Taaleem Holdings Public Joint Stock Company and its subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 May 2023

Ernst & Young Middle East
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF TAALEEM HOLDINGS PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Taaleem Holdings PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the interim condensed consolidated statement of financial position as at 31 May 2023, and the related interim condensed consolidated statement of total comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity".* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International 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.

Other Matter

The interim condensed consolidated financial statements for the three-month and nine-month periods ended 31 May 2022 were not reviewed and our conclusion does not relate to the comparatives presented in these interim condensed consolidated financial statements which are presented only for comparison purpose.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Signed by:
Anthony O'Sullivan
Partner
Registration No: 687

10 July 2023

Dubai, United Arab Emirates

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2023

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Notes	***31 May 2023 AED (Unaudited)***	*31 August 2022 AED (Audited)*
ASSETS			
Non-current assets			
Property and equipment	5	**1,139,132,168**	1,160,278,413
Investment property		**11,010,742**	11,438,599
Intangible assets		**39,113,928**	41,119,734
Goodwill	4	**239,997,759**	239,997,759
Right-of-use assets	17(i)	**166,773,055**	177,130,827
Net investment in finance lease		**3,573,425**	3,423,325
Capital advances	5	**21,336,171**	-
		1,620,937,248	1,633,388,657
Current assets			
Fees and other receivables	6	**92,631,328**	83,760,649
Wakala deposits	7	**573,042,278**	-
Cash and cash equivalents	8	**210,718,221**	243,150,477
		876,391,827	326,911,126
TOTAL ASSETS		**2,497,329,075**	1,960,299,783
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	**1,000,000,000**	750,000,000
Statutory reserve	15	**542,459,941**	63,297,202
Retained earnings		**252,976,888**	120,674,141
TOTAL EQUITY		**1,795,436,829**	933,971,343
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	9	**174,000,000**	304,125,318
Lease liabilities	17(ii)	**177,231,720**	187,000,470
Deferred income on government grant		**45,523,332**	46,308,674
Debentures payable		**19,371,700**	26,543,685
Provision for employees' end of service benefits		**37,403,223**	29,443,351
		453,529,975	593,421,498

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 May 2023
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Notes	***31 May 2023 AED (Unaudited)***	*31 August 2022 AED (Audited)*
Current liabilities			
Trade and other payables	10	**123,796,164**	123,529,684
Fees received in advance		**105,333,978**	264,643,267
Interest bearing loans and borrowings	9	**1,551,160**	28,296,892
Lease liabilities	17(ii)	**15,347,636**	13,999,799
Deferred income on government grant		**2,333,333**	2,437,300
		248,362,271	432,906,942
TOTAL LIABILITIES		**701,892,246**	1,026,328,440
TOTAL EQUITY AND LIABILITIES		**2,497,329,075**	1,960,299,783

These interim condensed consolidated financial statements were approved by the Board of Directors on 10 July 2023 and signed on their behalf by:

DocuSigned by:

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Chairman

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and nine-month period ended 31 May 2023
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

		Three-month period ended 31 May (Unaudited)		*Nine-month period ended 31 May (Unaudited)*	
	Notes	***2023 AED***	*2022 AED*	***2023 AED***	*2022 AED*
REVENUE	11	**240,657,145**	184,155,565	**709,211,625**	544,108,583
FINANCE AND OTHER INCOME					
Rental income		**413,882**	413,509	**1,042,273**	531,842
Income from deferred government grant		**583,332**	609,324	**1,750,002**	1,827,974
Finance income		**8,110,507**	343,304	**17,289,635**	552,889
Other income		**457,212**	7,410,273	**1,607,747**	11,732,971
TOTAL FINANCE AND OTHER INCOME		**9,564,933**	8,776,410	**21,689,657**	14,645,676
EXPENSES					
Operating costs	12	**(117,872,960)**	(96,229,569)	**(353,311,065)**	(272,434,468)
General and administrative expenses	13	**(25,006,456)**	(24,974,503)	**(93,220,835)**	(73,030,215)
Amortisation of intangible assets		**(668,602)**	(131,104)	**(2,005,806)**	(393,312)
Depreciation on property and equipment	5	**(17,197,805)**	(14,230,849)	**(51,483,308)**	(42,090,758)
Depreciation on investment property		**(142,619)**	(99,706)	**(427,857)**	(99,706)
Amortisation of right-of-use assets	17(i)	**(3,452,589)**	(3,458,142)	**(10,357,772)**	(9,838,366)
Finance costs		**(5,586,808)**	(5,692,425)	**(20,291,892)**	(12,770,087)
TOTAL EXPENSES		**(169,927,839)**	(144,816,298)	**(531,098,535)**	(410,656,912)
PROFIT FOR THE PERIOD		**80,294,239**	48,115,677	**199,802,747**	148,097,347
OTHER COMPREHENSIVE INCOME		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**80,294,239**	48,115,677	**199,802,747**	148,097,347
Earnings per share					
Basic and diluted, profit for the period attributable to ordinary equity holders of the Company (in AED per share)	20	**0.08**	0.06	**0.22**	0.20

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 31 May 2023
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

31 May 2022 (Unaudited)	*Share capital AED*	*Statutory reserve AED*	*Retained earnings AED*	*Total AED*
As at 1 September 2021	750,000,000	53,950,583	114,599,707	918,550,290
Total comprehensive income for the period (Unaudited)	-	-	148,097,347	148,097,347
Dividends (Note 16) (Unaudited)	-	-	(67,500,000)	(67,500,000)
As at 31 May 2022 (Unaudited)	750,000,000	53,950,583	195,197,054	999,147,637

