

Taaleem Holdings P.J.S.C. and its subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 28 FEBRUARY 2025

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF TAALEEM HOLDINGS P.J.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Taaleem Holdings P.J.S.C. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the interim condensed consolidated statement of financial position as at 28 February 2025, and the related interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and 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.

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



Anthony O’Sullivan
Registration No: 687

27 March 2025

Dubai, United Arab Emirates

Taaleem Holdings P.J.S.C. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2025

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

		28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property and equipment	5	1,795,479,838	1,360,755,792
Investment property		10,012,409	10,297,647
Intangible assets	4(c)	77,816,437	35,770,918
Goodwill	4(a)	239,997,759	239,997,759
Right-of-use assets	18(i)	263,793,481	260,256,095
Net investment in finance lease		3,166,014	3,260,205
Capital advances	5	38,721,461	19,254,670
		2,428,987,399	1,929,593,086
Current assets			
Fees and other receivables	6	120,002,018	78,371,135
Wakala and short term deposits	7	237,450,282	360,046,500
Cash and cash equivalents	8	295,513,835	373,965,479
		652,966,135	812,383,114
TOTAL ASSETS		3,081,953,534	2,741,976,200
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	1,000,000,000	1,000,000,000
Statutory reserve	15	542,459,941	542,459,941
Own shares	16	(2,245,789)	(5,935,113)
Own shares reserve	16	(11,809,230)	(23,005,781)
Retained earnings		240,194,267	199,963,447
TOTAL EQUITY		1,768,599,189	1,713,482,494
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	9	475,999,907	139,000,000
Lease liabilities	18(ii)	284,736,959	275,408,040
Deferred income on government grant		41,440,007	42,606,665
Debentures payable		7,484,957	10,884,100
Retentions payable		3,959,355	835,129
Provision for employees' end of service benefits		54,865,187	39,014,933
Deferred tax liabilities	23	41,600,373	27,338,083
		910,086,745	535,086,950

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Taaleem Holdings P.J.S.C. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 28 February 2025

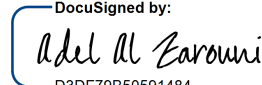
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

		28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
	Notes		
Current liabilities			
Trade and other payables	10	216,319,475	127,893,373
Fees received in advance		105,618,967	328,281,594
Interest bearing loans and borrowings	9	26,756,271	1,178,508
Lease liabilities	18(ii)	18,222,950	17,013,944
Deferred income on government grant		2,333,333	2,333,333
Income tax provision	23	34,016,604	16,706,004
		403,267,600	493,406,756
TOTAL LIABILITIES		1,313,354,345	1,028,493,706
TOTAL EQUITY AND LIABILITIES		3,081,953,534	2,741,976,200

These interim condensed consolidated financial statements were approved by the Board of Directors on 27 March 2025 and signed on their behalf by:

DocuSigned by:

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Khalid Ahmed Humaid Matar Altayer
 Chairman

DocuSigned by:

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Adel Mohammed Saleh Alzarouni
 Vice Chairman

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Taaleem Holdings P.J.S.C. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month period ended 28 February 2025

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

	Notes	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
		<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
REVENUE	11	342,689,147	282,139,042	648,756,284	548,651,347
FINANCE AND OTHER INCOME					
Rental income		1,049,281	396,705	1,666,419	790,482
Income from deferred government grant		583,332	583,332	1,166,664	1,166,664
Finance income		6,338,266	7,329,161	13,463,674	15,156,635
Other income		1,839,187	387,676	7,499,614	6,217,456
Gain on bargain purchase	4(b)	10,290,264	-	10,290,264	-
TOTAL FINANCE AND OTHER INCOME		20,100,330	8,696,874	34,086,635	23,331,237
EXPENSES					
Operating costs	12	(172,850,590)	(132,823,211)	(339,055,342)	(274,119,119)
General and administrative expenses	13	(40,331,637)	(28,740,195)	(79,076,768)	(60,371,858)
Amortisation of intangible assets		(2,476,408)	(668,602)	(3,145,188)	(1,337,204)
Depreciation on property and equipment	5	(28,473,232)	(18,662,076)	(53,849,494)	(36,923,057)
Depreciation on investment property		(142,619)	(142,619)	(285,238)	(285,238)
Amortisation of right-of-use assets	18(i)	(4,651,292)	(4,668,746)	(9,213,883)	(8,525,657)
Finance costs		(12,561,327)	(3,949,756)	(22,051,177)	(7,628,280)
TOTAL EXPENSES		(261,487,105)	(189,655,205)	(506,677,090)	(389,190,413)
PROFIT FOR THE PERIOD BEFORE TAX		101,302,372	101,180,711	176,165,829	182,792,171
Current income tax expense	23	(9,653,528)	(9,113,563)	(16,434,136)	(16,405,373)
Deferred income tax benefit / (expense)	23	372,771	118,752	490,835	(27,575,463)
PROFIT FOR THE PERIOD		92,021,615	92,185,900	160,222,528	138,811,335
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		92,021,615	92,185,900	160,222,528	138,811,335
Earnings per share					
Basic and diluted, profit for the period attributable to ordinary equity holders of the Company (in AED per share)	21	0.09	0.09	0.16	0.14

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Taaleem Holdings P.J.S.C. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 28 February 2025

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

29 February 2024 (Unaudited)

	Share capital AED	Statutory reserve AED	Own Shares AED	Own shares reserve AED	Retained earnings AED	Total AED
As at 1 September 2023	1,000,000,000	542,459,941	(10,511,347)	(31,057,144)	170,512,734	1,671,404,184
Total comprehensive income for the period (Unaudited)	-	-	-	-	138,811,335	138,811,335
Own Shares (Note 16) (Unaudited)	-	-	4,049,590	6,777,098	-	10,826,688
Dividends (Note 17) (Unaudited)	-	-	-	-	(110,000,000)	(110,000,000)
Dividends from own shares (Note 16) (Unaudited)	-	-	-	-	1,448,731	1,448,731
As at 29 February 2024 (Unaudited)	<u>1,000,000,000</u>	<u>542,459,941</u>	<u>(6,461,757)</u>	<u>(24,280,046)</u>	<u>200,772,800</u>	<u>1,712,490,938</u>

