This is a non-certified translation of the original Arabic version of the Prospectus. This English version is provided for convenience only and does not constitute a legal document. Subscribers should only rely on the Arabic version of the Prospectus. In the case of any discrepancies or omissions, the Arabic version of the Prospectus shall prevail.

OFFER TO SUBSCRIBE FOR SHARES IN A PUBLIC SUBSCRIPTION IN THE UAE ONLY

Prospectus for the Public Offering of Shares in

Taaleem Holdings PJSC (Under conversion) (the "Company" or "Taaleem")

(under conversion in the Emirate of Dubai, United Arab Emirates, as a Public Joint Stock Company)

taaleem
inspiring young minds

Dated: 31 October 2022

This is the prospectus (the "**Prospectus**") for the offering of up to 285,000,000 (two hundred and eighty five million) ordinary shares with a nominal value of AED 1 (One dirham) each, representing 27.54% (twenty seven and fifty four hundredths per cent) of the issued share capital of the Company (the "**Offer Shares**") in a public subscription in the United Arab Emirates (the "**UAE**") only, by increasing the Company's issued share capital in a nominal amount corresponding with the value of the Offer Shares. The offer price will be in AED and determined based on the offer price range, which will be announced in a listing announcement that will be published on the same day and before opening of the Offer Period on 10 November 2022 (the "**Offer Price Range**"). The Offer Shares will be duly and validly issued as at the date of listing (the "**Listing**") of the ordinary shares in the capital of the Company (the "**Shares**") on the Dubai Financial Market (the "**DFM**").

The final offer price (the "Final Offer Price") and the final offering size (the "Final Offer Size") will be announced after the closing of the subscription. Please refer to the section on the Final Offer Price in the first section of this Prospectus which sets out a description of how the Final Offer Price will be calculated.

Except in the UAE, no action has been taken or will be taken in any jurisdiction that would permit a public subscription of the Offer Shares pursuant to this Prospectus or the possession, circulation, or distribution of this Prospectus. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any jurisdiction except in compliance with any applicable rules and regulations of any such jurisdiction.

Offer Period

The Offer Period for the First Tranche, the Second Tranche and the Third Tranche (as described in this Prospectus) starts on 10 November 2022 and is expected to close on 16 November 2022 for the First Tranche and Third Tranche and on 17 November 2022 for the Second Tranche

This is the initial public offering ("**Offering**"), including the offer to the Emirates Investment Authority ("**EIA**"), of up to 285,000,000 (two hundred and eighty five million) Shares in the capital of the Company, a public joint stock company ("**PJSC**") (under conversion) in the UAE and in the process of being converted from a private joint stock company to a PJSC. The Final Offer Price will be determined through the application of a book building process, whereby a subscription orders ledger will be created through the subscription orders made only by Professional Investors (as defined herein).

If all of the Offer Shares are subscribed for and allocated, the Offer Shares will represent 27.54% (twenty seven and fifty four hundredths per cent) of the total Shares. The Company reserves the right to amend the Offering and the tranche sizes at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the approval of the Securities and Commodities Authority ("**SCA**").

Prior to this Offering, the Shares have not been listed on any financial market and there has been no public market for the Shares. Following the closing of the Offer Periods in respect of the First Tranche, the Second Tranche and the Third Tranche and the completion of the conversion process of the Company from a private joint stock company to a PJSC, the Company will list its Shares on the DFM.

Date of the SCA's approval of this Prospectus: 27 October 2022.

This Prospectus contains data that has been submitted in accordance with the rules for issuance and disclosure issued by the SCA and this Prospectus has been approved by the SCA on 27 October 2022 under reference number 2022/923/G/CA. However, the SCA's approval of this Prospectus does not constitute an endorsement of the feasibility of any investment in the Offer Shares or a recommendation to subscribe for the Offer Shares; the approval only confirms that this Prospectus contains the minimum information required in accordance with the applicable rules issued by the SCA with respect to prospectuses. The SCA is not responsible for the accuracy, completeness or adequacy of the information contained in this Prospectus and the SCA does not bear any responsibility for any damages or losses incurred by any person as a result of relying on this Prospectus or any part of it. The members of the Company's Founders' Committee bear full responsibility regarding the validity of the information and data contained in this Prospectus, and they confirm, to the extent of their knowledge and belief, and subject to due diligence and after conducting reasonable enquiries, that there are no other facts or material information, which were not included in this Prospectus that renders any statement contained therein misleading to the Subscribers or which may influence their decision to invest.

Method of sale of the Offer Shares in a public subscription

The Offer Shares represent up to 285,000,000 (two hundred and eighty five million) Shares which will be sold by the Company in a public offering. The Final Offer Price will be determined through the application of a book building process, whereby a subscription orders ledger will be created through the subscription orders made only by Professional Investors. The Company reserves the right to amend the Offering and the size of the tranches at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the SCA's approval.

In creating the subscription orders ledger, the Offer Shares subscribed to by Professional Investors will constitute the Offer Shares used in calculating the Final Offer Price of each Offer Share. In order for the subscription to succeed, the subscription percentage of the Professional Investors must not be less than 60%, and the subscription percentage of First Tranche and Third Tranche Subscribers must not be more than 40%, of the Offer Shares in aggregate.

If the First Tranche is not subscribed to in full, the remaining Offer Shares will be allocated to the Second Tranche. If the Third Tranche is not subscribed to in full, the remaining Offer Shares will be allocated to the Second Tranche The Receiving Banks shall refund the oversubscription amounts received from the First Tranche and the Third Tranche Subscribers for the Offer Shares and any earned profit on such amounts within 5 (five) working days from the date on which all allocations of Offer Shares to successful First Tranche and Third Tranche Subscribers and Professional Investors are determined.

The Company and the Founders may not, whether directly or indirectly or through any of their subsidiaries, subscribe for any of the Offer Shares.

Book Building Mechanism

Book building is a mechanism carried out during the Offering which assists in determining the Final Offer Price.

The book building process comprises the following steps:

The Company hires one or more investment banks to act as lead manager(s) who are licensed by SCA to carry out on behalf of the Company the management of the Offering, and to provide advice related to the Offering, and to coordinate with SCA and the Offering Participants and to assist the Company in determining the price range at which the security can be sold and drafting a prospectus to send out to the investors.

The appointed Joint Lead Managers invite certain qualified investors, typically institutional and sophisticated investors and fund managers, to submit bids for the number of shares that they are interested in purchasing and the prices at which they would be willing to pay for such shares. The qualified investors' bids are recorded in a register specifically for recording the subscription orders for the shares being offered.

The book is 'built' by listing and evaluating the aggregated demand for the share offer from the submitted bids. The investment banks analyze the subscription orders register from qualified investors and, based on that analysis, determine with the company the final price for the shares, which is termed the final offer price.

Shares are then allocated to the accepted qualified investor bidders, at the discretion of the company.

A list of further definitions and abbreviations is provided in the *"Definitions and Abbreviations"* section of this Prospectus.

Tranche Structure

I. First Tranche

The First Tranche offer will be made pursuant to this Prospectus. 10% (ten per cent) of the Offer Shares, amounting to up to 28,500,000 (twenty eight million and five hundred thousand) Shares, are allocated to the First Tranche, which is restricted to the following persons:

A Individual Subscribers

Natural persons (including natural persons constituting Assessed Professional Investors (as described under the Second Tranche who do not participate in the Second Tranche)) who hold a NIN with the DFM and have a bank account in the UAE (except for any person who is resident in the United States within the meaning of the US Securities Act 1933, as amended (the "**US Securities Act**")). There is no citizenship or residence requirement in order to qualify as an Individual Subscriber.

Minors are permitted to apply for Offer Shares in accordance with the procedures applied by the Receiving Banks and the laws in force in this regard.

B Other investors

Other investors (companies and establishments) who do not participate in the Second Tranche that hold a NIN with the DFM and have a bank account in the UAE (except for any person who is resident in the United States within the meaning of the US Securities Act).

If all of the Offer Shares in the First Tranche are not fully subscribed, the unsubscribed Offer Shares will be made available to Professional Investors, or alternatively (in consultation with the SCA), the Company may (i) extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche, or (ii) close the Offering at the level of applications received.

All First Tranche Subscribers must hold a DFM Investor Number ("NIN").

The Company reserves the right to amend the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares.

The minimum application size for First Tranche Subscribers is AED 5,000 (five thousand UAE dirhams) with any additional application to be made in increments of at least AED 1,000 (one thousand UAE dirhams).

There is no maximum application size for First Tranche Subscribers.

II. Second Tranche

88% (eighty eight per cent) of the Offer Shares, amounting to up to 250,800,000 (two hundred and fifty million and eight hundred thousand) Shares are allocated to the Second Tranche, which is restricted to "**Professional Investors**" (as defined in the SCA Board of Directors' Chairman Decision No.13/R.M of

2021 (as amended from time to time)), which specifically include those investors which can be categorised in the following manner:

a) **“Deemed Professional Investors”** which include:

i international corporations and organisations whose members are states, central banks or national monetary authorities;

ii *governments*, government bodies, government institutions, their investment and non-investment bodies and companies wholly owned by any of them;

iii central banks or national monetary authorities in any country, state or legal authority;

iv capital market institutions licensed by the SCA or regulated by a supervisory authority equivalent to the SCA;

v financial institutions;

vi regulated financial institutions, local or foreign mutual investment funds, regulated pension fund management companies and regulated pension funds;

vii any entity whose main activity represents investment in financial instruments, asset securitisation or financial transactions;

viii any company whose shares are listed or accepted to trade in any market of an IOSCO member country;

ix a trustee of a trust which has, during the past 12 months, assets of AED 35,000,000 (thirty-five million UAE dirhams) or more;

x licensed family offices with assets of AED 15,000,000 (fifteen million UAE dirhams) or more;

xi joint ventures and associations which have or had, at any time during the past two years, net assets of AED 25,000,000 (twenty-five million UAE dirhams) or more (excluding partner and shareholder loans); and

xii a body corporate who fulfils (on the date of its last financial statements) a “large undertaking” test, whereby it fulfils at least two of the following requirements:

- holds total assets of AED 75,000,000 (seventy-five million UAE dirhams) or more (excluding short-term liabilities and long-term liabilities);
- has a net annual revenue of AED 150,000,000 (one hundred and fifty million UAE dirhams) or more; or
- an aggregate total of cash and investments on its balance sheet; or total equity (after deducting paid up share capital), of not less than AED 7,000,000 (seven million UAE dirhams).

b) **“Assessed Professional Investors”** which include:

i a natural person who owns net assets, excluding the value of their main residence, of not less than AED 4,000,000 (four million UAE dirhams) (an “HNWI”);

ii a natural person who is:

- approved by the SCA or a similar supervisory authority;
- an employee of a licensed entity or a regulated financial institution who has been employed for the past two years;
- assessed to have sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment); or
- represented by an entity licensed by the SCA;

iii a natural person (the "**account participant**") with a joint account for investment management with an HNWI (the "**main account holder**"), provided that each of the following conditions is satisfied:

- the account participant must be an immediate or second degree relative of the main account holder;
- the account is used to manage the investments of the main account holder and its subscribers; and
- written confirmation is obtained from the subscriber (i.e. the account participant) confirming that investment decisions relating to the joint investment account are made on their behalf by the main account holder;

iv a special purpose vehicle or trust established for the purpose of managing an investment portfolio of assets for an HNWI; and

v an undertaking which satisfies the following requirements:

- it maintains an aggregate total of cash and investments on its balance sheet or total equity (after deducting paid up share capital) of no less than AED 4,000,000 (four million UAE dirhams);
- it is assessed to have sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment);
- it has a controller (e.g. a person controlling the majority of the shares or voting rights in the relevant undertaking or possesses the ability to appoint or remove the majority of the relevant undertaking's board of directors),
- a holding or subsidiary company; or
- a joint venture partner that meets the definition of a Deemed Professional Investor or an Assessed Professional Investor.