31 May 2023 (Unaudited)	*Share capital AED*	*Statutory reserve AED*	*Retained earnings AED*	*Total AED*
As at 1 September 2022	750,000,000	63,297,202	120,674,141	933,971,343
Total comprehensive income for the period (Unaudited)	-	-	199,802,747	199,802,747
Issuance of share capital (Note 15) (Unaudited)	250,000,000	479,162,739	-	729,162,739
Dividends (Note 16) (Unaudited)	-	-	(67,500,000)	(67,500,000)
As at 31 May 2023 (Unaudited)	**1,000,000,000**	**542,459,941**	**252,976,888**	**1,795,436,829**

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 31 May 2023
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Notes	*Nine-month period ended 31 May (Unaudited)* **2023 AED**	*2022 AED*
OPERATING ACTIVITIES			
Profit for the period		**199,802,747**	148,097,347
Adjustments for:			
Depreciation on property and equipment	5	**51,483,308**	42,090,758
Depreciation on investment property		**427,857**	99,706
Amortisation of right-of-use assets	17(i)	**10,357,772**	9,838,366
Amortisation of intangible assets		**2,005,806**	393,312
Provision for employees' end of service benefits		**9,995,382**	5,992,887
Allowance for impairment on fees receivable	13	**2,413,427**	1,851,550
Loss on derecognition of right-of-use assets		**-**	357,380
Finance income		**(17,289,635)**	(552,889)
Finance costs		**20,291,892**	12,770,087
Income from deferred government grant		**(1,750,002)**	(1,827,974)
Income from unwinding of debentures payable		**(533,281)**	(533,281)
Other non-cash items		**860,690**	-
Operating cash flows before changes in working capital		**278,065,963**	218,577,249
Changes in working capital:			
Change in fees and other receivables		**(11,284,106)**	(17,656,322)
Changes in restricted cash		**(47,370,711)**	(50,016,907)
Change in fees received in advance		**(159,309,289)**	(140,009,720)
Change in trade and other payables		**(3,809,714)**	84,421,317
Cash flows generated from operations		**56,292,143**	95,315,617
Payment of employees' end of service benefits		**(2,035,510)**	(782,457)
Net cash flows generated from operating activities		**54,256,633**	94,533,160
INVESTING ACTIVITIES			
Additions to property and equipment	5	**(29,808,314)**	(20,408,401)
Changes in capital advances		**(21,336,171)**	-
Changes in Wakala deposits, net		**(573,042,278)**	45,131,389
Interest received		**17,139,535**	552,889
Receipts from sublessee		**-**	369,386
Acquisition of subsidiary (net cash acquired)		**-**	(164,338,421)
Net cash flows used in investing activities		**(607,047,228)**	(138,693,158)
FINANCING ACTIVITIES			
Proceeds from issue of shares, net		**735,720,000**	-
Proceeds from bank borrowings	9	**54,000,000**	160,000,000
Repayment of bank borrowings	9	**(211,553,571)**	(14,481,726)
Payments of lease liabilities	17(ii)	**(16,512,688)**	(10,787,035)
Interest paid		**(9,631,690)**	(9,589,864)
Dividends paid	16	**(67,455,000)**	(67,477,497)
Repayment of debentures		**(11,579,423)**	-
Net cash flows from financing activities		**472,987,628**	57,663,878
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(79,802,967)**	13,503,880
Cash and cash equivalents at the beginning of the period		**227,986,388**	189,479,803
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	**148,183,421**	202,983,683

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

1 STATUS AND PRINCIPAL ACTIVITIES

Taaleem Holdings Private Joint Stock Company (the "Parent Company" or the "Company") was incorporated on 5 February 2007 and registered under trade license no. 591478 issued by the Department of Economic Development, Dubai, United Arab Emirates (UAE) dated 14 February 2007 as a Private Joint Stock Company in accordance with the requirements of UAE Federal Decree Law No. (32) of 2021. The registered address of the Parent Company is P.O Box 76691, Dubai, UAE.

Pursuant to the resolution passed in the extra-ordinary general meeting 29 August 2022, the shareholders had amongst others resolved the following:

(i) conversion of the legal status of the Company from a Private Joint Stock Company to a Public Joint Stock Company through an Initial Public Offering ("IPO").
(ii) to increase the Company's authorised share capital from AED 750 million to AED 1 billion (at par value) by way of issuance of new shares part of the IPO process.

On 22 November 2022, the Security and Commodities Authority ("SCA") (UAE) approved the Company's application for the offering and issuance of 250 million new shares representing 25% percent of the Company's authorised share capital (Note 15).

On 29 November 2022, the Company's shares became listed in the Dubai Financial Markets ("DFM") Stock Exchange, UAE. Pursuantly, the Company's status changed from "Private Joint Stock Company" to "Public Joint Stock Company". The legal formalities in this regard were completed on 29 November 2022.