28 February 2025 (Unaudited)

	Share capital AED	Statutory reserve AED	Own Shares AED	Own shares reserve AED	Retained earnings AED	Total AED
As at 1 September 2024	1,000,000,000	542,459,941	(5,935,113)	(23,005,781)	199,963,447	1,713,482,494
Total comprehensive income for the period (Unaudited)	-	-	-	-	160,222,528	160,222,528
Own Shares (Note 16) (Unaudited)	-	-	3,689,324	11,196,551	-	14,885,875
Dividends (Note 17) (Unaudited)	-	-	-	-	(120,000,000)	(120,000,000)
Dividends from own shares (Note 16) (Unaudited)	-	-	-	-	8,292	8,292
As at 28 February 2025 (Unaudited)	<u>1,000,000,000</u>	<u>542,459,941</u>	<u>(2,245,789)</u>	<u>(11,809,230)</u>	<u>240,194,267</u>	<u>1,768,599,189</u>

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Taaleem Holdings P.J.S.C. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 28 February 2025

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

		<i>Six-month period ended</i>	
		<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Profit for the period before income tax		176,165,829	182,792,171
Adjustments for:			
Depreciation on property and equipment	5	53,849,494	36,923,057
Depreciation on investment property		285,238	285,238
Amortisation of right-of-use assets	18(i)	9,213,883	8,525,657
Amortisation of intangible assets		3,145,188	1,337,204
Provision for employees' end of service benefits		9,178,494	7,593,786
Allowance for impairment on fees receivable	13	1,463,684	1,331,013
Gain on disposal of property and equipment		(17,619)	(92,704)
Finance income		(13,463,674)	(15,156,635)
Finance costs		22,051,177	7,628,280
Income from deferred government grant		(1,166,664)	(1,166,664)
Income from unwinding of debentures payable		(333,300)	(355,518)
Gain on bargain purchase	4(b)	(10,290,264)	-
Operating cash flows before changes in working capital		250,081,466	229,644,885
Changes in working capital:			
Change in fees and other receivables		(35,464,150)	(34,828,453)
Changes in restricted cash		(5,452,838)	(22,514,300)
Change in fees received in advance		(235,653,025)	(126,117,066)
Change in trade and other payables		75,888,801	(14,917,580)
Cash flows generated from operations		49,400,254	31,267,486
Payment of employees' end of service benefits		(1,405,725)	(1,787,534)
Net cash flows generated from operating activities		47,994,529	29,479,952
INVESTING ACTIVITIES			
Additions to property and equipment - net of retentions payable	5	(167,527,450)	(108,597,629)
Proceeds from disposal of property and equipment		17,619	140,667
Receipts from sublessor		184,693	369,387
Capital advances		(19,466,791)	(11,420,705)
Changes in wakala and short term deposits, net		122,596,218	175,173,695
Acquisition of subsidiary (net of cash acquired)	4(b)	(308,714,802)	-
Interest received		13,373,172	6,602,111
Net cash flows (used in) / from investing activities		(359,537,341)	62,267,526
FINANCING ACTIVITIES			
Sale of own shares (net)		14,885,875	10,826,688
Proceeds from bank borrowings	9	487,499,907	68,000,000
Repayment of bank borrowings	9	(126,500,000)	-
Payments towards lease liabilities	18(ii)	(11,214,753)	(12,257,413)
Interest paid		(11,930,769)	(1,078,060)
Dividends paid	17	(120,000,000)	(110,000,000)
Repayment of debentures		(5,101,930)	(6,449,998)
Net cash flows from / (used in) financing activities		227,638,330	(50,958,783)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(83,904,482)	40,788,695
Cash and cash equivalents at the beginning of the period		340,445,295	200,266,602
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	256,540,813	241,055,297

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Taaleem Holdings P.J.S.C. and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the six-month period ended 28 February 2025

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

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.

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 Company’s subsidiaries (collectively referred to as the “Group”) and their principal activities are as follows:

<i>Name</i>	<i>Percentage of equity interest</i>	<i>Country of incorporation</i>	<i>Principal Activities</i>
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
Lycée Libanais Francophone Privé Meydan L.L.C-FZ (“LLFPM”)****	100%	United Arab Emirates	Involved in providing educational services

* 100% Owned by two shareholders of the 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.

*** Taaleem Management LLC includes operation of the Branch of Taaleem Management LLC (Branch).

**** On 6 November 2024 (Unaudited), the Group acquired a 100% equity interest in LLFPM through a Share Purchase Agreement (“SPA”) dated 6 November 2024 (Note 4(b)).

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

Taaleem Holdings P.J.S.C. and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the six-month period ended 28 February 2025

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

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 – Sole Proprietorship LLC ("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 – Sole Proprietorship LLC ("RIS-KA")
- (j) Jebel Ali School ("JAS")
- (k) Dubai British School Jumeira ("DBS-J")
- (l) Dubai British School Mira ("DBS-M")
- (m) Harrow International School – LLC – O.P.C ("HSAD")*

*During the period, the Group has obtained a trade license from the Department of Economic Development to operate Harrow International School – LLC – O.P.C ("HSAD") in Abu Dhabi.

The trade licenses of the Schools are legally held by Taaleem Management LLC and Taaleem Holdings Sole Proprietorship 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 2018-19, to manage and operate four charter schools in Abu Dhabi, UAE commencing from academic year 2019-20.
 - During 2020-21, to manage and operate two additional charter schools in Abu Dhabi, UAE commencing from the academic year 2021-22.
 - During 2022-23, the Group entered into an operating and management agreement dated 31 May 2022 with ADEK, (which superseded the original agreement) to manage and operate
 - a total of nine schools including the original six plus an additional three new schools commencing from the academic year 2022-23.
 - an additional school in Abu Dhabi, UAE commencing from the academic year 2023-24.
 - During 2023-24, to manage and operate
 - an additional school in Abu Dhabi, UAE commencing 1 January 2024.
 - four nurseries commencing 1 September 2023.
 - The above-mentioned management and operation agreements have an option for renewals for periods between 2 to 5 years upon expiry of the initial term of the contractual agreement. The Group's contractual arrangements continue to be in force as per the underlying terms.
 - The Group recognises the management fees as an agent in relation to the arrangements with ADEK.

1 STATUS AND PRINCIPAL ACTIVITIES (continued)

Managed School operations (continued)

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

- During 2020-21, to manage and operate two schools of TEC in the Emirate of Dubai, Dubai Schools Al Barsha (“DSB”) and Dubai Schools Mirdif (“DSM”), commencing 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 school is constructed is leased by TEC and not recharged to the Group. The Group will be responsible for operating maintenance required during the agreement period.