Who, in each case, has been approved by the Company, in consultation with the Joint Lead Managers and to which the following characteristics apply: (a) a person outside the United States to whom an offer can be made in reliance on Regulation S under the US Securities Act; (b) a person in the DIFC to whom an offer can be made in accordance with the Markets Rules (MKT) Module of the DFSA Rulebook, and made only to persons who meet the “Deemed Professional Client” criteria set out in the Conduct of Business (COB) Module of the DFSA Rulebook and who are not natural persons; or (c) a person in the ADGM to whom an offer can be made in accordance with the Financial Services Regulatory Authority (the “**FSRA**”) Financial Services and Markets Regulations (the “**FSMR**”) and the FSRA Market Rules and made only to persons who are “Authorised Persons” or “Recognised Bodies” (as such terms are defined in the FSMR) or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of the FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

All Professional Investors must hold a NIN with the DFM.

If not all of the Offer Shares in the Second Tranche are fully subscribed, the Offering will be withdrawn.

The Company reserves the right to amend the size of the Second Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.

The minimum application size for Professional Investors is AED 1,000,000 (one million UAE dirhams).

There is no maximum application size for Professional Investors.

III. Third Tranche

The Third Tranche offer will be made pursuant to this Prospectus. 2% (two per cent) of the Offer Shares, representing 5,700,000 (five million and seven hundred thousand) Shares are allocated to the Third Tranche, which is restricted to the following persons:

a) Eligible Employees; and

b) Eligible Parents.

If all of the Offer Shares in the Third Tranche are not fully subscribed for, the unsubscribed Offer Shares will be available to the First Tranche Subscribers or to the Second Tranche Subscribers, or alternatively (in consultation with the SCA) the Company may (i) extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche and/or (ii) close the Offering at the level of applications received.

The Company reserves the right to amend the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.

All Third Tranche Subscribers must hold a NIN with the DFM.

The minimum application size for subscribers in this Tranche is AED 5,000 (five thousand UAE dirhams) with any additional application in increments of at least AED 1,000 (one thousand UAE dirhams).

There is no maximum application size for subscribers in this tranche.

IV. Emirates Investment Authority (EIA)

Up to 14,250,000 (fourteen million and two hundred and fifty thousand) Offer Shares representing 5% (five per cent) of all the Offer Shares are reserved for the EIA, in accordance with the requirements of Article 127 of Federal Law By Decree No. 32 of 2021 on Commercial Companies (as amended from time to time) (the "Companies Law"). Offer Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Professional Investors.

Every Subscriber must hold a NIN with the DFM and a bank account number in order to be eligible to apply for Offer Shares. Subscribers may apply for Offer Shares in only one tranche. In the event a person applies for Offer Shares in more than one tranche, the Receiving Banks and the Joint Lead Managers may disregard one or both of such applications.

The approval of the SCA has been obtained for publication of this Prospectus for the sale of the Offer Shares in a public subscription in the UAE (outside the ADGM and the DIFC). The Shares have not been registered with any other regulatory authority in any other jurisdiction.

The publication of the Arabic version of this Prospectus has been approved by the SCA in accordance with the provisions of the Companies Law on 27 October 2022.

A copy of the offering document for the Second Tranche (in English only), referred to as the "Second Tranche Document", which was not reviewed, endorsed or approved by the SCA, will be available at www.taaleem.ae/IPO/. No information contained in, or referred to in, the Second Tranche Document, forms part of, or is incorporated into, this Prospectus.

Investment in the Offer Shares involves a high degree of risk. Prospective Subscribers should carefully read the "*Investment Risks*" section of this Prospectus to inform themselves about factors that should be considered before investing in the Offer Shares.

This Prospectus was issued on 31 October 2022.

This Prospectus is available on the website of the Company: www.taaleem.ae/IPO/

Name and Contact Details of the Offer Participants

Joint Lead Managers	
EFG Hermes UAE LLC Office 106, The Offices 3, One Central, DWTC P.O. Box 112736 Dubai United Arab Emirates	**Emirates NBD Capital PSC** 1st Floor, Emirates NBD Head Office Building Baniyas Road, Deira P.O Box 2336 Dubai, United Arab Emirates

Lead Receiving Bank
Emirates NBD Bank PJSC Headquarters Baniyas Road, Deira P.O. Box 777 Dubai, United Arab Emirates
Receiving Banks
As per the list of banks attached in Annex (3) to this Prospectus
IPO Subscription Legal Counsel
Legal advisor to the Company as to English and U.S. law **White & Case LLP** Level 6, Burj Daman, Al Mustaqbal Street, PO Box 9705, DIFC Dubai, United Arab Emirates
Legal advisor to the Company as to UAE law **IBRAHIM .N. PARTNERS** 24th Floor Al Sila Tower ADGM Square Tel: (971) 2694 8668 E-mail: Info@inp.legal P.O. Box 5100746 Abu Dhabi, United Arab Emirates
Legal advisor to the Joint Lead Managers as to English, UAE and U.S. law **Clifford Chance LLP** Level 15, Burj Daman Dubai International Financial Centre P.O. Box 9380 Dubai, United Arab Emirates

Independent Auditors to the Company

As of and for the year ended 31 August 2022 **Ernst & Young Middle East (Dubai Branch)** ICD Brookfield Place, Al Mustaqbal Street, P.O. Box 9267 Dubai, United Arab Emirates

IPO Subscription Auditors
Deloitte & Touche (M.E) Emaar Square Building 3 Downtown Dubai P.O. Box 4254 Dubai, United Arab Emirates

Investor Relations contact
Maher Rabah Tel: +971 (0)4 349 8806 E-mail address: MRabah@taaleem.ae Dubai, United Arab Emirates
This Prospectus is dated 31 October 2022

IMPORTANT NOTICE

(To be read carefully by all Subscribers)

- This Prospectus is intended to provide potential Subscribers with information to assist in deciding whether or not to apply for Offer Shares. Potential Subscribers should read this Prospectus in its entirety, and carefully review, examine and consider all data and information contained in it, before deciding whether or not to apply for Offer Shares (and, in particular, "*Investment Risks*"), as well as the Memorandum of Association and Articles of Association of the Company, when considering making an investment in the Company.

- In making an investment decision, each potential Subscriber must rely on its own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved and obtain any necessary advice from his or her legal and financial advisors regarding the investment. An investment in Offer Shares entails considerable risks. Potential Subscribers should not apply for Offer Shares unless they are able to bear the loss of some or all of that investment.

- Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering the subscription in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than considering whether or not to apply for Offer Shares under the First Tranche. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

- The contents of this Prospectus should not be construed as legal, financial or tax advice.

- The information contained in this Prospectus shall not be subject to revision or addition without securing the approval of the SCA and informing the public of such revision or addition by publication in two daily newspapers in circulation in the UAE in accordance with the rules issued by the SCA. The Company reserves the right to cancel the Offering at any time and at its sole discretion with the prior written approval of the SCA.

- The Offer Shares are being offered under this Prospectus for the purpose of subscription in the UAE only. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Offer Shares or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Offer Shares by any person in any jurisdiction outside of the UAE (including the ADGM and the DIFC).

- This Prospectus is not being published or distributed, and must not be forwarded or transmitted, in or into or to any jurisdiction outside the UAE (including the ADGM and the DIFC). The Offer Shares have not been registered with any regulatory authority in any jurisdiction other than the SCA.

- If the Offer Shares are offered in another jurisdiction, the Offer Shares shall be offered in a manner that is compliant with the applicable laws and rules and acceptable to the relevant authorities in the relevant jurisdiction.

- This Prospectus is not intended to constitute a financial promotion, offer, sale or delivery of shares or other securities under the ADGM Financial Services Regulatory Authority ("**FSRA**") Markets Rules or the DIFC Markets Law or under the DIFC Markets Rules.

- The Offering has not been approved or licensed by the FSRA or the DFSA, and does not constitute an offer of securities in the ADGM in accordance with the FSRA Market Rules or in the DIFC in accordance with the DIFC Markets Law or the Markets Rules (MKT) Module of the DFSA Rulebook.

- The publication of this Prospectus has been approved by the SCA. The SCA's approval of the publication of this Prospectus shall neither be deemed as an endorsement or approval of the subscription feasibility nor a recommendation of investment, but it means only that the minimum requirements according to the issuance rules and information disclosure applicable to prospectuses and issued by the SCA have been met. The SCA and the DFM shall not be held liable for the accuracy, completeness or sufficiency of the information contained in this Prospectus, nor shall they be held liable for any damage or loss suffered by any person due to reliance upon this Prospectus or any part thereof.

This Prospectus was approved on 27 October 2022.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

A. Historical financial information

The Group's audited consolidated financial statements as of and for the years ended 31 August 2020, 2021, and 2022 have been included in this Prospectus.

Certain comparative figures as at and for the year ended 31 August 2021 are reclassified to conform to the 31 August 2022 classification or presentation. There is no impact on profit for the year ended 31 August 2021 or total equity as at 31 August 2021 and such reclassifications were made to achieve a clearer presentation of the consolidated financial statements. The reclassified financial information as at and for the year ended 31 August 2021 is extracted or derived from the Group's audited consolidated financial statements as at and for the year ended 31 August 2022. All other financial information as at and for the years ended 31 August 2021 relating to the Group and included in this Prospectus is extracted from the Group's audited consolidated financial statements as at and for the year ended 31 August 2021.

B. Currency presentation

Unless otherwise indicated, all references in this Prospectus to:

- "**UAE dirham**" or "**AED**" are to the lawful currency of the United Arab Emirates; and
- "**U.S. dollars**" or "**U.S.$**" are to the lawful currency of the United States.

The value of the UAE dirham has been pegged to the U.S. dollar at a rate of AED 3.6725 per U.S.$1 since 1997. All AED/U.S.$ conversions in this Prospectus have been calculated at this rate.

C. Rounding

Certain data in this Prospectus, including financial, statistical and operating information, has been rounded. For example, contracts that are stated to have a ten-year term, are typically for just under ten years and have been rounded. Furthermore, as a result of such rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 percent.

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believe”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding intentions, beliefs and current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, and dividend policy and the industry in which the Company operates.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts as of the date of this Prospectus involve predictions. No assurance can be given that such future results will be achieved.

There is no obligation or undertaking to update the forward-looking statements contained in this Prospectus to reflect any change in beliefs or expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by (i) the applicable laws of the UAE or (ii) as a result of an important change with respect to a material statement in this Prospectus.

Actual events or results may differ materially as a result of risks and uncertainties that the Company faces. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Please refer to “*Investment Risks*” for further information.