The Company's shareholding and principal activities of the subsidiaries (collectively referred to as the "Group") are as follows:

Name	***Percentage of equity interest***	***Country of incorporation***	***Principal Activities***
Taaleem LLC	100%	United Arab Emirates	Involved in setting up several schools.
Taaleem Management LLC	100%	United Arab Emirates	Involved in providing licensing, administrative and technical services for structuring, developing, managing and operating schools.
Taaleem SPV Limited*	100%	United Arab Emirates	Involved in providing and investing in educational services.
Taaleem Holdings Sole Proprietorship LLC**	100%	United Arab Emirates	Investment and management of educational and commercial enterprises.
Madaares Operations Limited	100%	United Arab Emirates	General trading activities
Madaares Management Limited	100%	United Arab Emirates	General trading activities

* 100% Owned by two shareholders of the Parent Company for its beneficial interest. Based on contractual arrangements between the Company and other shareholders, the Company has power to direct the relevant activities of these subsidiaries and derive full economic benefits (bear losses) from the operations of these subsidiaries. Hence, the Group considers that it controls certain subsidiaries.

** 100% owned by Taaleem SPV Limited.

The principal activities of the Group are providing and investing in educational services.

1 STATUS AND PRINCIPAL ACTIVITIES (continued)

School operations
Taaleem LLC is involved in management and operations of the following schools:
(a) Dubai British School ("DBS")
(b) American Academy for Girls ("AAG")
(c) Raha International School ("RIS")
(d) Greenfield International School ("GIS")
(e) Jumeira Baccalaureate School ("JBS")
(f) Uptown International School ("UIS")
(g) Dubai British Foundation Kindergarten ("DBF")
(h) Dubai British School Jumeirah Park ("DBS-JP")
(i) Raha International School Khalifa-A ("RIS-KA")
(j) Jebel Ali School ("JAS")
(k) Dubai British School Jumeira ("DBS-J")

The trade licenses of the above Schools are legally held by Taaleem Management LLC.

Managed School operations
The Group has also entered into management and operation agreements to manage and operate certain other schools as follows:

a. With the Abu Dhabi Department of Education and Knowledge ("ADEK")

- During 2019, to manage and operate four charter schools in Abu Dhabi, UAE commencing from academic year 2019-20 for an initial period of 3 years. This agreement was renewed during 2022 for a successive 2 years upon completion of the initial period with an option for further extension by another 5 years.

- During 2020-21, the above mentioned management agreement was amended to manage and operate two additional charter schools in Abu Dhabi, UAE commenced from academic year 2021-22.

- Further, the Group entered into a new operating and management agreement dated 31 May 2022 with ADEK, (which superseded the original agreement) and incorporates a total of nine schools including the original six plus three new schools commenced from 1 September 2022 for an initial period of 2 years. The Group has an option to renew this agreement for 2 years upon completion of the initial period, with an option for further extension by another 5 years.

- The Group recognises the management fees as an agent in relation to the arrangements with ADEK.

b. With The Executive Council ("TEC") and Knowledge Fund Establishment (KFE)

- During 2021, to manage and operate two schools of TEC in the Emirates of Dubai, Dubai Schools Al Barsha ("DSB") and Dubai Schools Mirdif ("DSM"), starting from the academic year 2021-22 for an initial period of 7 years, renewable on the same terms for two additional periods of 7 years each.

  The land and the buildings on which the schools are constructed is leased by TEC and not recharged to the Group. The Group will be responsible for the schools' operations and maintenance required during the agreement period.

- Pursuant to the novation agreements entered into between the Group, TEC and Knowledge Fund Establishment (KFE) during 2022, all rights and obligations of TEC under the original agreement were novated to KFE.

- Further, KFE mandated the Group to manage and operate the 'Dubai Schools' Nad Al Sheba vide agreement dated 20 June 2022, from the current academic year 2022-23.

- The Group acts as a principal in relation to operation of the above schools as it derives full economic benefits and has control over the strategic and day to day operations of the schools.

c. With Emirates School Establishment ("ESE")

- During 2022, to manage and operate four schools in connection with the Ajyal (Generations) School ("Ajyal Schools") initiative by the Federal Ministry of Education, namely Al Maktoum School (Dubai), Al Qarayen School (Sharjah), Al Mataf School (Ras Al-Khaimah) and Al Furqan School (Eastern Sharjah) commenced from academic year 2022-23. The Group acts as an agent in relation to the arrangement with ESE.

The above schools are collectively referred to as the "Schools".

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine-month period ended 31 May 2023 have been prepared in accordance with IAS 34 "*Interim Financial Reporting*".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 August 2022.

The preparation of interim condensed consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group's interim condensed consolidated financial statements are consistent with the annual consolidated financial statements for the year ended 31 August 2022 and should be read in conjunction thereof.

The Group's operations is subject to cyclical fluctuations during the financial year due to the academic break during the summer months, typically from July to August. Whilst revenue from tuition and other fees are recognised by the Group's management over the academic term (i.e. typically 10 months), the underlying costs of school operations are over the full financial year (i.e. 12 months). Accordingly, the interim period revenue and earnings of each quarter is not necessarily indicative of the results that may be achieved for any other quarter or the full financial year ending 31 August 2023. In particular, the Group's financial results for the last quarter of the financial year will reflect lower revenue (i.e. typically a month) against costs for the entire quarter.

These interim condensed consolidated financial statements have been presented on the historical cost basis, except otherwise stated.

The Group's management have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has adequate financial resources to continue in business for the foreseeable future. Further, Group's management and Board of Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements continue to be prepared on the going concern basis.