- Pursuant to the novation agreements entered into between the Group, TEC and Knowledge Fund Establishment (KFE) during 2021-22, 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, commencing from the academic year 2022-23 for an initial period of 7 years.
- During 2023-24, the Group obtained a trade license for DSAK (Br of Taaleem Management LLC), to manage and operate “Dubai School – Al Khawaneej” as part of the arrangement with KFE. The Group has transferred operations of Dubai Schools Mirdif (“DSM”) to Dubai School – Al Khawaneej, starting from the academic year 2024-25.
- 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 2021-22, 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 Qarayan School (Sharjah), Al Mataf School (Ras Al-Khaimah) and Al Furqan School (Eastern Sharjah) for an initial period of 3 years commencing from academic year 2022-23 with an option for further extension by another 2 years.
- During 2022-23, to manage and operate four schools in connection with the Ajyal (Generations) School (“Ajyal Schools”) initiative by the Federal Ministry of Education, namely LBHS School (Fujairah), WAHS School (Eastern Sharjah), OBAS School (Ajman) and SMGS School (Sharjah) for an initial period of 1 year commencing from academic year 2023-24 with an option for further extension by another 2 years. The agreement is extended for a period of 2 years for academic year 2024-25 and 2025-26.
- The Group recognises the management fees 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 six-month period ended 28 February 2025 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 2024.

The preparation of interim condensed consolidated financial statements in conformity with IFRS Accounting 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 largely consistent with the annual consolidated financial statements for the year ended 31 August 2024 and should be read in conjunction thereof.

2 BASIS OF PREPARATION (continued)

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 2025. In particular, the Group's financial results for the last quarter of the financial year will reflect lower revenue against costs for that quarter.

These interim condensed consolidated financial statements have been presented on the historical cost basis.

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 the 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 ACCOUNTING POLICIES

3.1 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 consolidated financial statements for the year ended 31 August 2024, except for the accounting policy on asset acquisition (note 3.2) and the adoption of new standards effective as of 1 January 2024, which had no significant impact on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued as at the date of the authorisation of these interim condensed consolidated financial statements but is not yet effective. Management has assessed the implication of adopting the new standards which are not yet effective and concluded that there are no significant impact on the interim condensed consolidated financial statements of the Group.

3.2 Accounting policy on asset acquisition

The acquisition of an asset or a group of assets is not within the scope of IFRS 3. In an asset acquisition, the Group identifies and recognizes individual identifiable assets acquired (including intangible assets) and liabilities assumed based on the underlying asset sale-purchase contractual arrangements. The cost of such acquisition is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of the acquisition. These transactions or events do not give rise to goodwill.

The cost of the acquisition is measured as the sum of all consideration given and any non-controlling interest recognised. If the non-controlling interest has a present ownership interest and is entitled to a proportionate share of net assets upon liquidation, the acquirer has a choice to recognise the non-controlling interest at its proportionate share of net assets or its proportionate share of the consolidated book values of the net assets including or excluding transaction costs or its fair value. In all other cases, the non-controlling interest is recognised at fair value, unless another measurement basis is required in accordance with IFRS.

Directly attributable acquisition-related costs are generally capitalised as part of the cost of the asset in an asset acquisition. No deferred tax implications arise in an asset acquisition.

Taaleem Holdings P.J.S.C. and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the six-month period ended 28 February 2025

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

4 GOODWILL AND BUSINESS COMBINATION

The Group's management has revisited the underlying assumptions used to determine the recoverable amount of goodwill and intangible assets as at 31 August 2024 (Audited), and concluded that there were no indicators of impairment as at 28 February 2025 (Unaudited).

(a) Goodwill

	28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
Acquisition through business combination:		
- Taaleem LLC and Taaleem Management LLC (referred together as "Taaleem acquisition")	204,932,063	204,932,063
- Jebel Ali School	35,065,696	35,065,696
	<u>239,997,759</u>	<u>239,997,759</u>

(b) Acquisition in 2024-25

Acquisition of Lycée Libanais Francophone Privé Meydan L.L.C-FZ (LLFPM)

On 6 November 2024, the Group had entered into a Share Purchase Agreement ("SPA") with the Shareholders of LLFPM, a limited liability company incorporated in Dubai, United Arab Emirates to acquire 100% equity interest of LLFPM.

The total consideration for the acquisition was AED 340 million, which was settled during the six-month period ended 28 February 2025 (Unaudited). The Group had also agreed to pay AED 6.17 million to the shareholders of LLFPM for their share of net assets as at 6 November 2024, of which AED 4.83 million is paid during the six-month period ended 28 February 2025 (Unaudited) and balance AED 1.34 million is payable as at period end (Note 10). There were no non-controlling interests arising on this acquisition and no contingent considerations. The main activity of LLFPM is to provide for the educational needs of the children of the Lebanese and Francophone community. Currently, LLFPM offers classes from pre-primary up to twelfth grade.

Fair value of assets acquired and liabilities

The fair values of the identifiable assets and liabilities of the acquired business as at the date of acquisition were as follows:

	AED
Assets	
Property and equipment	316,710,110
Fees and other receivables, net	7,622,125
Cash and cash equivalents	31,285,198
Total Assets (A)	<u>355,617,433</u>
Liabilities	
Other non-current financial liabilities	(4,688,000)
Provision for employees' end of service benefits	(8,077,485)
Trade and other payables	(15,949,019)
Income tax provision	(876,464)
Deferred tax liabilities	(14,753,125)
Total Liabilities (B)	<u>(44,344,093)</u>
Total identifiable net assets at fair value (C = A+B)	<u>311,273,340</u>

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4 GOODWILL AND BUSINESS COMBINATION (continued)

(b) Acquisition in 2024-25 (continued)

	<i>AED</i>
Purchase consideration	340,000,000
Consideration towards net assets (Note a)	6,173,783
Total Consideration (D)	346,173,783
Student relationships recognised on acquisition to be amortised over a period of 10 years (E)	45,190,707
Gain on bargain purchase recognised on acquisition (F = C+E-D) (Note b)	10,290,264

From the date of acquisition, LLFPM contributed AED 27,814,503 of revenue and AED 7,178,753 of profit after tax to the Group. If the acquisition had taken place at the beginning of the year, the Group's revenue would have been AED 663,142,887 and the profit after tax would have been AED 161,571,882.