IMPORTANT INFORMATION

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering making an investment in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than considering an investment in the Offer Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

Prior to making any decision as to whether to invest in the Offer Shares, prospective Subscribers should read this Prospectus in its entirety (and, in particular, the section headed "*Investment Risks*") as well as the Memorandum of Association and Articles of Association of the Company. In making an investment decision, each Subscriber must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

No person is authorised to give any information or to make any representation or warranty in connection with the Offering or the Offer Shares which is not contained in this Prospectus and, if given or made, such information or representation must not be relied on as having been so authorised by the Company, or the other Offer Participants. By applying for Offer Shares, a Subscriber acknowledges that (i) they have relied only on the information in this Prospectus and (ii) no other information has been authorised by the Company, any Offer Participants, the Joint Lead Managers or the Company (the "**Advisors**").

No person or Advisor, except the Joint Lead Managers and the Receiving Banks set out on pages 8 and 9 are participating in, receiving subscription funds from, or managing, the public offering of the Offer Shares in the UAE.

Neither the content of the Company's website or any other website, nor the content of any website accessible from hyperlinks on any of such websites, forms part of, or is incorporated into, this Prospectus, and neither the Company, any other Offer Participant, nor any Advisor bears or accepts any responsibility for the contents of such websites.

None of the Company, the Offer Participants, the Joint Lead Managers or the Advisors accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company, the Offering or the Offer Shares. None of the Company, the Offer Participants, the Joint Lead Managers or the Advisors makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

None of the Company, any of the Offer Participants, the Joint Lead Managers or the Advisors, warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Statements contained in this Prospectus are made as at the date of this Prospectus unless some prior time is specified in relation to them and the publication of this Prospectus (or any action taken pursuant to it) must not be interpreted as giving rise to any implication that there has been no change in the condition, facts or affairs of the Company since such date.

This Prospectus may be subject to revision, with the prior written approval of the SCA. Any revision will become effective only after it has been announced in two daily newspapers circulating in the UAE. The Company reserves the right, with the prior approval of the SCA, to withdraw this Prospectus and cancel the Offering at any time and in its sole discretion. Neither the delivery of this Prospectus nor any sale made under it may, under any circumstances, be taken to imply that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in it is correct as of any subsequent time.

Emirates NBD Capital PSC and EFG Hermes UAE LLC have been appointed as joint lead managers (the "**Joint Lead Managers**"), each of whom is licensed by the SCA on 10/10/2018, and 5/11/2017, respectively and will manage the issuance, marketing and promotion of the Offer Shares in the UAE and coordinate with the Company, the SCA and the other Offer Participants with regard to the offering of the Offer Shares in the UAE. Emirates NBD Bank PJSC has also been appointed as the lead receiving bank (the "**Lead Receiving Bank**") and, in its capacity as such, is responsible for receiving the subscription amounts set out in this Prospectus in accordance with the rules and laws applicable in and within the UAE under the First Tranche and the Second Tranche.

Each of the Offer Participants shall be liable for its participation in the Offering, including the Company and the Founders' Committee, with regard to the validity of the information contained in this Prospectus within the limits of the scope of work and expertise of each Offer Participant.

The Joint Lead Managers are acting exclusively for the Company and no one else in connection with the Offering and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offering.

The Joint Lead Managers may have engaged (directly or through their respective affiliates) in transactions with, and provided various investment banking, financial advisory and other services for, the Company for which they would have received customary fees. Any previous transactions between the Joint Lead Managers and the Company do not constitute any conflict of interest between them.

The members of the Founders' Committee (whose names are set out in this Prospectus) assume responsibility for the completeness, accuracy and verification of the contents of this Prospectus. They declare that they have carried out appropriate due diligence investigations and, to the best of their knowledge and belief, the information contained in this Prospectus is, at the date hereof, factually accurate, complete and correct in all material respects and that there is no omission of any information that would make any statement in this Prospectus materially misleading.

In accordance with Article 121 of the Companies Law, each of the Offer Participants shall exercise the care of a prudent person, and each of them or their delegates shall be responsible for the performance of their duties.

This Prospectus contains data submitted according to the issuance and disclosure rules issued by the SCA.

In making an investment decision, each potential Subscriber must rely on its own examination and analysis having reviewed the information contained in this Prospectus (in its entirety), such information having been provided by the Company and the members of the Founders' Committee whose names are set out in this Prospectus.

No action has been taken or will be taken in any jurisdiction other than the UAE that would permit a public subscription or sale of the Offer Shares or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any country or jurisdiction where any action for that purpose is required. Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offer material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes must inform themselves of and observe all such restrictions.

None of the Company, any Offer Participants, the Joint Lead Managers or the Advisors accepts any responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to purchase Offer Shares by any person, whether or not a prospective purchaser of Offer Shares in any jurisdiction outside the UAE (including the ADGM and the DIFC), and whether such offer or solicitation was made orally or in writing, including by electronic mail. None of the Company, the Offer Participants, the Joint Lead Managers or the Advisors (or their respective representatives) makes any representation to any potential Subscriber regarding the legality of applying for Offer Shares by such potential Subscriber under the laws applicable to such potential Subscriber.

This Prospectus was approved by the SCA on 27 October 2022.

Definitions and Abbreviations

ADGM	Abu Dhabi Global Market.
AED or UAE Dirham	The lawful currency of the United Arab Emirates.
Articles of Association	The articles of association of the Company, as set out in Annex (2).
Board	The board of Directors of the Company.
Closing Date	16 November 2022 for the First Tranche and the Third Tranche and 17 November 2022 for the Second Tranche.
Companies Law	Federal Law by Decree No. 32 of 2021 on Commercial Companies (as amended from time to time).
"Company" or "Taaleem"	Taaleem Holdings PJSC (under conversion in the Emirate of Dubai, United Arab Emirates, as a Public Joint Stock Company), which is being converted from a private joint stock company to a public joint stock company in the Emirate of Dubai, UAE, pursuant to the applicable laws of the UAE.
DET	Dubai Economy and Tourism Department in the UAE.
DFM	Dubai Financial Market in the UAE.
DFSA	Dubai Financial Services Authority in the UAE.
DIFC	Dubai International Financial Centre.
Directors	The Executive Directors and the Non-Executive Directors.
EIA	Emirates Investment Authority in the UAE.
Electronic Applications	Applications via online internet / mobile banking and ATMs as provided by the Receiving Banks to the First Tranche and the Third Tranche Subscribers.
Eligible Employees	individuals who are employed by the Group and possess an active employee unique identification number as at the date of publication of this Prospectus.

Executive Directors	The executive directors of the Company.
Final Offer Price	The offer price at which all the Subscribers in the First Tranche, the Second Tranche and the Third Tranche will purchase each Offer Share. The Final Offer Price of each Offer Share will be determined following a book building process for the Second Tranche and following consultation between the Joint Lead Managers and the Company. The Offer Shares of the Professional Investors must represent all of the Offer Shares used to calculate the Final Offer Price of each Offer Share. Following closing of the Second Tranche, the Company will publish an announcement setting out the Final Offer Price, which will be published in two Arabic local daily newspapers and one English newspaper in the UAE and on the Company's website: www.taaleem.ae/IPO/.
Final Offer Size	The final number of the Offer Shares that will be offered for sale by the Company and which will be determined following closing of the Second Tranche.
Financial Statements	The Group's audited consolidated financial statements including the notes thereto, included in this Prospectus as of and for the years ended 31 August 2020, 2021 and 2022.
Financial year	The Company's fiscal year begins on September 1 and ends on August 31 of each year.
First Tranche	The offer of the Offer Shares in the UAE to First Tranche Subscribers.
First Tranche Subscribers	Individual Subscribers and other investors (including natural persons, companies and establishments) who do not participate in the Second Tranche or the Third Tranche and who hold a NIN with the DFM and have a bank account in the UAE.
Founders	Each of the shareholders of the Company as at the date of this Prospectus, listed in Annex (6) hereto.
FSMR	Financial Services and Markets Regulations 2015.

FSRA	ADGM Financial Services Regulatory Authority.
FTS	UAE Central Bank Funds Transfer System method.
GCC	Gulf Cooperation Council countries comprising the United Arab Emirates, Kingdom of Saudi Arabia, Sultanate of Oman, State of Qatar, State of Kuwait and Kingdom of Bahrain.
Governance Rules	The Chairman of the SCA's Board of Directors' Decision No. (3/R.M) of 2020 Concerning Approval of Joint Stock Companies Governance Guide (as amended from time to time).
Group	Taaleem and its subsidiaries.
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board.
Individual Subscribers	Natural persons who hold a NIN with the DFM and have a bank account in the UAE (including natural persons constituting Assessed Professional Investors who do not participate in the Second Tranche). There is no other citizenship or residence requirement.
iVESTOR Card	A VISA pre-paid smart card issued for Subscribers registered with the DFM and subject to the iVESTOR Card terms and conditions available on the DFM website (https://www.dfm.ae).
Joint Lead Managers	Emirates NBD Capital PSC and EFG Hermes UAE LLC.
Lead Receiving Bank	Emirates NBD Bank PJSC.
Listing of the Shares or Listing	Following the closing of the subscription, the allocation to successful Subscribers and the incorporation of the Company following its conversion from a private joint stock company to a PJSC with the relevant authorities in the UAE, the Company will apply to list and admit to trading all of its Shares on the DFM. Trading in the Shares on the DFM will be effected through the DFM Share Registry.
Manager's Cheque	Certified bank cheque drawn on a bank licensed and operating in the UAE.

Memorandum of Association	The memorandum of association of the Company, as set out in Annex (2).
Minimum Subscription	The minimum subscription for Offer Shares in the First Tranche and the Third Tranche has been set at AED 5,000 (five thousand UAE dirhams), with any additional investment to be made in increments of at least AED 1,000 (one thousand UAE dirhams). The minimum subscription for Offer Shares in the Second Tranche has been set at AED 1,000,000 (one million UAE dirhams).
NIN	A national investor number that a Subscriber must obtain from the DFM for the purposes of subscription.
Non-Executive Directors	The non-executive directors of the Company.
Offering	The public subscription of up to 285,000,000 (two hundred and eighty five million) Shares of the total Shares of the Company which are being offered for sale by the Company. The Company reserves the right to amend the Offering and the tranches size at any time prior to the end of the subscription period in its sole discretion, subject to the applicable laws of the UAE and the approval of the SCA.
Offering Participants	The entities listed on pages 8 to 10 of this Prospectus.
Offer Period	The subscription period for the First Tranche and Third Tranche starts on 10 November 2022 and will close on 16 November 2022. The subscription period for the Second Tranche starts on 10 November 2022 and will close on 17 November 2022.
Offer Price Range	The Offer Shares are being offered at an offer price range that will be published on the first day of the Offer Period and before opening the subscription period.
Offer Shares	Up to 285,000,000 (two hundred and eighty five million) Shares which will be offered by the Company in a public subscription process. The Company reserves the right to amend the Offering and the tranches size at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the approval of the SCA.