The interim condensed consolidated financial statements are presented in the United Arab Emirates Dirham (AED), which is the Company's functional currency, unless otherwise stated.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THEREOF, ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 August 2022, except as follows:

(a) New IFRS standards, interpretations and amendments in issue and effective
The following new IFRS standards, interpretations and amendments, which became effective as on 1 January 2022 (unless otherwise stated), have been adopted in these interim condensed consolidated financial statements:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- IAS 41 Agriculture – Taxation in fair value measurements
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The above amendments had no impact on the interim condensed consolidated financial statements of the Group.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THEREOF, ADOPTED BY THE GROUP (continued)

(b) Standards, amendments and interpretations in issue but not effective

The new and amended standards and interpretations that are issued, but not yet effective, as at 31 May 2023 are disclosed below:

- Classification of liabilities as Current or Non-current – Amendments to IAS 1, effective from 1 January 2023
- IFRS 17 Insurance Contracts, effective from 1 January 2023
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2, effective from 1 January 2023
- Definition of Accounting Estimate – Amendments to IAS 8, effective from 1 January 2023
- IFRS 10 and IAS 28 – Sale or Contribution of Assets between an investor and its Associate or Joint Venture, (Effective date deferred indefinitely)
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities airing from a single Transaction, effective from 1 January 2023

Management does not expect the adoption of the above new IFRS standards, amendments and interpretations to have a material impact on the consolidated financial statements of the Group in future periods.

4 GOODWILL AND BUSINESS COMBINATION

	31 May 2023 AED (Unaudited)	*31 August 2022 AED (Audited)*
Acquisition through business combination:		
- Taaleem LLC and Taaleem Management LLC (referred together as "Taaleem acquisition") [Note (a) below]	**204,932,063**	204,932,063
- Jebel Ali School [Note (b) below]	**35,065,696**	35,065,696
	239,997,759	239,997,759

(a) Taaleem acquisition:

On 1 September 2007, the Group entered into a sale and purchase agreement with Taaleem LLC and Taaleem Management LLC, whereby, all the shares of Taaleem LLC and Taaleem Management LLC were acquired by the Company. Pursuant to this Agreement, Taaleem LLC and Taaleem Management LLC became wholly owned subsidiaries of the Company.

(b) Acquisition of Jebel Ali School (JAS)

On 26 May 2022, the Group had entered into the following agreements:

a) agreement with the Board of Trustees of Jebel Ali School for transfer of the school operations (on an "as-is" basis).

b) a tripartite agreement with the Board of Trustees of Jebel Ali School and Emirates REIT for
   - settlement of the outstanding rental payments as of the date of acquisition towards the land and school building, and
   - acquisition of the underlying land and the school building.

The total consideration for the acquisition was AED 233.5 million. Of this, AED 200.0 million was settled at the time of acquisition and the balance amount of AED 33.5 million has been settled during the nine-month period ended 31 May 2023. There were no non-controlling interests arising on this acquisition.

4 GOODWILL AND BUSINESS COMBINATION (continued)

(b) Acquisition of Jebel Ali School (JAS) (continued)

The fair value of net assets acquired amounted to AED 166,734,304. The excess of the purchase consideration amounting to AED 231,900,000 and fair value of net assets was recognised as follows as on the date of acquisition:

	AED
- Student relationships	30,100,000
- Goodwill	35,065,696
	65,165,696

The Group's management has revisited the underlying assumptions used to determine the recoverable amount of goodwill and other intangible assets as at 31 August 2022 (Audited), and concluded that there were no indicators of impairment as at 31 May 2023 (Unaudited).

5 PROPERTY AND EQUIPMENT

During the nine-month period ended 31 May 2023, the additions to property and equipment amounted to AED 30,159,500 (unaudited) [nine-month period ended 31 May 2022 (unaudited): AED 20,408,401]. The depreciation expense for the nine-month period ended 31 May 2023 amounted to AED 51,483,308 (unaudited) [nine-month period ended 31 May 2022 (unaudited): AED 42,090,758]. The Group's management has assessed and concluded there were no indicators of impairment as at 31 May 2023.

The Group started the construction activities of the school building and premises of Dubai British School Jumeira during the three-month period ended 31 May 2023. Further, the Group has capitalised borrowing cost amounting to AED 177,563, incurred on the borrowings availed during the nine-month period ended 31 May 2023, towards the construction of the Dubai British School Jumeira [nine-month period ended 31 May 2022 (unaudited): nil].

There were no significant disposals during the three month and nine-month period ended 31 May 2023 and 2022, respectively.

Capital advances
During the nine-month period ended 31 May 2023, the Group has paid advances of AED 21,862,950 towards the construction and development of the school building and premises for Dubai School, Jumeira. Out of such advances paid, an amount of AED 526,779 has been transferred to capital work-in progress upon commencement of the construction activities during the nine-month period ended 31 May 2023. The construction and development activities are expected to be completed during the year 2024.

6 FEES AND OTHER RECEIVABLES

	31 May 2023 AED (Unaudited)	*31 August 2022 AED (Audited)*
Fees receivable	**20,398,384**	6,788,302
Less: allowance for impairment of fees receivable	**(4,085,388)**	(2,771,762)
Net fees receivable	**16,312,996**	4,016,540
Prepayments	**25,797,514**	33,879,589
VAT receivables	**30,427,347**	31,397,602
Deposits and advances*	**20,093,471**	14,466,918
	92,631,328	83,760,649

As at 31 May 2023, fees receivable with a nominal value of AED 4,085,388 (Unaudited) [31 August 2022 (Audited): AED 2,771,762] were impaired.