Cash outflows on acquisition

	<i>AED</i>
Net cash acquired (included in cash flows from investing activities)	(31,285,198)
Cash paid (included in cash flows from investing activities)	340,000,000
Net cash outflows on acquisition	308,714,802

Transaction costs of AED 1,492,164 were expensed and is included in general and administrative expenses and finance costs.

- a) Relates to amount payable to LLFPM for their share of net assets as at 6 November 2024 as mutually agreed between the Group and LLFPM (mainly working capital adjustments).
- b) The former shareholders of LLFPM had entered discussions with the Group to sell off their shareholding stake as an off-market transaction considering certain business-related requirements including repayment of loans availed earlier from a financial institution for LLFPMs operations.

As at the acquisition date, the fair value of the identifiable net assets of AED 356.5 million exceeded the purchase consideration of AED 346.2 million. The Group's management has reviewed the procedures used to identify such net assets, including the measurement of the fair value thereof by engaging independent consultants, and determined that such procedures were appropriate and result in a bargain gain of AED 10.3 million relating to the acquisition.

(c) Intangible assets

	<i>28 February 2025 AED (Unaudited)</i>	<i>31 August 2024 AED (Audited)</i>
Acquisition through business combination:		
- Student relationships*	67,570,598	25,262,516
- Below market leases	10,245,839	10,508,402
	77,816,437	35,770,918

*During the six-month period ended 28 February 2025 (Unaudited), the Group had recognised student relationships on acquisition of LLFPM amounting to AED 45,190,707 (Note 4(b)).

5 PROPERTY AND EQUIPMENT

During the six-month period ended 28 February 2025 (Unaudited), the additions to property and equipment amounted to AED 488,573,540 (six-month period ended 29 February 2024 (Unaudited): AED 118,454,038) which includes capitalisation of borrowing costs of AED 1,211,754 (six-month period ended 29 February 2024 (Unaudited): AED 1,641,727).

Acquisition in 2024-25

The addition during the six-month period ended 28 February 2025 (Unaudited) mainly includes the following:

- (a) Property and equipment acquired on acquisition of LLFPM (Note 4(b)).
- (b) Property sale and purchase agreement dated 4 October 2024 entered by the Group with Ritnand Balved Education Foundation (Dubai Branch) ("Seller") to acquire a property (land and building) which was used by Seller to operate an education institution known as Amity Early Learning Center ("Amity").

The consideration paid for such acquisition amounted to AED 84.4 million including registration charges of AED 2.4 million. The Group had appointed external specialist to perform fair valuation of land and building which amounted to AED 34 million and AED 26 million respectively. The additional consideration of AED 24.4 million over and above fair value is capitalized based on the respective fair value of land and building. Accordingly, the Group has capitalized land at AED 47.8 million and building at AED 36.6 million.

The depreciation expense for the six-month period ended 28 February 2025 (Unaudited) amounted to AED 53,849,494 (six-month period ended 29 February 2024 (Unaudited): AED 36,923,057).

There were no significant disposals during the six-month period ended 28 February 2025 (Unaudited) and 29 February 2024 (Unaudited).

The Group's management has assessed and concluded there were no indicators of impairment as at 28 February 2025 (Unaudited).

Capital advances

- a) During 2023-24, the Group had paid advances of AED 19,360,493 (Audited) towards the construction and development of the school building and premises for Dubai British School, Mira.

Of this, an amount of AED 4,686,339 has been transferred to capital work-in-progress during the six-month period ended 28 February 2025 (Unaudited) (31 August 2024 (Audited): AED 1,252,693). As at 28 February 2025 (Unaudited), advances amounted to AED 13,421,461 (31 August 2024 (Audited): AED 18,107,800). The school construction and development is expected to be completed during the year 2024-25.

- b) During the six-month period ended 28 February 2025 (Unaudited), the Group has paid advances of AED 25,300,000 (Unaudited) towards the construction and development of the school building and premises in Dubai. The school construction and development activities are expected to be completed during the year 2025-26.

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6 FEES AND OTHER RECEIVABLES

	28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
Fees receivable	28,092,879	4,656,226
Less: allowance for impairment of fees receivable	(4,932,574)	(4,036,487)
Net fees receivable (a)	23,160,305	619,739
Other receivables	7,860,333	5,090,437
Less: allowance for impairment of other receivables	(2,165,122)	(4,453,068)
Net other receivables (b)	5,695,211	637,369
Net fees and other receivables (a + b)	28,855,516	1,257,108
Prepayments*	14,966,846	15,611,910
VAT receivables	13,623,164	18,170,837
Deposits and advances**	62,556,492	43,331,280
	120,002,018	78,371,135

As at 28 February 2025 (Unaudited), fees and other receivables with a nominal value of AED 7,097,696 (31 August 2024 (Audited): AED 8,489,555) were impaired.

*Prepayments mainly includes AED 9.1 million (Unaudited) (31 August 2024 (Audited): AED 10.5 million) paid towards staff accommodation.

**As per the agreement in earlier year, the Group had provided advance of AED 45 million to the liquidity provider to buy and sell its own shares. This advance gets adjusted based on the transactions entered by the liquidity provider. As at 28 February 2025 (Unaudited), the advance held by liquidity provider amounts to AED 32.40 million (31 August 2024 (Audited): AED 17.5 million) (Note 16).

7 WAKALA AND SHORT TERM DEPOSITS

(a) Wakala deposits

	28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
Wakala deposits	204,701,667	396,051,150
(Less): Wakala deposits – original maturity less than 3 months (Note 8)	-	(36,004,650)
	204,701,667	360,046,500

Wakala deposits are placed with a local bank carrying profit mark-up rates ranging from 3.75% to 4.70% (31 August 2024 (Audited): 4% to 5.50% per annum).

During the six-month period ended 28 February 2025 (Unaudited), the Group has earned an interest income amounting to AED 8,462,961 from Wakala deposits (six-month period ended 29 February 2024 (Unaudited): AED 11,434,325).

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7 WAKALA AND SHORT TERM DEPOSITS (continued)

(b) Short-term deposits

	28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
Short-term deposits	37,762,671	-
(Less): Short-term deposits – original maturity less than 3 months (Note 8)	(5,014,056)	-
	<u>32,748,615</u>	<u>-</u>

Short-term deposits are placed with a local bank carrying profit mark-up rates ranging from 4.60% to 4.75% (31 August 2024 (Audited): Nil).