Eligible Parents	individuals who are parents of at least one pupil who is enrolled within any of the following schools and possess a parent unique identification number as at the date of publication of this Prospectus: *Dubai British School - Emirates Hills* *Dubai British School - Jumeirah Park* *Dubai British School - Jumeirah Park Foundation* *Jebel Ali School* *American Academy for Girls* *Jumeirah Baccalaureate School* *Uptown International School* *Greenfield International School* *Raha International School – Gardens Campus* *Raha International School – Khalifa City Campus* *Dubai Schools - Al Barsha* *Dubai Schools - Mirdif* *Dubai Schools - Nad Al Sheba*
Professional Investors	"Professional Investors" as defined in the SCA Board of Directors' Chairman Decision No.13/R.M of 2021 (as amended from time to time), which specifically include those investors which can be categorised in the following manner: • "**Deemed Professional Investors**" which include: i. international corporations and organisations whose members are states, central banks or national monetary authorities; ii. governments, government bodies, government institutions, their investment and non-investment bodies and companies wholly owned by any of them; iii. central banks or national monetary authorities in any country, state or legal authority;

	iv. capital market institutions licensed by the SCA or regulated by a supervisory authority equivalent to the SCA; v. financial institutions; vi. regulated financial institutions, local or foreign mutual investment funds, regulated pension fund management companies and regulated pension funds; vii. any entity whose main activity represents investment in financial instruments, asset securitisation or financial transactions; viii. any company whose shares are listed or accepted to trade in any market of an IOSCO member country; ix. a trustee of a trust which has, during the past 12 months, assets of AED 35,000,000 or more; x. licensed family offices with assets of AED 15,000,000 or more; xi. joint ventures and associations which have or had, at any time during the past two years, net assets of AED 25,000,000 or more (excluding partner and shareholder loans); xii. a body corporate who fulfils (on the date of its last financial statements) a "large undertaking" test, whereby it fulfils at least two of the following requirements: • holds total assets of AED 75,000,000 or more (excluding short-term liabilities and long-term liabilities); • has a net annual revenue of AED 150,000,000 or more; or • an aggregate total of cash and investments on its balance sheet; or total equity (after deducting paid up share capital), of not less than AED 7,000,000. • "**Assessed Professional Investors**" which include: i. a natural person who owns net assets, excluding the value of their main residence, of not less than AED 4,000,000 (an "**HNWI**"); ii. a natural person who is:

	• approved by the SCA or a similar supervisory authority; • an employee of a licensed entity or a regulated financial institution who has been employed for the past two years; • assessed to have sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment); or • represented by an entity licensed by the SCA; iii. a natural person (the "account participant") with a joint account for investment management with an HNWI (the "main account holder"), provided that each of the following conditions are satisfied: • the "account participant" must be an immediate or second degree relative of the "main account holder"; • the account is used to manage the investments of the "main account holder" and their subscribers; and • written confirmation is obtained from the subscriber (i.e. the "account participant") confirming that investment decisions relating to the joint investment account are made on their behalf by the "main account holder"; iv. special purpose vehicles and trusts established for the purpose of managing an investment portfolio of assets for an HNWI; and v. an undertaking which satisfies the following requirements: • it maintains an aggregate total of cash and investments on its balance sheet; or its total equity (after deducting paid up share capital), is not less than AED 4,000,000; and • it is assessed to have sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment); or

	• it has a controller (e.g. a person controlling the majority of the shares or voting rights in the relevant undertaking or who possesses the ability to appoint or remove the majority of the relevant undertaking's board of directors); • a holding or subsidiary company; • or a joint venture partner that meets the definition of a Deemed Professional Investor or an Assessed Professional Investor, who, in each case, has been approved by the Company, in consultation with the Joint Lead Managers and to which the following characteristics apply: (a) a person outside the United States to whom an offer can be made in reliance on Regulation S; (b) a person in the DIFC to whom an offer can be made in accordance with the Markets Rules (MKT) Module of the DFSA Rulebook, and made only to persons who meet the "Deemed Professional Client" criteria set out in the Conduct of Business (COB) Module of the DFSA Rulebook and who are not natural persons; or (c) a person in the ADGM to whom an offer can be made in accordance with the FSMR and the FSRA Market Rules and made only to persons who are "Authorised Persons" or "Recognised Bodies" (as such terms are defined in the FSMR) or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of the FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.
Receiving Banks	The group of banks led by the Lead Receiving Bank, comprising that bank and the list of receiving banks attached in Annex (3) to this Prospectus.
Regulation S	Regulation S under the US Securities Act.
SCA	The Securities and Commodities Authority of the UAE.
Second Tranche	The offer of Offer Shares to Professional Investors made under the Second Tranche Document.
Second Tranche Document	The Second Tranche offer document has been drafted in a specific manner to be addressed only to Professional Investors subscribing for Offer Shares in the Second Tranche and in compliance with the laws and regulations of the relevant jurisdictions specified therein and acceptable to such jurisdictions, which has not been reviewed,

	endorsed or approved by the SCA, and such offer document (including the information contained therein) does not form part of this Prospectus. The offer document for the Second Tranche will be available on the Company's website: www.taaleem.ae/IPO/.
Shareholder	A holder of Shares.
Shares	The ordinary shares of the Company with a nominal value of AED 1 (one dirham) each.
SMS	Short Message Service.
Subscriber	A natural or juridical applicant, in either case who applies for subscription in the Offer Shares.
Third Tranche	The offer of the Offer Shares in the UAE to the Third Tranche Subscribers.
Third Tranche Subscribers	Eligible Employees and Eligible Parents
UAE	United Arab Emirates.
UAE Central Bank	The Central Bank of the UAE.
United States or U.S.	The United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia.
US Securities Act	The US Securities Act of 1933, as amended.

First Section: Subscription terms and conditions

Key details of the Offer Shares offered for sale to the public

- **Name of the Company:** Taaleem Holdings PJSC (under conversion).
- **Commercial license number of the Company**: 591478 by the DET.
- **Company head office**: office 105, 1st Floor, Century Plaza, Jumeirah Beach Road, P.O. Box 76691, Dubai, United Arab Emirates.
- **Share capital**: The share capital of the Company as at the date of Listing, assuming all Offer Shares are issued and allocated, is set at AED 1,035,000,000 (one billion and thirty five million UAE dirhams), divided into 1,035,000,000 (one billion and thirty five million) Shares, with the nominal value of each Share being AED 1 (one) Dirham, all of which are paid in full.
- **Percentage, number and type of the Offer Shares**: up to 285,000,000 (two hundred and eighty five million) Shares, all of which are ordinary shares and which constitute up to 27.54% (twenty seven and fifty four hundredths per cent) of the Company's total issued share capital and which are being offered by the Company. All Shares are of the same class and carry equal voting rights and rank pari passu in all other rights and obligations. The Company reserves the right to amend the Offering and the tranches size at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the SCA's approval.
- **Offer Price Range per Offer Share**: The Offer Price Range will be published on the same day of opening of the Offer Period on 10 November 2022 but before opening the subscription period.
- **Eligibility of the qualified categories of Subscriber to apply for the acquisition of the Offer Shares:**

  i. **First Tranche**: The First Tranche of the Offering will be open to First Tranche Subscribers as described in the "*Definitions and Abbreviations*" section of this Prospectus. All Subscribers in the First Tranche must hold a NIN with the DFM and have a bank account number in the UAE. 10% (ten per cent) of the Offer Shares, representing up to 28,500,000 (twenty eight million and five hundred thousand) Shares are allocated to the First Tranche. The Company reserves the right to amend the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% of the Offer Shares in aggregate.

  ii. **Second Tranche**: The Second Tranche of the Offering will be open to Professional Investors as described in the "*Definitions and Abbreviations*" section of this Prospectus. All Subscribers in the Second Tranche must hold a NIN with the DFM. 88% (eighty-eight per cent) of the Offer Shares, representing up to 250,800,000 (two hundred and fifty million and eight hundred thousand) Shares, are allocated to the Second Tranche. The Company reserves the right to amend the size of the Second Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% of the Offer Shares in aggregate.

iii. **Third Tranche**: The Third Tranche of the Offering will be open to Third Tranche Subscribers as described in the "*Definitions and Abbreviations*" section of this Prospectus. All Subscribers in the Third Tranche must hold a NIN with DFM and have a bank account number. 2% (two per cent) of the Offer Shares, representing 5,700,000 (five million and seven hundred thousand) Shares are allocated to the Third Tranche. The Company reserves the right to amend the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% of the Offer Shares in aggregate.

- **Public subscription in the Offer Shares is prohibited as follows:**

Public subscription is prohibited to any Subscriber whose investment is restricted by the laws of the jurisdiction where the Subscriber resides or by the laws of the jurisdiction to which the Subscriber is situated. It is the Subscriber's responsibility to determine whether the Subscriber's application for, and investment in, the Offer Shares is in accordance with the laws of the applicable jurisdiction(s).

- **Minimum subscription:**

The minimum subscription in Offer Shares in the First Tranche and the Third Tranche has been set at AED 5,000 (five thousand UAE dirhams) with any additional investment to be made in increments of at least AED 1,000 (one thousand UAE dirhams). The minimum subscription for Offer Shares in the Second Tranche has been set at AED 1,000,000 (one million UAE dirhams).

- **Maximum subscription:**

No maximum subscription in Offer Shares has been set.

- **Subscription by the Company or Founders:**

The Company and the Founders may not, whether directly or indirectly or through any of their subsidiaries subscribe for any of the Offer Shares.

- **Lock-up period:**

Pursuant to the terms of an underwriting agreement entered into on or around the date of this Prospectus among the Company and the joint bookrunners (the "Underwriting Agreement"), the Company has contractually agreed to certain lock-up restrictions, for a period of 180 days after Listing, subject to certain exceptions.

Pursuant to the founders' lock-up arrangements, Founders representing 93.49% of the shares of the Company have contractually agreed to certain lock-up restrictions, subject to certain exceptions.

- **Use of Proceeds:**

The Company predominantly intends to use the net proceeds from the Offering primarily to expand its premium K-12 segment, through the contemplated roll-out of four new premium schools in prime locations in the Emirates of Dubai and Abu Dhabi. The roll-out of these four additional new schools is expected to consist of of three schools in Dubai and one in Abu Dhabi, including two new schools under the DBS brand, subject to regulatory approvals.

- **Subscription costs / Offering expenses:**

All expenses of the Offering (including management and marketing and any discretionary fees) will be borne by the Company.

Further Information on the First Tranche and the Third Tranche

1. Subscription applications

Each Subscriber in the First Tranche or the Third Tranche may submit one subscription application only (i) in the case of a subscription application by a natural person, in his or her personal name (unless he or she is acting as a representative for another Subscriber, in which case the subscription application will be submitted in the name of such Subscriber) or (ii) in the case of a subscription application by a corporate entity, in its corporate name. In case a Subscriber submits more than one application in his or her personal name or its corporate name, the Receiving Banks and the Joint Lead Managers reserve the right to disqualify all or some of the Subscription Applications submitted by such Subscriber and not to allocate any Offer Shares to such Subscriber.

Subscribers must complete all of the relevant fields in the subscription application and submit it to any Receiving Bank or through one of the electronic subscription channels as set out below, together with all required documents and the subscription amount during the Offer Period for the First Tranche.

The completed subscription application should be clear and fully legible. If it is not, the Receiving Bank shall refuse to accept the subscription application from the Subscriber until the Subscriber satisfies all the required information or documentation before the close of the subscription.