*Advances include an amount of AED 15,000,000 paid to a liquidity provider in conjunction with an agreement entered by the Company to buy and sell its own shares.

7 WAKALA DEPOSITS

	31 May 2023 AED (Unaudited)	*31 August 2022 AED (Audited)*
Wakala deposits*	**583,088,778**	40,066,000
(Less): Wakala deposits – original maturity less than 3 months (Note 8)	**(10,046,500)**	(40,066,000)
	573,042,278	-

*Out of the total IPO proceeds, Wakala deposits were placed with a financial institution in UAE with an original maturity period between 2-9 months and bearing interest at commercial rates. During the nine-month period ended 31 May 2023, the Group has earned an interest income amounting to AED 14,463,861 from the Wakala deposits [Nine-month period ended 31 May 2022 (Unaudited): AED 358,457].

8 CASH AND CASH EQUIVALENTS

	31 May 2023 AED (Unaudited)	*31 August 2022 AED (Audited)*
Cash in hand	**304,872**	711,106
Cash at banks	**103,069,411**	186,033,121
Sukuk deposits* (Note 14)	**97,297,438**	16,340,250
Wakala deposits (Note 7)	**10,046,500**	40,066,000
	210,718,221	243,150,477
(Less): Restricted cash**	**(62,534,800)**	(15,164,089)
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows	**148,183,421**	227,986,388

8 CASH AND CASH EQUIVALENTS (continued)

*Out of the total IPO proceeds, Sukuk deposits were placed with a financial institution in UAE which are callable on demand with an initial lock-in period of 30 days and bears interest at commercial rates. During the nine-month period ended 31 May 2023, the Group has earned an interest income amounting to AED 2,507,913 from the Sukuk deposits [Nine-month period ended 31 May 2022 (Unaudited): AED 187,637].

**The cash and cash equivalents disclosed above include AED 62,534,800 (Unaudited) [31 August 2022 (Audited): AED 15,164,089] which are held by the subsidiaries of the Company (i.e. Taaleem Sole Proprietorship LLC and Taaleem Management LLC). These bank balances are held for the purpose of managing the operations of the ADEK and ESE charter schools and therefore not available for use by the Group.

9 INTEREST BEARING LOANS AND BORROWINGS

	31 May 2023 AED (Unaudited)	*31 August 2022 AED (Audited)*
As at beginning of the period / year	**332,422,210**	196,088,882
Add: finance costs charged for the period / year	**10,136,648**	7,927,585
Add: loans drawn down (i)	**54,000,000**	160,000,000
Add: Borrowing cost capitalised during the period/ year	**177,563**	-
Less: finance costs paid for the period / year	**(9,631,690)**	(7,071,159)
Less: loans repaid during the period / year (ii)	**(211,553,571)**	(24,523,098)
As at the end of the period / year	**175,551,160**	332,422,210
Less: Current portion	**(1,551,160)**	(28,296,892)
Non-current portion	**174,000,000**	304,125,318

All loans and borrowings are obtained in AED.

(i) During the nine-month period ended 31 May 2023, the Group has drawn down an additional borrowing of AED 54,000,000. Out of such amount, an amount of AED 27,000,000 is drawn towards the repayment of deferred consideration against the acquisition of JAS [Note 4(b)] and the loan is repayable on a quarterly basis starting from July 2024 to July 2032.

The remaining amount of AED 27,000,000 is drawn down for the purpose of construction activities of school building and premises of DBS Jumeira. The amount is repayable in a bullet payment due in April 2026.

The Group has capitalised borrowing cost amounting to AED 177,563 during the nine-month period ended 31 May 2023 [nine-month period ended 31 May 2022 (unaudited): nil] (Note 5).

(ii) The Group has prepaid the loan amounting to AED 204,696,428 during the nine-month period ended 31 May 2023 over and above the instalments due as per facility agreements. There were no costs related to the early payment of the borrowings.

The borrowings carried a profit payable on a quarterly basis at the rate of 3 months Emirates Inter Bank Offer Rate (EIBOR) plus a profit mark-up per annum [2022 (Audited): 3 months EIBOR plus a profit mark-up per annum].

As at 31 May 2023, there were no significant changes in the mortgages and securities pledged against the bank borrowings as compared to the disclosures provided in the annual consolidated financial statements for the year ended 31 August 2022 except for the assignment of Point of Sale (POS) proceeds from Dubai British School, Jumeira upon completion of the construction activities.