During the six-month period ended 28 February 2025 (Unaudited), the Group has earned an interest income amounting to AED 414,335 from short term deposits (six-month period ended 29 February 2024 (Unaudited): AED Nil)

8 CASH AND CASH EQUIVALENTS

	28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
Cash in hand	80,827	46,353
Cash at banks	60,971,338	81,926,811
Sukuk deposits (Note 14)	229,447,614	255,987,665
Wakala deposits (Note 7)	-	36,004,650
Short-term deposits (Note 7)	5,014,056	-
	<u>295,513,835</u>	<u>373,965,479</u>
(Less): Restricted cash*	(38,973,022)	(33,520,184)
	<u>256,540,813</u>	<u>340,445,295</u>
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows		

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. These deposits are classified as cash and cash equivalents as they are redeemable at any time after 30 days from deposit date without penalty and thus highly liquid in nature i.e. readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. During the six-month period ended 28 February 2025 (Unaudited), the Group has earned an interest income amounting to AED 4,450,649 from sukuk deposits (six-month period ended 29 February 2024 (Unaudited) AED 3,481,178).

*The cash and cash equivalents disclosed above and in the interim condensed consolidated statement of cash flows include AED 38,973,022 (Unaudited) (31 August 2024 (Audited): AED 33,520,184) 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 restricted purpose of managing the operations of the ADEK and ESE charter schools and therefore not available for use by the Group for its own school operations.

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9 INTEREST BEARING LOANS AND BORROWINGS

	28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
As at beginning of the period/year	140,178,508	27,219,909
Add: finance costs charged for the period / year	11,773,988	1,384,162
Add: Borrowing cost capitalized during the period / year	1,211,754	3,807,153
Add: loans drawn down	487,499,907	112,000,000
Less: finance costs paid for the period / year	(11,407,979)	(4,232,716)
Less: loans repaid during the period / year	(126,500,000)	-
As at the end of the period / year	502,756,178	140,178,508
Less: Current portion	(26,756,271)	(1,178,508)
Non-current portion	475,999,907	139,000,000

- (i) During the six-month period ended 28 February 2025 (Unaudited), the Group had drawn down an additional borrowing of AED 21,000,000 from the existing Ijarah facility for the purpose of construction activities of school building and premises of Dubai British School Jumeira. The loan is due and fully repayable in April 2026. As of 28 February 2025 (Unaudited), the Group has fully utilized this facility, amounting to AED 140,000,000 (31 August 2024 (Audited): AED 119,000,000).
- (ii) During the six-month period ended 28 February 2025 (Unaudited), the Group obtained a short-term liquidity murabaha facility of AED 341,999,972 to fund the acquisition of LLFPM (Note 4 (b)) which was repayable in January 2025. Of this short-term liquidity murabaha facility,
- AED 271,999,972 has been converted into a long-term liquidity Murabaha facility on 30 January 2025, which is repayable on 30 January 2028 and,
 - AED 70,000,000 has been converted to a Islamic Covered Drawing (ICD) facility on 30 January 2025, which is repayable on 30 January 2026 of which, the Group has already repaid AED 46,000,000. The outstanding balance as at 28 February 2025 (Unaudited) amounts to AED 24,000,000.
- (iii) During 2023-24, the Group obtained a new Islamic Covered Drawing (ICD) facility amounting to AED 130,000,000 for the purpose of construction activities of school building and premises of Dubai British School Mira and other business operations. The loan is due and fully repayable in July 2027. During the six-month period ended 28 February 2025 (Unaudited), the Group had drawn down an additional borrowing of AED 124,499,935. During the six-month period ended 28 February 2025 (Unaudited), the Group has repaid AED 80,500,000. As of 28 February 2025 (Unaudited), AED 63,999,935 has been utilized from this facility (31 August 2024 (Audited): AED 20,000,000).

All loans and borrowings are obtained in AED.

The borrowings carry a profit at the rate of 1-3 months Emirates Inter Bank Offer Rate (EIBOR) plus a profit mark-up per annum (31 August 2024 (Audited): 1-3 months EIBOR plus a profit mark-up per annum), which is payable on quarterly basis.

During the six-month period ended 28 February 2025 (Unaudited), the Group has capitalised borrowings costs amounting to AED 1,211,754 (Unaudited) (31 August 2024 (Audited): AED 3,807,153) as a part of qualifying assets. The weighted average rate used to capitalise such borrowing costs was 1-3 months EIBOR plus a profit mark-up per annum.

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9 INTEREST BEARING LOANS AND BORROWINGS (continued)

The above loans and borrowings are secured by:

- (a) First rank legal mortgage over following properties (amended in existing mortgage with mortgage validity 2 year beyond facilities tenor end date) covering Taaleem Holdings P.J.S.C., Taaleem LLC and Taaleem Management LLC
 - Plot No. 91, Al Hebah Second, Dubai (Dubai Studio City building) for AED 88.2 million in favor of the bank.
 - Plot No. 3923 (676-2451), Al Hebah Third, Dubai (Jebel Ali School) for AED 205.7 million in favor of the bank.
 - Plot no. 6648 (394-4046) located at Al Thanayah fourth, Dubai (Dubai British School, Dubai) for AED 40 million in favor of the bank.
 - Plot no. 1009 (645-3286) located at Wadi Al Safa 3, Dubai (LLFPM, Dubai) for AED 209 million in favor of the bank.
- (b) Assignment of comprehensive property all risk insurance over the mortgaged properties (with Emirates Islamic Bank PJSC being the first loss payee), covering in a minimum the mortgage amounts.
- (c) Assignment of receivables from Customer and M/s Taaleem Holding P.J.S.C. group entities, in respect of assignment and routing of all receivables, cash flows, school fees from the following bank approved schools under DBS, AAG, GIS, JBS, UIS, JAS, DBS-J, DBS-M and LLFPM.
- (d) Assignment, in respect of Point of Sale (POS) receivables from Dubai British School at Plot No. 3430443, Al Wasl, Dubai and Dubai British School at plot no. 9216993, 9216487 & 9216993.1, Mira – Al Aryam, Al Yalays 1, Dubai, duly signed and acknowledged by the assignment notice counterparty (upon completion of construction).
- (e) Agreement to pledge existing bank accounts held by the Group.