All of the Group Eligible Employees and Eligible Parents who are interested in participating in the Third Tranche are required to submit their expression of interest ("**EOI**") along with their corresponding NIN details through the platforms provided by the Company on or before 1:00PM on 16 November 2022. The list of Eligible Employees and Eligible Parents who will have submitted their EOI by 9 November 2022 will be forwarded to the Lead Receiving Bank a day prior to the start of the subscription period and any incremental additions to the Eligible Employees and Eligible Parents list will be provided to the Lead Receiving Bank and the DFM on a daily basis until 1:00PM on 16 November 2022. Any EOI received thereafter will not qualify for the Third Tranche allocation. The Lead Receiving Bank will not be responsible for verifying the accuracy or completeness of the Eligible Employees and Eligible Parents list.

If any of the Eligible Employees or Eligible Parents participating in the Third Tranche have not provided his/her EOI prior to the date and time stipulated above, their subscription will be shifted to the First Tranche, and if any of the Eligible Employees or Eligible Parents participating in the First Tranche have provided his/her EOI prior to the date and time stipulated above, their subscription will be deemed accepted and will form part of the Third Tranche.

Subscription for Offer Shares would deem the Subscriber to have accepted the Memorandum of Association and Articles of Association of the Company and complied with all the resolutions issued by the Company's General Assembly. Any conditions added to the subscription application shall be deemed null and void. No photocopies of subscription applications shall be accepted. The subscription application should only be fully completed after reviewing this Prospectus and the Company's Memorandum of Association and Articles of Association. The subscription application then needs to be submitted to any of the Receiving Banks' branches mentioned herein. The Subscribers or their representatives shall affirm the accuracy of the information contained in the application in the presence of the bank representative in which the subscription was made. Each subscription application shall be clearly signed or certified by the Subscriber or his or her representative.

The Receiving Banks may reject subscription applications submitted by any Subscriber in the First Tranche and the Third Tranche for any of the following reasons:

a. If the subscription application form is not complete or is not correct with regard to the amount paid or submitted documents (and no Offer Participant takes responsibility for non-receipt of an allotment of Offer Shares if the address of the Subscriber is not filled in correctly);

b. If the subscription application amount is paid using a method that is not a permitted method of payment;

c. If the subscription application amount presented with the subscription application does not match the minimum required investment or the increments set for the First Tranche and the Third Tranche offers;

d. If the completed subscription application form is not clear and fully legible;

e. If the manager's cheque is returned for any reason;

f. If the amount in the bank account mentioned in the subscription application form is insufficient to pay for the application amount mentioned in the subscription application form or the Receiving Bank is unable to apply the amount towards the application whether due to signature mismatch or any other reasons;

g. If the NIN is not made available to the DFM or if the NIN is incorrect;

h. If the subscription application is found to be duplicated (any acceptance of such duplicate application is solely at the discretion of the Company);

i. If the subscription application is otherwise found not to be in accordance with the terms of the Offering;

j. If the Subscriber is found to have submitted more than one application (it is not permitted to apply in both the First Tranche and the Second Tranche), nor is it permitted to apply in either tranche more than once;

k. If the Subscriber is a natural person and is found to have submitted the subscription application other than in his or her personal name (unless he or she is acting as a representative for another Subscriber);

l. If a Subscriber has not adhered to the rules applicable to the First Tranche, the Second Tranche or the Third Tranche offers;

m. if it is otherwise necessary to reject the subscription application to ensure compliance with the provisions of the Companies Law, the Articles of Association, this Prospectus or the requirements of the UAE Central Bank, the SCA or the DFM; or

n. if for any reason FTS / SWIFT / Payment gateway system (PGS) / any other electronic channels funds transfer fails or the required information in the special fields is not enough to process the application.

The Receiving Banks and the Joint Lead Managers may reject the application for any of the reasons listed above at any time until allocation of the Offer Shares and have no obligation to inform the Subscribers before the notification of the allocation of Shares to such rejected Subscribers.

Documents accompanying subscription applications

Subscribers shall submit the following documents along with their subscription application forms:

For *individuals*

a. NIN details;

b. the original and a copy of a valid passport or Emirates ID; and

c. in case the signatory is different from the Subscriber:

    i. the duly notarised power of attorney held by that signatory or a certified copy by UAE-regulated persons/bodies, such as a notary public, or as otherwise duly regulated in the country;

    ii. the original passport or Emirates ID of the signatory for verification of signature and a copy of the original passport or Emirates ID; and

    iii. a copy of the passport or Emirates ID of the Subscriber for verification of signature; and

d. in case the signatory is a guardian of a minor, the following will be submitted:

    i. original and copy of the guardian’s passport or Emirates ID for verification of signature;

    ii. original and copy of the minor’s passport; and

    iii. if the guardian is appointed by the court, original and copy of the guardianship deed attested by the court and other competent authorities (e.g. notary public).

For *corporate bodies* including banks, financial institutions, investment funds and other companies and establishments:

e. UAE registered corporate bodies:

    i. the original and a copy of a trade licence or commercial registration for verification or a certified copy by one of the following UAE-regulated persons/bodies: a notary public or as otherwise duly regulated in the country;

    ii. the original and a copy of the document that authorizes the signatory to sign on behalf of the Subscriber and to represent the Subscriber, to submit the application, and to accept the terms and conditions stipulated in this Prospectus and in the subscription form;

iii. NIN details; and

iv. the original and a copy of the passport or Emirates ID of the signatory.

Foreign corporate bodies: the documents will differ according to the nature of the corporate body and its domicile. Accordingly, please consult with the Joint Lead Managers to obtain the list of required documents.

2. Method of subscription and payment for the First Tranche and Third Tranche

The subscription application must be submitted by a Subscriber to any of the Receiving Banks listed in this Prospectus and the NIN with the DFM and the Subscriber's bank account number must be provided, together with payment in full for the amount it wishes to use to subscribe for the Offer Shares, which is to be paid in one of the following ways:

a. Certified bank cheque (Manager's Cheque) drawn on a bank licensed and operating in the UAE, in favour of "Taaleem Holdings PJSC – IPO"; or

b. Debiting a Subscriber's account with a Receiving Bank; or

c. Electronic subscriptions (please refer to the section on "*Electronic Subscription*" below).

Details of the Subscriber's bank account must be completed on the subscription application form even if the application amount will be paid by Manager's Cheque.

Prior to Listing, the relevant amount of the proceeds for the acquisition of the Offer Shares will be paid to the Company.

The subscription amount may not be paid or accepted by a Receiving Bank using any of the following methods:

a. in cash;

b. personal cheques (not certified); or

c. any other mode of payment other than mentioned above.

Details of the Receiving Banks' participating branches are set out in Annex (3).

3. Electronic Subscription

E-subscription through the Receiving Banks - General Terms

The Receiving Banks may have their own electronic channels (ATMs, Internet Banking, Mobile Banking applications, Website, etc.) interfaced with the DFM IPO system.

By submitting the electronic subscription application, the customer submitting the application is accepting the Offering terms and conditions on behalf of the Subscriber and authorize the relevant Receiving Banks to retrieve Investor details from DFM to submit the subscription application and pay the total subscription amount by debiting the amount from the respective bank account of the customer and transferring the same to the Offer account in favor of "Taaleem Holding P.J.S.C." held at the Receiving Banks, as detailed in the subscription application.

The submission of an electronic application will be deemed to be sufficient for the purposes of fulfilling the identification requirements and accordingly, the supporting documentation in relation to applications set out elsewhere in this Prospectus will not apply to Electronic Applications under this section.

Notification of the final allocation of Offer Shares and the refund of proceeds for unallocated Offer Shares (if any) and any profit thereon following the closing of the Offer Period and prior to the Listing of the Shares shall be performed solely by, and processed through, the Receiving Bank in which the electronic subscription application was submitted.

In the event any of the Subscribers do not comply with this Prospectus, especially in relation to the electronic subscription, neither the DFM, the Company, the Board, or the Receiving Banks shall in anyway be liable for the use of the electronic subscription facility by the customer of the bank or the Subscriber, the debiting of the customer account of the Receiving Banks, in respect of all and any losses or damages suffered, directly or indirectly as a result of the electronic subscription facility.

Emirates NBD e-Subscription

Account holders with Emirates NBD Bank can subscribe via the bank's online internet banking and mobile application channel as well as through ATMs. Eligible persons can access Emirates NBD Bank's ATMs with their debit card, and online banking or mobile application using their relevant username and password (as is customary with these channels). This will be deemed sufficient for the purposes of identification and accordingly the supporting documentation in relation to application set out elsewhere in this Prospectus will not apply to electronic applications.

Subscribers without an Emirates NBD Bank account, who are either in the UAE or outside the UAE, can subscribe through the dedicated IPO website https://IPO.EmiratesNBD.com and pay through Online Banking via the UAE Central Bank Payment Gateway ("PGS") or through UAE Central Bank Fund Transfer ("FTS") or SWIFT.

In case of any issues or support, please contact the dedicated Emirates NBD Bank IPO team through our call center 800 IPOS (800 4767).

Emirates Islamic Bank e-Subscription

Account holders with Emirates Islamic Bank can subscribe via the bank's online internet banking channel as well as through ATMs & Mobile application. Eligible persons can access the ATMs using their debit card, and internet banking accounts with their username and password (as is customary with electronic banking channels). This will be deemed sufficient for the purposes of identification with regard to their subscriptions.

Please note that non-Emirates Islamic Bank customers will not be eligible for subscription through Emirates Islamic Bank's electronic subscription channels.

In case of any issues or support, please contact the dedicated Emirates Islamic Bank IPO team through our call center 800 IPOS (800 4767).

Abu Dhabi Islamic Bank e-Subscription

Abu Dhabi Islamic Bank's electronic subscription channels, including online internet banking, are accessible via ADIB's official website www.adib.ae and mobile banking app. These are duly interfaced with the DFM database and are only available to ADIB account holders.

Abu Dhabi Islamic Bank account holders will access Abu Dhabi Islamic Bank's electronic subscription channels with their relevant username and password, and this will be deemed to be sufficient for the purposes of fulfilling the identification requirements.

Abu Dhabi Islamic Bank account holders will complete the electronic application form relevant to their tranche by providing all required details including an updated DFM NIN, an active ADIB account number, the amount they wish to subscribe for, and by selecting the designated brokerage account.

By submitting the electronic subscription form, the Abu Dhabi Islamic Bank account holder accepts the Offering terms and conditions, authorizes Abu Dhabi Islamic Bank to debit the amount from the respective Abu Dhabi Islamic Bank account and to transfer the same to the IPO account in favor of the Company account held at Abu Dhabi Islamic Bank, as detailed in the subscription application.

Abu Dhabi Islamic Bank account holders with a successful subscription automatically receive an acknowledgement of receipt by email and have to keep this receipt until they receive the allotment notice.

For any further queries, kindly contact Abu Dhabi Islamic Bank on +971 2 652 0878

DFM electronic subscription channels

The DFM will make its official website www.dfm.ae and the DFM mobile application available to Subscribers with a NIN registered on the DFM website www.dfm.ae or the DFM mobile application and holding a valid iVESTOR Card or hold an account with one of the banks based in UAE that are part of Central Bank of the UAE payment gateway for them to submit their electronic subscriptions to the Lead Receiving Bank via DFM available channels.