10 TRADE AND OTHER PAYABLES

	31 May 2023 AED (Unaudited)	*31 August 2022 AED (Audited)*
Trade payables	**42,616,356**	87,945,728
Accruals and provisions	**73,256,594**	23,979,679
Debentures payable	**26,898,728**	38,147,962
Dividends payable	**45,000**	**-**
Retention payable	**351,186**	-
	143,167,864	150,073,369
Less: Long-term debentures payable	**(19,371,700)**	(26,543,685)
	123,796,164	123,529,684

11 REVENUE

	Three-month period ended 31 May (Unaudited)		***Nine-month period ended 31 May (Unaudited)***	
	2023 AED	*2022 AED*	***2023 AED***	*2022 AED*
Gross tuition fees	**237,313,710**	183,941,542	**704,506,638**	544,484,576
(Less): Discounts	**(3,746,313)**	(4,078,099)	**(13,289,664)**	(11,931,330)
Net tuition fees	**233,567,397**	179,863,443	**691,216,974**	532,553,246
Management fees	**2,665,500**	1,776,796	**8,395,998**	5,269,302
Application fees (on initial admission)	**604,945**	401,000	**1,521,505**	959,500
Other operating income	**3,819,303**	2,114,326	**8,077,148**	5,326,535
	240,657,145	184,155,565	**709,211,625**	544,108,583

	Three-month period ended 31 May (Unaudited)		***Nine-month period ended 31 May (Unaudited)***	
	2023 AED	*2022 AED*	***2023 AED***	*2022 AED*
Set out below is the disaggregation of the Group's revenue:				
Timing of revenue recognition				
Services transferred over time	**239,375,025**	183,822,709	**705,656,481**	541,916,640
Services transferred at a point in time	**1,282,120**	332,856	**3,555,144**	2,191,943
Total revenue from contracts with customers	**240,657,145**	184,155,565	**709,211,625**	544,108,583

The revenue is entirely earned in United Arab Emirates.

12 OPERATING COSTS

	Three-month period ended 31 May (Unaudited)		*Nine-month period ended 31 May (Unaudited)*	
	2023 AED	*2022 AED*	***2023 AED***	*2022 AED*
Staff costs and other benefits	**109,596,784**	88,131,598	**332,153,520**	254,053,599
School supplies	**2,499,077**	2,061,970	**7,280,534**	6,713,504
Lease rent and service charges	**3,332,919**	3,696,745	**6,502,031**	5,809,867
Bank charges	**1,222,092**	1,088,022	**2,978,360**	2,230,959
Others	**1,222,088**	1,251,234	**4,396,620**	3,626,539
	117,872,960	96,229,569	**353,311,065**	272,434,468

13 GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended 31 May (Unaudited)		*Nine-month period ended 31 May (Unaudited)*	
	2023 AED	*2022 AED*	***2023 AED***	*2022 AED*
Staff costs and other benefits	**8,383,713**	1,776,020	**21,755,065**	15,849,840
Repairs and maintenance	**2,892,668**	5,162,810	**13,585,915**	12,552,530
Water and electricity charges	**3,488,303**	4,224,297	**13,346,841**	12,827,337
Janitorial and security	**3,160,913**	3,318,320	**9,863,755**	9,189,424
Legal and professional expenses	**1,348,839**	5,188,886	**9,306,279**	8,242,091
Board remuneration, compensation and other benefits (Note 14)	**-**	918,000	**7,350,000**	3,061,000
Marketing and advertisement	**2,106,800**	1,802,854	**3,675,335**	4,804,409
Impairment loss on fees receivable	**1,405,880**	617,183	**2,413,427**	1,851,550
Printing and stationery	**934,495**	873,345	**2,375,303**	1,728,483
Travel and communication	**454,992**	365,984	**1,391,351**	983,384
Office rent	**187,339**	173,512	**513,293**	520,535
Others (insurance, bank charges etc.)	**642,514**	553,292	**7,644,271**	1,419,632
	25,006,456	24,974,503	**93,220,835**	73,030,215

14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties includes the Company's shareholders, directors and other entities businesses, which are controlled directly or indirectly by the shareholders and directors, and entities over which they exercise significant management influence (hereinafter referred to as "affiliates") and key management personnel of the Group. Pricing policies and terms of these transactions are approved by the Group's management.

(a) Significant related party transactions

Significant transactions entered with related parties during the period are as follows:

	Three-month period ended 31 May (Unaudited)		***Nine-month period ended 31 May (Unaudited)***	
	2023 AED	*2022 AED*	***2023 AED***	*2022 AED*
Emirates Islamic Bank ("EIB")*				
Profit from wakala deposits (Note 7)	**6,714,780**	211,672	**14,463,861**	358,457
Finance costs	**(2,426,678)**	(2,859,066)	**(10,314,211)**	(6,322,726)
Drawdown / (repayments) of bank borrowings, net (Note 9)	**54,000,000**	(6,142,857)	**(157,553,571)**	135,476,902
Cash dividends paid	**-**	-	**(4,500,000)**	(4,500,000)
National Bonds Corporation ("NBC")				
Profit from sukuk deposits (Note 8)	**1,161,343**	124,837	**2,507,913**	187,637
Cash dividends paid	**-**	-	**(15,552,012)**	-
Knowledge Fund				
Rent payment	**(184,694)**	(46,172)	**(369,386)**	(138,519)
Cost recharge	**74,366**	-	**74,366**	-

*The Party ceases to be a related party at the end of 31 May 2023.

