2022
Social Insurance	121,748	-
Advertising	102,600	304,610
Transportation	20,061	243,170
Bank charges	9,931	5,622
Others	2,153,193	979,880
	2,407,533	1,533,282

19. Finance (cost) / income - net

	30 November 2023	30 November 2022
Interest income - Current accounts	234,412	1,111,767
Interest income – Treasury bills	-	2,858,720
Lease contracts – Interest expense	(498,062)	(534,988)
Foreign currency exchange gain	-	461
	(263,650)	3,435,960

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

20. Income tax expense

	<u>30 November 2023</u>	<u>30 November 2022</u>
Deferred income tax (Note 14)	-	(680,872)
Current income tax for the period	<u>10,668,975</u>	<u>6,597,969</u>
	<u>10,668,975</u>	<u>5,917,097</u>

Effective tax rate

The tax on profit before tax theoretically differs from the amount expected to be paid by applying the average tax rate applicable to the Company's profit as follows:

	<u>30 November 2023</u>	<u>30 November 2022</u>
Net profit before tax	43,632,335	24,717,182
Tax rate	22.5%	22.5%
Tax calculated based on net accounting profit	<u>9,817,275</u>	<u>5,561,366</u>
Non-deductible expenses	851,700	355,731
Income tax expense	<u>10,668,975</u>	<u>5,917,097</u>
Effective tax rate	<u>24.5%</u>	<u>23.9%</u>

21. Earnings per share

21.1 Basic:

Basic earnings per share is calculated by dividing:

- The profit for the period, deducting all the distributions to employees and Board of directors (if any)
- By the weighted average number of ordinary shares outstanding during the year represented by the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued by the Company during the year, and multiplied by the weighted time factor. The weighted time factor represents the number of days in which the number of shares remains outstanding as a fraction of the total number of days in the year.

	<u>30 November 2023</u>	<u>30 November 2022</u>
Net profit for the period	32,963,360	18,800,085
Expected distribution to the employees	<u>(3,296,336)</u>	<u>(1,880,009)</u>
	<u>29,667,024</u>	<u>16,920,076</u>
Weighted average of number of shares	730,250,000	730,250,000
Earnings per share	<u>0.041</u>	<u>0.023</u>

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

21. Earnings per share (continued)

21.2 Diluted

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

During the financial period ended 30 November 2023, the Company did not issue any of the potential ordinary shares that resulted in a dilution. Hence, the diluted earnings per share is the same as the basic earnings per share.

22. Tax position

22.1 Income tax

Financial years from the date of inception till 30 November 2023:

- Tax returns are regularly submitted, and the Company has not been notified by any examination request till the date of interim separate financial statements.

Financial years from 30 November 2022 till 30 November 2023:

- The Company is currently preparing the income tax return to be submitted before the legal deadline of 31 December 2023 according to the Egyptian law.

22.2 Payroll tax

Financial years from date of inception till 30 November 2023:

- The tax is deducted and paid on a regular basis.
- The Company has not been notified by any examination request.

22.3 Stamp duty

Financial years from the date of inspection till year 2018:

- The Company has been inspected and settled all claims.

Financial years from year 2018 till year 30 November 2023:

- The Company has not been notified by any examination request.

22.4 Withholding tax

Financial years from the date of inception till 30 November 2023:

- The tax is deducted and paid on a regular basis.
- The Company has not been notified by any examination request for withholding tax for the years mentioned above till the date of the interim separate financial statements.

22.5 Value added tax (VAT)

Financial years from 2016 till 31 August 2022:

- The Company has been registered for VAT according to Law no 67 of 2016 and VAT returns are submitted on a regular basis.
- The Company has been inspected and settled all claims.

From 1 September 2022 till 30 November 2023:

- VAT returns are submitted on a regular basis.

There are no disputes with the tax authorities and no uncertain tax issues until the reporting date.