The Receiving Banks and DFM's licensed brokers may also have their own electronic channels (On-line internet banking applications, mobile banking applications, ATMs, etc.) interfaced with the DFM IPO system. By submitting the electronic subscription form the customer submitting the application is accepting the Offering terms and conditions on behalf of the Subscriber and is authorising the Receiving Banks or DFM to pay the total subscription amount by debiting the amount from the respective iVESTOR Card or the bank account of the customer and transferring the same to the IPO account in favor of "TAALEEM Holding P.J.S.C." held at the Receiving Banks, as detailed in the subscription application. The submission of an electronic application will be deemed to be sufficient for the purposes of fulfilling the identification requirements and accordingly, the supporting documentation in relation to applications set out elsewhere in this document will not apply to electronic applications under this section. Notification of the final allocation of Offer Shares and the refund of proceeds for unallocated Offer Shares (if any) and profits thereon following the closing of the Offer Period and prior to the Listing of the Shares shall be performed solely by, and processed through, the Receiving Banks or DFM in which the original application for subscription was submitted.

In the event any of the Subscribers do not comply with this Prospectus, especially in relation to the electronic subscription, iVESTOR Card and Central Bank of UAE Payment Gateway, neither the DFM, the Founders, the Company, the Board, the Receiving Banks nor the iVESTOR Card issuing bank shall in any way be liable for the use of the electronic subscription facility by the customer of the bank or the Subscriber, the debiting of the customer account of the Receiving Bank, nor the debiting of the iVESTOR Card by the iVESTOR Card issuing bank or Central Bank of UAE Payment Gateway, in respect of all and any losses or damages suffered, directly or indirectly as a result of the electronic subscription facility and/or the iVESTOR Card.

Subscription applications may also be received through FTS mode. The investor choosing the FTS method will be required to provide their valid NIN with the DFM along with the value of Offer Shares subscribed for in the special instructions field.

4. Important dates relevant to the methods of payment of the subscription amounts

a. Subscription amounts paid by way of cheque must be submitted by 1:00 p.m. on 14 November 2022.

b. Subscription amounts paid by way of PGS, FTS and SWIFT must be submitted by 1:00 p.m. on 15 November 2022.

c. Subscription applications received through ATM, Internet Banking, Mobile Application & Website must be made before 1:00 p.m. on 16 November 2022.

d. DFM accepts subscription applications through FTS until 2 days before end of the IPO at 2pm and continue to accept PGS and iVESTOR payments until the last day of the IPO.

5. Subscription amounts

Subscribers in the First Tranche and the Third Tranche must submit applications to purchase Offer Shares in the amount of AED 5,000 (five thousand UAE dirhams) or more, with any subscription over AED 5,000 (five thousand UAE dirhams) to be made in increments of at least AED 1,000 (one thousand UAE dirhams). Subscribers in the First Tranche and the Third Tranche shall accordingly apply for an AED subscription amount which shall be applied towards purchasing Offer Shares at the Final Offer Price, rather than applying for a specific number of Offer Shares.

6. Final Offer Price

The offer price at which all the Subscribers will purchase Offer Shares will be the Final Offer Price.

The Offer Shares will be sold in an initial public offering and the Final Offer Price will be determined by way of the application of a book building process, where an application orders' ledger will be created through the application orders made only by Professional Investors. Professional Investors will be invited to bid for Offer Shares within the Offer Price Range using price sensitive orders (by indicating application amounts that vary in size depending on price). The Joint Lead Managers will use the information indicating the extent of the demand at various price levels provided by such Professional Investors to determine and recommend to the Company the Final Offer Price (which must be within the Offer Price Range) for all participants in the Offering.

The Offer Shares of the Professional Investors shall represent the majority of the Offer Shares used to calculate the Final Offer Price of the Offer Shares.

7. Subscription process

Subscribers must complete the application form relevant to their tranche, providing all required details. Subscribers who do not provide their NIN with the DFM and bank account details will not be eligible for subscription and will not be allocated any Offer Shares.

Subscribers may only apply for Offer Shares in one tranche. In the event a person applies for Offer Shares in more than one tranche, then the Receiving Banks and the Joint Lead Managers may disregard one or both of such applications.

The Receiving Bank through which the subscription is made will issue to the Subscriber an acknowledgement of receipt which the Subscriber has to keep until the Subscriber receives the allotment notice. One copy of the subscription application after being submitted, signed and stamped by the Receiving Bank shall be considered as an acknowledgement for receipt of the subscription application. This receipt shall include the data of the Subscriber, address, amount paid, details of the payment method and the date of investment. The acknowledgement in the case of Electronic Applications via online internet banking and ATM would provide basic information of the application such as the NIN number, amount, date and customer bank account details.

If the address of the Subscriber is not filled in correctly, the Company, the Joint Lead Managers and the Receiving Banks take no responsibility for non-receipt of such allotment advice.

8. Further information on various matters

Offer Period

Commences on 10 November 2022 for the First Tranche, the Second Tranche and the Third Tranche and closes on 16 November 2022 for the First Tranche and the Third Tranche and on 17 November 2022 for the Second Tranche.

Lead Receiving Bank: Emirates NBD Bank PJSC

Receiving Banks

A list of all Receiving Banks is attached in Annex (3) to this Prospectus.

Method of allocation of Offer Shares to different categories of Subscribers

Under the Regulations for Issuing and Offering of Public Joint Stock Companies issued by the SCA pursuant to Resolution No. (11/R.M. of 2016) (as amended from time to time), the Company will allocate the Offer Shares according to the allotment policy specified below.

Should the total size of subscriptions received exceed the number of Offer Shares, then the Company will allocate the Offer Shares according to the allotment policy specified below and will refund to Subscribers the excess subscription amounts and any earned profit resulting thereon.

Notice of Allocation

Not after 22 November 2022, (within 5 business days from the Closing Date for the Second Tranche), successful Subscribers in the First Tranche and the Third Tranche will be notified by SMS of the number of Offer Shares allocated to them. This will be followed by a notice setting out each Subscriber's allocation of

Offer Shares, which will be sent by registered mail or e-mail provided in the subscription form, as applicable, to each Subscriber.

Method of refunding surplus amounts to Subscribers

By no later than 22 November 2022 (being within 5 (five) working days of the Closing Date of the Second Tranche), the Offer Shares shall be allocated to Subscribers and, within 5 (five) working days of such allocation, the surplus subscription amounts and any earned profit resulting thereon, shall be refunded to Subscribers in the First Tranche and the Third Tranche who were not allocated Offer Shares, and the subscription amounts and any earned profit resulting thereon shall be refunded to the Subscribers in the First Tranche and the Third Tranche whose applications have been rejected for any of the above reasons. The surplus amounts and any earned profit thereon will be returned to the same Subscriber's account through which the payment of the original application amount was made. In the case of subscription amounts which have been paid by certified bank cheque, these amounts shall be returned by sending a cheque with the value of such amounts to the Subscriber at the address mentioned in such Subscriber's subscription application.

The difference between the subscription amount accepted by the Company for a Subscriber, if any, and the application amount paid by that Subscriber will be refunded to such Subscriber pursuant to the terms of this Prospectus.

Enquiries and complaints

Subscribers who wish to submit an enquiry or complaint with respect to any rejected requests, allocation, or refunding of the surplus funds, must contact the Receiving Bank through which the subscription was made, and if a solution cannot be reached, then the Receiving Bank must refer the matter to the Joint Lead Managers. The Subscriber must remain updated on the status of any such enquiry or complaint. The Subscriber's relationship remains only with the party receiving the subscription request.

Listing and trading of Shares

Subsequent to the allocation of Offer Shares and the finalization of the incorporation of the Company, the Company will list all of its Shares on the DFM in accordance with the applicable listing and trading rules in effect on the date of Listing (expected on 29 November 2022). Trading in the Shares will be effected on an electronic basis, through the DFM's share registry, with the commencement of such trading estimated to take place after completion of the registration.

Voting rights

All Shares are of the same class and shall carry equal voting rights and shall rank pari passu in all other rights and obligations. Each Share confers on its holder the right to cast one vote on all Shareholders' resolutions.

Risks

There are risks that are specific to investing in this Offering. Those risks have been discussed in the section of this Prospectus headed "*Investment Risks*" (Page 69) and must be considered before deciding to subscribe in the Offer Shares.

Emirates Investment Authority

The EIA shall be entitled to subscribe for 5% (five per cent) of the Offer Shares, and the percentage of subscription which the EIA will purchase shall be allocated in full before the commencement of allocation to the Subscribers of the other tranches of the Offering. Offer Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights then its reserved portion shall be available for subscription by Professional Investors.

9. Timetable for subscription and Listing

The dates set out below outline the expected timetable for the Offering. However, the Company reserves the right to change any of the dates/times, or to shorten or extend the specified time periods upon obtaining the approval of the appropriate authorities and publishing such change(s) during the Offering period in daily newspapers.

Event	**Date**
Offering commencement date	10 November 2022
Closing Date of the First Tranche and the Third Tranche	16 November 2022
Closing Date of the Second Tranche	17 November 2022
Announcement of the Final Offer Price	18 November 2022
Allocation of the First Tranche	22 November 2022
SMS notification of final allocations of the First Tranche	22 November 2022
Convening of the Constitutive General Assembly at 9:00 a.m. *If the Offer Shares are not fully subscribed and the subscription period is extended, the date of the Constitutive General Assembly will be changed and this will be announced in two daily newspapers issued in the Arabic language*	23 November 2022
Commencement of refunds related to the surplus subscription monies, and any earned profit resulting thereon, to the First Tranche Subscribers and the and the Third Tranche Subscribers as well as commencement of dispatch of registered mail relating to allotment of Offer Shares	25 November 2022
Expected date of Listing of the Shares on the DFM	29 November 2022

10. Conversion of the Company

All Subscribers should note that notice for the convening of the constitutive general assembly of the Company (the "**Constitutive General Assembly**") is served through this Prospectus. For these purposes, please see the Fourth Section of this Prospectus ("*Notice of Constitutive General Assembly*") The

Constitutive General Assembly meeting will take place at 9:00 a.m. on 23 November 2022 electronically without physical attendance of the shareholders.

All Subscribers to whom Offer Shares have been allocated are invited pursuant to the notice to attend the Constitutive General Assembly on the date set out in the notice (please see the notice set out in the Fourth Section of this Prospectus ("*Notice of Constitutive General Assembly*") on production of a valid official identification document (including passport, Emirates ID card or authenticated proxy form).

Any successful Subscriber attending and voting at that meeting shall have a number of votes equivalent to the number of Offer Shares that are allocated to that Subscriber, following allocation.

11. Tranches

The Offering is divided, as follows:

The First Tranche:

Size:	Up to 28,500,000 (twenty eight million and five hundred thousand) Shares representing 10% (ten per cent) of the Offer Shares. The Company reserves the right to amend the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% (sixty per cent) of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% (forty per cent) of the Offer Shares.
Eligibility:	First Tranche Subscribers (as described in the section of this Prospectus headed "*Definitions and Abbreviations*").
Minimum application size:	AED 5,000 (five thousand UAE dirhams), with any additional application in increments of at least AED 1,000 (one thousand UAE dirhams).
Maximum application size:	There is no maximum application size.
Allocation policy:	In case of over-subscription in the First Tranche, Offer Shares will be allocated to First Tranche Subscribers pro rata to each Subscriber's subscription application amount based on the Final Offer Price. Applications will be scaled-back on the same basis if the First Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of Offer Shares will be rounded down to the nearest whole number. Offer Shares will be allocated in accordance with the aforementioned allotment policy, based on the Final Offer Price.