10 TRADE AND OTHER PAYABLES

	28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
Unearned income	98,688,140	-
Trade payables	27,561,399	44,599,017
Accruals and other payables	75,213,392	60,938,282
Debentures payable	11,271,702	16,461,916
Retentions payable	14,984,154	17,568,387
Dividends payable	45,000	45,000
	227,763,787	139,612,602
Less:		
Long-term retentions payable	(3,959,355)	(835,129)
Long-term debentures payable	(7,484,957)	(10,884,100)
	216,319,475	127,893,373

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11 REVENUE

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
Gross tuition fees	327,512,527	270,276,199	619,334,865	527,348,761
(Less): Discounts	(7,454,673)	(5,105,819)	(14,558,667)	(9,895,752)
Net tuition fees	320,057,854	265,170,380	604,776,198	517,453,009
Management fees	7,511,934	4,128,520	12,134,384	8,474,646
Application fees (on initial admission)	1,057,600	544,427	2,046,067	972,773
Other operating income	14,061,759	12,295,715	29,799,635	21,750,919
	342,689,147	282,139,042	648,756,284	548,651,347

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>

Set out below is the disaggregation
of the Group's revenue:

Timing of revenue recognition

Services transferred over time	340,106,432	280,438,887	641,635,540	546,007,863
Services transferred at a point in time	2,582,715	1,700,155	7,120,744	2,643,484
Total revenue from contracts with customers	342,689,147	282,139,042	648,756,284	548,651,347

The revenue is entirely earned in United Arab Emirates.

12 OPERATING COSTS

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
Staff costs and other benefits	158,147,460	122,940,580	307,573,200	247,808,822
School supplies	8,545,244	4,309,996	18,163,569	16,418,815
Lease rent and service charges	2,621,612	2,819,206	5,203,493	4,041,126
Bank charges	1,785,676	1,430,201	2,942,089	2,336,522
Others (mainly recruitment and training expenses, visa charges etc.)	1,750,598	1,323,228	5,172,991	3,513,834
	172,850,590	132,823,211	339,055,342	274,119,119

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13 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
Staff costs and other benefits	9,787,229	9,135,284	19,560,128	16,731,921
Repairs and maintenance	5,612,265	4,167,922	12,385,805	11,490,561
Water and electricity charges	6,587,933	3,508,782	15,600,373	9,238,622
Legal and professional expenses	6,090,929	1,964,925	8,502,308	4,188,072
Board remuneration, compensation and other benefits (Note 14)	1,312,500	1,130,000	2,625,000	2,260,000
Janitorial and security	4,577,823	3,885,315	8,395,063	6,549,339
Marketing and advertisement	2,834,655	1,873,685	4,679,154	3,674,763
Printing and stationery	961,046	775,018	1,746,076	1,530,423
Impairment loss on fees receivable	503,411	475,587	1,463,684	1,331,013
Travel and communication	948,354	562,601	1,409,877	1,133,438
Office rent	61,505	255,776	167,694	507,246
Others (insurance, bank charges etc.)	1,053,987	1,005,300	2,541,606	1,736,460
	40,331,637	28,740,195	79,076,768	60,371,858

14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties includes the Group's significant 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:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
Entities with significant influence:				
National Bonds Corporation ("NBC")				
Profit from sukuk deposits	1,952,993	2,012,589	4,450,649	3,481,178
Cash dividends paid	-	-	(26,887,379)	(24,599,865)
Knowledge Fund Establishment ("KFE")				
Rent payment	(1,133,938)	(1,026,794)	(1,991,939)	(1,119,140)
Cash dividends paid	-	-	(16,364,816)	(15,001,081)
Tuition fees received from Board of Directors, net of discounts	7,024	6,318	80,450	154,338

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14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Significant related party transactions (continued)

Compensation to key management personnel

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
Short-term employee benefits	2,011,080	1,444,860	4,022,160	2,889,720
Provision for employees' end of service benefits	54,137	44,883	188,054	140,814
Tuition fee discounts	118,460	133,819	236,920	267,638
Executive Committee and Audit Committee compensation	325,000	287,500	650,000	575,000
Board remuneration, compensation and other benefits (Note 13)	1,312,500	1,130,000	2,625,000	2,260,000
	3,821,177	3,041,062	7,722,134	6,133,172

(b) Related party balances

Due from related parties

Entities with significant influence:

	<i>28 February 2025 AED (Unaudited)</i>	<i>31 August 2024 AED (Audited)</i>
<i>National Bonds Corporation</i>		
Sukuk deposits (Note 8)	229,447,614	255,987,665
<i>Knowledge Fund Establishment</i>		
Other receivables	300,632	315,664

(c) Share capital

As at 28 February 2025 (Unaudited), the shareholding includes 9.62% of shares in the Company held by certain members of the Board of Directors comprising 96,245,362 shares (31 August 2024 (Audited): 9.62%, comprising 96,245,362 shares).

Terms and conditions of transactions with related parties

Except for the sukuk deposits (unsecured), other outstanding balances at the period-end are unsecured, interest free and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the six-month period ended 28 February 2025 (Unaudited), the Group has not recognised any provision for expected credit losses relating to amounts owed by the related parties (31 August 2024 (Audited): Nil).

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15 SHARE CAPITAL

	28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
Authorised, issued and fully paid up capital:		
1,000,000,000 ordinary shares of AED 1 each (Note 1)	<u>1,000,000,000</u>	<u>1,000,000,000</u>

The total proceeds received from the IPO subscription were AED 750,000,000. Of this, AED 250,000,000 had 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 had been classified as part of statutory reserve in accordance with Article 196 of the UAE Federal Decree Law No (32) of 2021 before deduction of the IPO transaction costs amounting to AED 20,297,275 that were directly attributable to issuance of such new shares.

16 OWN SHARES

During 2022-23, the Group had engaged a third-party licensed Market Maker on the Dubai Financial Market that offers liquidity provision services, to place buy and sell orders of the Group's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility.

At 28 February 2025 (Unaudited), the Market Maker held on behalf of the Group 2,245,789 (31 August 2024 (Audited): 5,935,113) of the Company's shares at par value and the Group recorded the premium paid over and above par value as own shares reserve of AED 11.8 million (31 August 2024 (Audited): AED 23.01 million), which is classified under equity as at 28 February 2025 (Unaudited).