Compensation to key management personnel

	Three-month period ended 31 May (Unaudited)		***Nine-month period ended 31 May (Unaudited)***	
	2023 AED	*2022 AED*	***2023 AED***	*2022 AED*
Short-term employee benefits	**2,946,948**	3,166,287	**8,840,844**	9,498,861
Provision for employees' end of service benefits	**73,097**	70,836	**219,292**	212,508
Tuition fee discounts	**74,117**	74,117	**222,352**	222,352
Executive Committee and Audit Committee compensation	**375,000**	318,750	**1,125,000**	956,250
Board remuneration, compensation and other benefits (Note 13)	**-**	918,000	**7,350,000**	3,061,000
	3,469,162	4,547,990	**17,757,488**	13,950,971

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related party balances

Due from related parties*:*

	31 May 2023 AED (Unaudited)	*31 August 2022 AED (Audited)*
Emirates Islamic Bank		
Bank balances	**102,569,411**	185,455,112
Wakala deposits (Note 7)	**583,088,778**	40,066,000
	685,658,189	225,521,112
National Bonds Corporation		
Sukuk deposits (Note 8)	**97,297,438**	16,340,250
Emirates Islamic Bank		
Loans and borrowings (Note 9)	**(175,551,160)**	(332,422,210)
Knowledge Fund		
Other payables	**(101,966)**	(101,966)

Terms and conditions of transactions with related parties
Outstanding balances at the period-end are unsecured and settlement generally occurs in cash. Except for the interest-bearing loans and borrowings (secured), wakala and sukuk deposits (unsecured), other balances are interest free. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 May 2023, the Group has not recognised any provision for expected credit losses relating to amounts owed by the related parties (Unaudited) [31 August 2022 (Audited): Nil].

15 SHARE CAPITAL

	31 May 2023 AED (Unaudited)	*31 August 2022 AED (Audited)*
Authorised, issued and fully paid up capital:		
1,000,000,000 ordinary shares of AED 1 each (Note 1) (2022: 750,000,000 ordinary shares of AED 1 each)	**1,000,000,000**	750,000,000

The total proceeds received from the IPO subscription were AED 750,000,000. Of this, AED 250,000,000 has been recorded as an increase in share capital and the balance amounting to AED 500,000,000 attributable to the premium on issuance of new shares has been classified as part of statutory reserve in accordance with Article 196 of the UAE Federal Law No (32) of 2021 before deducting IPO transaction costs amounting to AED 20,837,261 that were directly attributable to issuance of such new shares.

16 DIVIDENDS

During the shareholders meeting dated 28 October 2022, the shareholders approved a dividend of AED 0.09 per share amounting to AED 67,500,000 (2022: Dividend of AED 0.09 per share amounting to AED 67,500,000). Of this, dividend amounting to AED 67,455,000 was paid during the nine-month period ended 31 May 2023 (2022: an amount of AED 67,477,497 was paid during the nine-month period ended 31 May 2022).

17 LEASES

i. Right-of-use assets

During the nine-month period ended 31 May 2023 and 2022 (unaudited), there were no significant additions or modifications to right-of-use assets. The amortisation charge for the nine-month period ended 31 May 2023 amounted to AED 10,357,772 (unaudited) [nine-month period ended 31 May 2022 (unaudited): AED 9,838,366].

ii. Lease liabilities

During the nine-month period ended 31 May 2023 and 2022 (unaudited), there were no new leases that were contracted by the Group. The finance costs for the nine-month period ended 31 May 2023 amounted to AED 8,091,776 (unaudited) [nine-month period ended 31 May 2022 (unaudited): AED 6,376,334].

The Group has made payments of AED 16,512,688 towards lease liabilities during the nine-month ended 31 May 2023 (unaudited) [nine-month ended 31 May 2022 (unaudited): AED 10,787,035].

18 GUARANTEES, CONTINGENCIES AND CAPITAL COMMITMENTS

		31 May 2023 AED (Unaudited)	*31 August 2022 AED (Audited)*
(a)	Capital commitments	**133,128,617**	7,537,058
(b)	Bank guarantee	**338,144,049**	169,157,090

As at 31 May 2023, the Group's capital commitments mainly related to its on-going construction of Dubai British School, Jumeira, Dubai, UAE.

Bank guarantee mainly pertains to the following:

(i) guarantees issued by the Group in favor of Abu Dhabi Department of Education and Knowledge in relation to the underlying management agreement and for construction of Raha International School – Khalifa City Campus.
(ii) guarantees issued by the Group in favor of Emirates Schools Establishment in relation to the underlying management agreement for operation of schools.
(iii) guarantees issued by the Group in favor of Knowledge Fund Establishment in relation to the construction of Dubai British School, Jumeirah.

19 SEGMENT INFORMATION

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group has determined the chief operating decision maker to be its Chief Executive officer who undertakes such decision in consultation with the Board of Directors. The Group has a single reportable segment classified as "School operations" which encompasses the management, operation and related ancillary activities related to the day-to-day function of all the schools under the purview of the chief operating decision maker.

The determination of the Group's operating segment is based on the information which is reported to chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements. Transactions between segments, if any, are conducted at mutually agreed terms and conditions and are fully eliminated on consolidation.

19 SEGMENT INFORMATION (continued)

Geographic segments
All of the business activities and operations of the Group are conducted in UAE.