Unsubscribed Offer Shares:	If not all of the Offer Shares allocated to the First Tranche are fully subscribed, such unsubscribed Offer Shares shall be made available for subscription by Professional Investors or, alternatively (in consultation with the SCA) the Company may extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche or close the Offering at the level of applications received.

The Second Tranche:

Size:	Up to 250,800,000 (two hundred and fifty million and eight hundred thousand) Shares representing 88% (eighty eight per cent) of the Offer Shares. The Company reserves the right to amend the size of the Second Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the approval of the SCA., provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% (sixty per cent) of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% (forty per cent) of the Offer Shares.
Eligibility:	Professional Investors (as described in the section of this Prospectus headed “*Definitions and Abbreviations*”).
Minimum application size:	The minimum application size is AED 1,000,000 (one million UAE dirhams).
Maximum application size:	There is no maximum application size.
Allocation policy:	Allocations within the Second Tranche will be determined by the Company, in consultation with the Joint Lead Managers. It is therefore possible that Subscribers who have submitted applications in this tranche may not be allocated any Offer Shares or that they are allocated a number of Offer Shares lower than the number of Offer Shares mentioned in their subscription application.
Discretionary allocation:	The Company reserve the right to allocate Offer Shares in the Second Tranche in any way they deem necessary. It is therefore possible that Subscribers who have submitted applications in this tranche may not be allocated any Offer Shares or that they are allocated a number of Offer Shares lower than the number of Offer Shares mentioned in their subscription application.
Unsubscribed Offer Shares:	If not all of the Offer Shares allocated to the Second Tranche are fully subscribed, the Offer will be withdrawn

The Third Tranche:

Size:	2% (two per cent) of the Offer Shares representing 5,700,000 (five million and seven hundred thousand) Shares. The Company reserves the right to amend the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% (sixty per cent) of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% (forty per cent) of the Offer Shares in aggregate.
Eligibility:	Third Tranche Subscribers as described in the "*Definitions and Abbreviations*" section of this Prospectus.
Minimum application size:	AED 5,000 (five thousand UAE dirhams), with any additional application in increments of at least AED 1,000 (one thousand UAE dirhams).
Maximum application size:	There is no maximum application size.
Allocation policy:	In case of over-subscription in the Third Tranche, Offer Shares will be allocated to Third Tranche Subscribers pro rata to each Subscriber's subscription application amount based on the Final Offer Price. Applications will be scaled-back on the same basis if the Third Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of Offer Shares will be rounded down to the nearest whole number. Shares will be allocated in accordance with the aforementioned allotment policy, based on the Final Offer Price.
Unsubscribed Offer Shares:	If not all of the Offer Shares allocated to the Third Tranche are fully subscribed, such unsubscribed Offer Shares shall be made available to the First Tranche Subscribers, or alternatively (in consultation with the SCA) the Company may extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche, or close the Offering at the level of applications received.

Multiple applications

A Subscriber should only submit an application for Offer Shares under one tranche. Multiple applications within one tranche will be aggregated under a single NIN. In the event a Subscriber applies for subscription in more than one tranche, the Receiving Banks and the Joint Lead Managers may deem one or both applications invalid.

Emirates Investment Authority

Up to 14,250,000 (fourteen million and two hundred and fifty thousand) Offer Shares representing 5% of all Offer Shares, are reserved for the EIA, in accordance with the requirements of Article 127 of the Companies Law. Offer Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares, then those Offer Shares will be available to other Professional Investors for application.

Important notes

Subscribers in the First Tranche and the Third Tranche will be notified within 5 business days from the Closing Date of whether they have been successful in their application for Offer Shares by means of an SMS from the DFM.

Upon the Listing of the Shares on the DFM, the Shares will be registered in an electronic system of the DFM. The information contained in this electronic system will be binding and irrevocable, unless otherwise specified in the applicable rules and procedures governing the DFM.

Subject to the approval of the SCA, the Company reserves the right to alter the percentage of the Offer Shares which is to be made available to the First Tranche or the Second Tranche provided that the subscription percentage of the Professional Investors must not be less than 60%.

Second Section: Key details of the Company

1. Overview of the Company

Name of the Company	Taaleem Holdings PJSC (under conversion)
Primary objects of the Company:	The primary objects that the Company is established for shall be in compliance with the provisions of the laws and regulations in force in the UAE and, pursuant to its Memorandum and Articles of Association set out in Annex (2), are the following: • Investment in Educational Enterprises and Management; • Investment in Commercial Enterprises and Management; and • Investment in Industrial Enterprises and Management.
Head office:	Office No. 105, Century Plaza, Jumeirah Beach road, P.O. Box 76691, Dubai, United Arab Emirates
Details of trade register and date of engaging in the activity:	License No. 591478. The Company was incorporated in the Emirate of Dubai, United Arab Emirates, on 14 February 2007 as a private joint stock company under the trade license number 591478 issued by the Dubai Department of Economic and Tourism and is in the process of being converted from a a private joint stock company to a PJSC
Term of the Company:	100 years commencing from the date the Company is registered in the commercial register, to be automatically renewed thereafter unless terminated
Financial year:	1 September to 31 August
Independent Auditors:	Ernst & Young Middle East (Dubai Branch) of ICD Brookfield Place, Al Mustaqbal Street, P.O. Box 9267, Dubai, UAE

Major banks dealing with the Company:	**Nature of Relationship**
Emirates Islamic Bank	Current Account/Term Deposits/Credit Facilities

Details of the Board that will be established by, and be effective from, the date of Listing:

The Board is expected to consist of the 9 (Nine) Board Members below upon Listing:

Name	Year of Birth	Nationality	Capacity
Mr. Khalid Ahmed Humaid Matar Altayer*	1977	UAE	***Chairman***
Mr. Adel Mohammed Saleh Alzarouni*	1957	UAE	***Vice Chairman***
H.E. Helal Saeed Salem Saeed Almarri*	1976	UAE	***Director***
Mr. Amer Saad Mohammed Fawzi Alkhayyat	1968	UAE	***Director***
Mr. Ahmad Saed Mohd Fawzi Al Khayyat*	1972	UAE	***Director***
Mr. Eyad Ismail Sabti Mashal*	1972	Jordan	***Director***
Mr. Mohammed Abdulla A Rahman Alshaibani*	1991	UAE	***Director***
H.E. Abdulla Mohd Abdulla Mohd Alawar*	1979	UAE	***Director***
Ms. Rehab Mohamed Hussain Lootah*	1969	UAE	***Director***

Notes:

1. (*) denotes that the Director is considered “independent” under the Governance Rules.
2. All directors are non-executive

Some of the members of the Board hold memberships on the boards of other public joint stock companies in the UAE, as follows:

Name	Membership on the boards of directors of other public joint stock companies in the UAE
Mr. Adel Mohammed Saleh Alzarouni	National General Insurance Co (PJSC) – Vice Chairman
H.E. Helal Saeed Salem Saeed Almarri	Emaar Properties PJSC – Board Member Dubai Financial Market PJSC - Chairman
H.E. Abdulla Mohd Abdulla Mohd Alawar	Emaar Development PJSC – Board member

No bankruptcy ruling or a bankruptcy arrangement has been issued against any member of the Board or members of the executive management of the Company.

Some of the members of the Board and their first-degree relatives own shares in the Company as follows:

Name	**Number of Shares**	**Direct or indirect ownership**
Mr. Khalid Ahmed Humaid Matar Altayer	72,494,720	Indirect
Mr. Amer Saad Mohammed Fawzi Alkhayyat	76,257,480	indirectly, through custodian, being Al Mal Capital PSC
Mr. Ahmad Saed Mohd Fawzi Al Khayyat	62,920,000	Directly
Mr. Adel Mohammed Saleh Alzarouni	10,100,000	Directly
H.E. Helal Saeed Salem Saeed Almarri	9,999,997	Directly

None of the members of the executive management and their first-degree relatives own any shares in the Company or its subsidiaries.

Directors' remuneration

As the Board will only be formed upon Listing, the Board members have not and will not receive remuneration from the Company before then.

Details of the Company's investments in its subsidiaries

Please refer to Annex (4) for an overview of the Company's investments in its subsidiaries.

2. Business Description

Investors should read this section of this Prospectus in conjunction with the more detailed information contained in this Prospectus, including the financial and other information. Where stated, financial information in this section of the Prospectus has been extracted from the Financial Statements.

Overview

The Group is one of the largest K-12 premium education providers in the UAE with a portfolio as at 31 August 2022 consisting of 26 schools, comprising 10 owned and operated premium private schools, including one private early years facility (offering nursery to foundation stage two ("**FS2**") education) for children up to the age of three years ("**Early Years**"), and 16 government-partnership schools operated on behalf of Government entities.

The Group operates two types of schools: (i) premium schools and (ii) Government-partnerships. For the 2021-2022 academic year, the Group's portfolio included 18 schools, including 10 owned and operated premium schools, six Abu Dhabi Charter schools operated on behalf of ADEK and two Dubai Schools operated on behalf of the KFE under the Public Private Partnership ("**PPP**") programme.

As at 31 August 2022, the Group has a portfolio of 26 schools with a student base comprising of 27,407 students and a teaching staff comprising of 1,721 teachers for the 2022-2023 academic year. The Group's premium portfolio included five schools offering an IB curriculum, four schools offering a British curriculum (including one Early Years facility offering British curriculum) and one school offering an American curriculum as at 31 August 2022. The Group's premium schools portfolio had 952 teachers and 12,466 enrolled students as at 31 August 2022. With respect to the Government-partnership portfolio, for the 2022-2023 academic year as at 31 August 2022, the Group operated nine Abu Dhabi Charter Schools on behalf of ADEK with 10,595 students enrolled, three "Dubai Schools" under the PPP programme operated on behalf of KFE with 1,940 students enrolled and four PPP schools operated on behalf of ESE as part of the Ajyal (Generations) Schools ("**Ajyal Schools**") initiative by the Federal Ministry of Education with 2,406 students enrolled. Given that the Government-partnership schools were only established in the 2019-2020 academic year, they represent an opportunity for future growth and potential increase in contribution to the Group's revenue and profits as such schools develop.

History and Development

The Group was founded in 2003 with the incorporation of Beacon Management LLC and commenced commercial operations in September 2005 under the "Beacon Education" brand with the establishment of American Academy for Girls, Uptown Primary School (now known as Uptown International School), The Children's Garden-Green Community, Greenfield Community School (now known as Greenfield International School) in Dubai, and Raha International School-Gardens Campus ("**RIS- Gardens Campus**") in Abu Dhabi between 2005 and 2007. In September 2007, the Group underwent a shareholder restructuring, whereby the Company (formerly known as Madares PSJC) acquired 100% of the shares in Taaleem LLC (formerly known as Taaleem PJSC) and Taaleem Management LLC (formerly known as Beacon Management LLC).

The following chart sets out the Group's current portfolio of schools by year of addition to the Taaleem portfolio and the curriculum offered by each school.