The dividends from own shares earned during the six-month period ended 28 February 2025 (Unaudited) in proportion to the shareholding interest hold on the date of dividend declaration amounted to AED 8,292 (31 August 2024 (Audited): AED 1,448,731).

17 DIVIDENDS

During the shareholders' meeting dated 5 November 2024, the shareholders approved a dividend of AED 0.12 per share amounting to AED 120,000,000, of this, dividend amounting to AED 120,000,000 was paid during the six-month period ended 28 February 2025 (Unaudited) (2023: During the shareholders' meeting dated 31 October 2023, the shareholders approved a dividend of AED 0.11 per share amounting to AED 110,000,000, of this, dividend amounting to AED 110,000,000 was paid during the six-month period ended 29 February 2024 (Unaudited)).

As at 28 February 2025 (Unaudited), the Group has dividend payable amounting to AED 45,000 pertaining to 2021-22 (Note 10) (31 August 2024 (Audited): AED 45,000).

18 LEASES

i. Right-of-use assets

During the six-month period ended 28 February 2025 (Unaudited), the Group has entered into new lease agreements for a piece of land to construct a school and central office premises in Dubai. The addition to right-of-use assets during the six-month period ended 28 February 2025 (Unaudited) amounts to AED 12,751,269 (six-month period ended 29 February 2024 (Unaudited): AED 62,791,638). The amortisation charge for the six-month period ended 28 February 2025 (Unaudited) amounted to AED 9,213,883 (six-month period ended 29 February 2024 (Unaudited): AED 8,525,657).

There are no significant lease modifications during the six-month period ended 28 February 2025 and 29 February 2024 (Unaudited).

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18 LEASES (continued)

ii. Lease liabilities

During the six-period ended 28 February 2025 (Unaudited), the addition to lease liabilities amounts to AED 12,427,987 (six-month period ended 29 February 2024 (Unaudited): AED 62,791,638). The finance costs for the six-month period ended 28 February 2025 (Unaudited) amounted to AED 9,509,383 (six-month period ended 29 February 2024 (Unaudited): AED 7,153,557).

The Group has made payments of AED 11,214,753 towards lease liabilities during the six-month ended 28 February 2025 (Unaudited) (six-month ended 29 February 2024 (Unaudited): AED 12,257,413).

19 GUARANTEES, CONTINGENCIES AND CAPITAL COMMITMENTS

	28 February 2025 AED (Unaudited)	31 August 2024 AED (Audited)
(a) Capital commitments	320,857,189	148,182,646
(b) Bank guarantee	350,134,724	293,765,207

As at 28 February 2025 (Unaudited), the Group's capital commitments related to its on-going construction of Schools.

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 management agreement entered by the Group.
- (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 schools in Dubai, UAE
- (iv) guarantees issued by the Group in favor of Abu Dhabi Department of Education and Knowledge in relation to the construction of school in Abu Dhabi, UAE.

20 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 the chief operating decision maker for the purpose of making decision 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.

Geographic segments

As at 28 February 2025 (Unaudited), all of the business activities and operations of the Group are conducted in UAE.

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20 SEGMENT INFORMATION (continued)

Primary segment information

Segmental information is presented below:

Six-month period ended 28 February 2025 (In AED) (Unaudited):

	<i>School operations</i>	<i>Corporate head office</i>	<i>Consolidated</i>
Revenue			
External customers	648,756,284	-	648,756,284
Finance and other income			
Finance income	13,463,674	-	13,463,674
Other income	7,499,614	-	7,499,614
Gain on bargain purchase	10,290,264	-	10,290,264
Income from deferred government grant	1,166,664	-	1,166,664
Expenses			
Staff costs and other benefits	(322,686,194)	(4,447,134)	(327,133,328)
Operating and administrative expenses	(87,723,782)	(3,275,000)	(90,998,782)
Depreciation, impairment and amortization	(66,493,803)	-	(66,493,803)
Finance costs	(22,051,177)	-	(22,051,177)
Segmental profit	182,221,544	(7,722,134)	174,499,410

Three-month period ended 28 February 2025 (In AED) (Unaudited):

	<i>School operations</i>	<i>Corporate head office</i>	<i>Consolidated</i>
Revenue			
External customers	342,689,147	-	342,689,147
Finance and other income			
Finance income	6,338,266	-	6,338,266
Other income	1,839,187	-	1,839,187
Gain on bargain purchase	10,290,264	-	10,290,264
Income from deferred government grant	583,332	-	583,332
Expenses			
Staff costs and other benefits	(165,751,012)	(2,183,677)	(167,934,689)
Operating and administrative expenses	(43,610,038)	(1,637,500)	(45,247,538)
Depreciation, impairment and amortization	(35,743,551)	-	(35,743,551)
Finance costs	(12,561,327)	-	(12,561,327)
Segmental profit	104,074,268	(3,821,177)	100,253,091

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20 SEGMENT INFORMATION (continued)

Six-month period ended 29 February 2024 (In AED) (Unaudited):

	<i>School operations</i>	<i>Corporate head office</i>	<i>Consolidated</i>
Revenue			
External customers	548,651,347	-	548,651,347
Finance and other income			
Finance income	15,156,635	-	15,156,635
Other income	6,217,456	-	6,217,456
Income from deferred government grant	1,166,664	-	1,166,664
Expenses			
Staff costs and other benefits	(261,242,571)	(3,298,172)	(264,540,743)
Operating and administrative expenses	(67,115,234)	(2,835,000)	(69,950,234)
Depreciation, impairment and amortization	(47,071,156)	-	(47,071,156)
Finance costs	(7,628,280)	-	(7,628,280)
Segmental profit	188,134,861	(6,133,172)	182,001,689

Three-month period ended 29 February 2024 (In AED) (Unaudited):

	<i>School operations</i>	<i>Corporate head office</i>	<i>Consolidated</i>
Revenue			
External customers	282,139,042	-	282,139,042
Finance and other income			
Finance income	7,329,161	-	7,329,161
Other income	387,676	-	387,676
Income from deferred government grant	583,332	-	583,332
Expenses			
Staff costs and other benefits	(130,452,302)	(1,623,562)	(132,075,864)
Operating and administrative expenses	(28,070,042)	(1,417,500)	(29,487,542)
Depreciation, impairment and amortization	(24,142,043)	-	(24,142,043)
Finance costs	(3,949,756)	-	(3,949,756)
Segmental profit	103,825,068	(3,041,062)	100,784,006

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

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
Reconciliation of profit				
Segment profit	100,253,091	100,784,006	174,499,410	182,001,689
Rental income	1,049,281	396,705	1,666,419	790,482
Profit for the period before tax	101,302,372	101,180,711	176,165,829	182,792,171

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20 SEGMENT INFORMATION (continued)

Other segment information

Segment assets and liabilities comprise all assets and liabilities reflected in the interim condensed consolidated statement of financial position as at 28 February 2025 (Unaudited) and 31 August 2024 (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.