Primary segment information
Segmental information is presented below:

Nine-month period ended 31 May 2023 (In AED) (Unaudited):

	School operations	*Corporate head office*	*Consolidated*
Revenue			
External customers	**709,211,625**	**-**	**709,211,625**
Finance and other income			
Finance income	**17,289,635**	**-**	**17,289,635**
Other income	**1,607,747**	**-**	**1,607,747**
Income from deferred government grant	**1,750,002**	**-**	**1,750,002**
Expenses			
Staff costs and other benefits	**(350,309,509)**	**(3,599,076)**	**(353,908,585)**
Operating and administrative expenses	**(84,148,315)**	**(8,475,000)**	**(92,623,315)**
Depreciation, impairment and amortisation	**(64,274,743)**	**-**	**(64,274,743)**
Finance costs	**(20,291,892)**	**-**	**(20,291,892)**
Segmental profit / (loss)	**210,834,550**	**(12,074,076)**	**198,760,474**

Three-month period ended 31 May 2023 (In AED) (Unaudited):

	School operations	*Corporate head office*	*Consolidated*
Revenue			
External customers	**240,657,145**	**-**	**240,657,145**
Finance and other income			
Finance income	**8,110,507**	**-**	**8,110,507**
Other income	**457,212**	**-**	**457,212**
Income from deferred government grant	**583,332**	**-**	**583,332**
Expenses			
Staff costs and other benefits	**(116,780,805)**	**(1,199,692)**	**(117,980,497)**
Operating and administrative expenses	**(24,523,919)**	**(375,000)**	**(24,898,919)**
Depreciation, impairment and amortisation	**(21,461,615)**	**-**	**(21,461,615)**
Finance costs	**(5,586,808)**	**-**	**(5,586,808)**
Segmental profit / (loss)	**81,455,049**	**(1,574,692)**	**79,880,357**

19 SEGMENT INFORMATION (continued)

Primary segment information (continued)

Nine-month period ended 31 May 2022 (In AED) (Unaudited):

	School operations	*Corporate head office*	*Consolidated*
Revenue			
External customers	544,108,583	-	544,108,583
Finance and other income			
Finance income	552,889	-	552,889
Other income	11,732,971	-	11,732,971
Income from deferred government grant	1,827,974	-	1,827,974
Expenses			
Staff costs and other benefits	(266,439,211)	(3,464,228)	(269,903,439)
Operating and administrative expenses	(71,543,994)	(4,017,250)	(75,561,244)
Depreciation, impairment and amortisation	(52,422,142)	-	(52,422,142)
Finance costs	(12,770,087)	-	(12,770,087)
Segmental profit / (loss)	155,046,983	(7,481,478)	147,565,505

Three-month period ended 31 May 2022 (In AED) (Unaudited):

	School operations	*Corporate head office*	*Consolidated*
Revenue			
External customers	184,155,565	-	184,155,565
Finance and other income			
Finance income	343,304	-	343,304
Other income	7,410,273	-	7,410,273
Income from deferred government grant	609,324	-	609,324
Expenses			
Staff costs and other benefits	(88,752,875)	(1,154,743)	(89,907,618)
Operating and administrative expenses	(30,059,704)	(1,236,750)	(31,296,454)
Depreciation, impairment and amortisation	(17,919,801)	-	(17,919,801)
Finance costs	(5,692,425)	-	(5,692,425)
Segmental profit / (loss)	50,093,661	(2,391,493)	47,702,168

Corporate head office is not an operating segment and comprises mainly administrative and payroll costs relating to the certain key management personnel which are monitored separately and not allocated to the “School operations” segment.

19 SEGMENT INFORMATION (continued)

Primary segment information (continued)

	Three-month period ended 31 May (Unaudited)		*Nine-month period ended 31 May (Unaudited)*	
	2023 AED	*2022 AED*	***2023 AED***	*2022 AED*
Reconciliation of profit				
Segment profit	**79,880,357**	47,702,168	**198,760,474**	147,565,505
Rental income	**413,882**	413,509	**1,042,273**	531,842
Profit for the period	**80,294,239**	48,115,677	**199,802,747**	148,097,347

Other segment information

Segment assets and liabilities comprise all assets and liabilities reflected in the interim condensed consolidated statement of financial position as at 31 May 2023 (unaudited) and 31 August 2022 (Audited). This is entirely attributable to the "School operations" segment. All such assets (including capital expenditure) and liabilities are relating to the Group's operations in UAE.

20 EARNINGS PER SHARE

Basic earnings per share based on the weighted average number of shares outstanding during the period are as follows:

	Three-month period ended 31 May (Unaudited)		*Nine-month period ended 31 May (Unaudited)*	
	2023 AED	*2022 AED*	***2023 AED***	*2022 AED*
Profit for the period	**80,294,239**	48,115,677	**199,802,747**	148,097,347
Weighted average number of shares in issue outstanding during the period	**1,000,000,000**	750,000,000	**918,498,168**	750,000,000
Earnings per share – basic (AED)	**0.08**	0.06	**0.22**	0.20

The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

21 FAIR VALUE MEASUREMENT

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, wakala deposits and fees and other receivables. Financial liabilities consist of interest-bearing loans and borrowings, trade and other payables and debenture payables.

The fair value of interest-bearing loans and borrowings bear commercial rate of interest which gets re-priced at regular intervals and approximates its carrying amount. For debentures payable, the Group's management assessed the fair value using the discounted cash flow analysis and reflected such value as at the reporting date. The fair value of the other financial assets and liabilities approximate their carrying values at the end of the reporting period largely due to the short-term maturities of these instruments.

22 CORPORATE INCOME TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

The UAE CT Law shall apply to the Group with effect from 1 September 2023. The Ministry of Finance continue to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the consolidated financial statements for the period beginning 1 September 2023. However, the related deferred tax accounting impact has been considered for the nine-month period ended 31 May 2023. Following assessment of the potential impact of the UAE CT Law on the balance sheet, the Group's management has concluded that there is no material temporary differences on which deferred taxes should be accounted.

The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to this position for the subsequent reporting dates.