21 EARNINGS PER SHARE

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

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
Profit for the period	92,021,615	92,185,900	160,222,528	138,811,335
Weighted average number of shares in issue outstanding during the period*	999,179,225	988,573,208	997,682,765	988,367,611
Earnings per share – basic (AED)	0.09	0.09	0.16	0.14

*the weighted number of ordinary shares takes into account the weighted average effect of changes in own shares during the period.

22 FAIR VALUE MEASUREMENT

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of fees and other receivables, wakala deposits, short-term deposit, bank balance and sukuk deposits. 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. For retentions payable, management has assessed the fair value using the discounted cash flow analysis and concluded that such value is not significantly different to its carrying amount. 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.

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23 CURRENT INCOME TAX AND DEFERRED TAX

With the introduction of corporate tax in the United Arab Emirates, the Group is subject to corporate income tax at 9% on the taxable profits. The major components of income tax expense in the interim condensed consolidated statement of comprehensive income are:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
Current income tax				
Current income tax expense	(9,653,528)	(9,113,563)	(16,434,136)	(16,405,373)
Deferred tax				
Deferred income tax expense relating to origination and reversal of temporary differences	372,771	118,752	490,835	(27,575,463)
Income tax expense reported in the interim condensed consolidated statement of comprehensive income	(9,280,757)	(8,994,811)	(15,943,301)	(43,980,836)

Following is the reconciliation of current income tax expense and accounting profit:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>	<i>28 February 2025 AED (Unaudited)</i>	<i>29 February 2024 AED (Unaudited)</i>
Accounting profit for the period before tax	101,302,372	101,180,711	176,165,829	182,792,171
At the UAE statutory tax rate of 9% charged during the period	9,117,214	9,106,264	15,854,925	16,451,295
Adjustments in respect of standard deduction as per the Law*	-	-	(101,250)	(67,500)
Non-deductible expense for tax purpose:				
Entertainment expense (50% allowed as per the Law)	20,576	5,045	34,240	15,654
Fines and penalties (disallowed as per the Law)	-	2,254	-	5,924
Other expenses (disallowed as per the Law)	515,738	-	646,221	-
Total corporate income tax charge for the period	9,653,528	9,113,563	16,434,136	16,405,373
Effective tax rate	9.5%	9.0%	9.3%	9.0%

*With the acquisition of LLFPM on 6 November 2024, the Group has structured three separate tax groups for the purpose of submission of tax returns to the UAE Federal Tax Authority ("FTA") in accordance with Federal Decree Law No.(47) of 2022 concerning Corporate and Business Tax (the "law"). As per the law, maximum standard deduction applicable for each tax group is AED 375,000.

As at 28 February 2025 (Unaudited), income tax provision amounted to AED 34,016,604 (31 August 2024 (Audited): AED 16,706,004).

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23 CURRENT INCOME TAX AND DEFERRED TAX (continued)

The deferred tax liability comprises of the following temporary differences:

	<i>28 February 2025 AED (Unaudited)</i>	<i>31 August 2024 AED (Audited)</i>
Goodwill	21,599,798	21,599,798
Other intangible assets	9,901,405	3,254,781
Other fair value adjustments (mainly relates to property, plant and equipment)	10,099,170	2,483,504
	<u>41,600,373</u>	<u>27,338,083</u>
As at 28 February	<u>41,600,373</u>	<u>27,338,083</u>
	<i>28 February 2025 AED (Unaudited)</i>	<i>31 August 2024 AED (Audited)</i>

Reconciliation of deferred tax liabilities, net:

As at 1 September	27,338,083	-
Deferred tax (benefit) / expense during the period/year*	(490,835)	27,338,083
Deferred tax liability on acquisition during the period/year**	14,753,125	-
	<u>41,600,373</u>	<u>27,338,083</u>
As at 28 February 2025	<u>41,600,373</u>	<u>27,338,083</u>

*During the prior period, the deferred tax liability was recognised in relation to business combinations undertaken by the Company in UAE prior to the effective date of the enactment of the UAE CT law.

**During the six-month period ended 28 February 2025 (Unaudited), the deferred tax liability is recognised in relation to the business combination undertaken in UAE (Note 4 (b)).

For the purpose of determining income tax expense for the six-month period, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices. The Group has not identified any material risks or uncertainties in the structure from a corporate tax perspective and will continuously monitor further developments that could impact the tax profile of the Group.

Pillar Two Anti-Global Base Erosion Rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) has published the Pillar Two Anti-Global Base Erosion Rules ("GloBE Rules"), which are designed to address the tax challenges arising from the digitalisation of the global economy. These rules provides a coordinated system to ensure that multinational enterprises (MNEs) with revenue above Euro 750 million pay at least an effective tax rate of 15% in each of the jurisdiction in which they operate. The UAE published Federal Decree-Law No. 60 of 2023 on 24 November 2023. This law amends specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, as part of the UAE's commitment to the OECD guidelines.

On 11 February 2025, the Ministry of Finance of the United Arab Emirates (UAE) released Cabinet Decision No. 142 of 2024 regarding the Imposition of Top-Up Tax on Multinational Enterprises on its website. This decision provides further details on the UAE Domestic Minimum Top-up Tax (UAE DMTT), which will apply to fiscal years starting on or after 1 January 2025. The UAE DMTT aims to ensure that certain in-scope UAE entities of a multinational enterprise (MNE) meet a 15% effective tax rate (ETR) on profits derived in the UAE. As of 28 February 2025, the Group is not required to comply with the requirements of UAE DMTT. However, the Group will continue to monitor the related developments and assess any potential exposure in accordance with the relevant legislation.

24 SUBSEQUENT EVENTS

There were no significant events subsequent to the period-end that requires either adjustments or disclosures in the interim condensed consolidated financial statements.

25 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the presentation adopted in these interim condensed consolidated financial statements. Such reclassifications do not affect the previously reported interim condensed consolidated statement of comprehensive income or equity.