No.	School	Year Added to Taaleem Portfolio	Curriculum
1.	Dubai British School (DBS) - Emirates Hills	2005	British
2.	Uptown International School (UIS)	2005	IB
3.	American Academy for Girls (AAG)	2005	American
4.	Raha International School (RIS) – Gardens Campus	2006	IB
5.	Greenfield International School (GIS)	2007	IB
6.	Jumeirah Baccalaureate School (JBS)	2010	IB
7.	Dubai British School (DBS) Jumeirah Park Foundation	2014	British
8.	Dubai British School (DBS) -Jumeirah Park	2015	British
9.	Abu Dhabi Charter School – Al Watan School	2019	American
10.	Abu Dhabi Charter School - Al Salam School	2019	American

11.	Abu Dhabi Charter School – Al Nayfa School KG	2019	American
12.	Abu Dhabi Charter School – Al Walaa KG	2019	American
13.	Raha International School (RIS)– Khalifa City	2020	IB
14.	Dubai Schools Al Barsha – Dubai PPP	2021	American
15.	Dubai Schools Mirdif- Dubai PPP	2021	American
16.	Abu Dhabi Charter School – Al Wafaa KG	2021	American
17.	Abu Dhabi Charter School – Al Riyadh	2021	American
18.	Dubai Schools Nad Al Sheba – Dubai PPP	2022	American
19.	Abu Dhabi Charter School – Al Ahad	2022	American
20.	Abu Dhabi Charter School – Al Azm	2022	American
21.	Abu Dhabi Charter School – Al Forsan KG	2022	American
22.	Ajyal School - Al Furqan	2022	American
23.	Ajyal School -Al Maktoum	2022	American
24.	Ajyal School -Al Qarayen	2022	American
25.	Ajyal School -Al Mataf	2022	American
26.	Jebel Ali School (JAS)	1977 (acquired in 2022)	British

Brand Expansion

The Group underwent a rebranding process in 2008, moving away from the “Beacon Education” brand to the “Taaleem” brand, with the aim to develop brand equity and to strengthen brand identity. Following the rebranding, the Group’s DBS brand underwent a brand expansion phase between 2012 and 2015.

In September 2012, the Group opened another Early Years facility under “The Children’s Garden Kindergarten” brand, located in Al Barsha, Dubai. In September 2013, following the successful completion of the construction of a new campus for Uptown School, (now rebranded as Uptown International School (“**UIS**”)), the Group further expanded its brand by relocating and unifying all Uptown School students to a new campus in Mirdif, which was built on granted land. UIS offers IB curriculum education from pre-kindergarten to Grade 12. Pre-kindergarten precedes kindergarten (which includes KG 1 and KG 2) for children typically between the age of three and four years old (“**Pre-K**”).

Building on the success of DBS-Emirates Hills, Management decided to capitalise on the growing reputation of the DBS brand, by setting up new schools under the same umbrella. In September 2014, the Group opened Dubai British Foundation, an Early Years facility offering nursery to FS2 education located in Jumeirah Islands in Dubai under the DBS brand. This was followed by the opening of the DBS- Jumeirah Park (“DBS-Jumeirah Park”), located in Jumeirah Park in August 2015. DBS-Emirates Hills, DBS-Jumeirah Park and DBS Foundation all fall under the DBS family of schools managed by Taaleem. Brand loyalty among the community primarily vests with the DBS brand. This was based on a strategic decision by Management to grow and build the reputation of certain schools brands within the Group.

Recognition

The brand equity and recognition of the Group and its brands grew within the UAE due to the quality of education provided in its schools, positive inspection outcomes and a strong Emirati student base. This growing reputation contributed to ADEK, the education regulator for the Emirate of Abu Dhabi, awarding the Group mandates to operate four Charter Schools in Abu Dhabi commencing from the 2019-2020 academic year.

Growth

In March 2021, Taaleem Management LLC and The Executive Council of Dubai ("TEC"), a Dubai Government entity, entered into two operation and management agreements, whereby the Group, through Taaleem Management LLC, would operate and manage two schools for TEC in Dubai under the PPP programme, namely the "Dubai School" Al Barsha and "Dubai School" Mirdif, with operations commencing from the 2021-2022 academic year.

In addition, the Group was awarded two additional Abu Dhabi Charter Schools in 2021 and three additional Abu Dhabi Charter Schools in 2022, as part of a renewal and extension of the ADEK agreement, leading to a total of nine Abu Dhabi Charter Schools operated on behalf of ADEK.

In June 2022, Taaleem Management LLC entered into a services agreement with ESE to operate and manage four schools on behalf of ESE in connection with the Ajyal Schools initiative of the Federal Ministry of Education, namely Al Maktoum School-Dubai, Al Qarayen School-Sharjah, Al Mataf School-Ras Al-Khaimah, and Al Furqan School-Sharjah.

Competitive Strengths

A leading K-12 premium education platform in the UAE with significant competitive advantages

The GCC region is amongst the fastest growing and most attractive K-12 markets globally. The UAE K-12 education market in particular (especially Dubai, Abu Dhabi and Sharjah) is backed by fundamental growth drivers. GDP growth in Dubai, Abu Dhabi Sharjah, and Ajman is expected to stabilise between 2022 and 2027, with forecasted growth of 3 to 4% annual growth on the back of government spending and economic diversification (*Source: LEK*). To support the economic performance of the country, the Government is focusing on economic diversification initiatives, shifting from dependency on hydrocarbon exports towards an advanced knowledge-based economy. Further, the rising household income and better living standards across Dubai, Abu Dhabi and Sharjah are also expected to drive greater spending on education. The relevant age population in UAE's K-12 segment is expected to continue growing at a stable rate between the range of 0% to 2% per annum, driving demand across the three cities of Dubai, Abu Dhabi, and Sharjah (*Source: LEK*).

Further, the Government has rolled out various initiatives with the aim to continue to strengthen population growth, including rolling out new visa and residency schemes, such as the golden visa scheme and the implementation of new business-related initiatives, such as 'Dubai Silk Road' and 'Make it in the Emirates', with the aim of attracting new businesses to the UAE.

The growth of the K-12 market in the UAE, especially in Dubai and Abu Dhabi is backed by favourable regulations and initiatives by the Government, coupled with the UAE's K-12 school-age population expected growth, which may accordingly expand the UAE's and the Group's addressable education sector.

The Group enjoys significant competitive advantages in the UAE market, including its established reputation, brand equity and track record, which have enabled it to expand its portfolio by opening schools, leveraging its benefits of scale and access to highly qualified education professionals and strong access to prime real estate for future growth, enabling the Group to capitalise on new opportunities faster than some other education providers in the UAE market.

A scalable platform with highly reputable brands

Given its position in the UAE and the competitive advantages the Group enjoys, the Group has grown into a highly trusted provider of educational services to the local and expatriate population, which may contribute to significant entry barriers for new educational service providers in the UAE K-12 premium education market. Competitors must not only spend significant capital to build new capacity but must also demonstrate the ability to deliver similar educational outcomes to compete in the UAE. New educational services providers must also develop strong reputation and brand recognition in the UAE market, while established service providers, such as the Group, may leverage their successful models and brands (e.g. DBS and RIS) in opening new schools, as well as their operational efficiencies and best practices developed through their existing schools' portfolio.

The Group has established a strong reputation in the market through its flagship DBS, Raha International Schools and Jumeirah Baccalaureate School. The DBS-Emirates Hills School had the largest waitlist amongst the Group's schools as of July 2022, with a total of 242 applicants on the waitlist, and was one of only 17 schools in Dubai rated "Outstanding" by the KHDA in 2021-2022 academic year. Further, RIS-Gardens Campus is the only school in Abu Dhabi offering the full IB curriculum from KG through Grade 12 rated "Outstanding" by ADEK, while JBS is developing a reputation for being a premium francophone school in Dubai, with an international community of students of more than 70 nationalities and a strong French speaking community.

The Group has managed to maintain a stable student base through difficult and competitive market conditions in the UAE, such as the oversupply of premium education providers in Dubai between 2016 and 2019 (*Source: LEK*), including intense competition from some UK and international school groups that offered attractive discounts to parents and aggressively targeted the Group's staff and leaders for recruitment during such period. The Group's stable student base during this period is a testament to the quality of education offered to students and strong reputation in the market.

Access to a large addressable market through a portfolio of schools that spans multiple curricula

The Group's premium schools portfolio offers a diversified educational offering, including the full range of IB curriculum accredited by the IBO and the CIS, the British curriculum accredited by BSO and the CIS and American curriculum following New York State standards and accredited by the NEASC and CIS, allowing the Group access to a large market of students.

Among the Group's ten premium schools, five schools offer the IB curriculum, four schools offer British curriculum (including the recently acquired Jebel Ali School and one early years facility) and one school offers the American curriculum.

Student-centric approach with a focus on delivering quality education

The Group maintains a student-centric approach, with a focus on delivering the highest quality of education in the K-12 premium education segment, compared to the focus by the Group's competitors on both education and ancillary education services. The Group is focused on the goals of improving the quality of the education offered and achieving high student academic outcomes, as evidenced by the positive inspection outcomes received, strong student academic performance and progress and positive higher education destinations for graduating students. Since establishment, the Group's core strategy has been centred around the values set by its Emirati founders of respect, care and inspiration. Accordingly, non-core services are outsourced to third-party providers, to ensure the Group's focus remains on the delivery of high quality education.

Differentiation in Arabic and Islamic education attracting a large Emirati base

The Group is committed to working alongside the UAE Government to help achieve the goal of providing quality education to Emirati students. The Group is renowned for delivering quality education in Arabic and Islamic subject areas and emphasis on Islamic values, which is highly recognised by parents especially due to its strong Emirati student base, which represented 65% of the Group's student base across its total portfolio of private and public schools (including Government-partnerships) as of June 2022. Positive grades in Arabic and Islamic subject areas improve the overall KHDA or ADEK inspection outcomes and encourage Emirati and Arabic expatriates' enrolments. The number of premium Group schools in Dubai with a "Very Good" rating in understanding of Islamic values and awareness of Emirati world cultures in the KHDA inspection doubled from four schools in the 2016-2017 academic year to eight schools in the 2021-2022 academic year.

Track record of achieving operational efficiency while prioritising quality of education

The Group's lean cost structure due to its centralised and streamlined operational structure, including legal, finance, IT, human resources and education leadership, have allowed it to benefit from economies of scale, leverage its fixed cost base and implement efficient and standardised practices across its network, including strong cost management, control through benchmarking and specialised training and development of school principals, leaders and teachers. This in turn has enabled the Group to manage costs and benefit from revenue increases across various schools, which supports the Group in expanding its portfolio of schools and enrolment across its portfolio of premium schools.

One of the preferred partners for the fast-growing Government-partnerships

The educational sector has benefited from several initiatives launched by the UAE Government, including an increase in the education budget allocation as well as the development of PPP schools to offer international curricula to Emirati students and the launch of the "Ajyal (Generations) Schools", which are partnerships between private education providers and the Federal Ministry of Education which offer national curricula to Emirati students, free of charge.

Due to their low capital-investment requirements and fee-generating nature, the Government-partnership programme schools allow for relatively high returns for the Group. The revenue generated by the Group from the operation of the Abu Dhabi Charter Schools consists of a fixed management fee, in addition to a variable fee, based on achievement of certain KPIs by the students and the Abu Dhabi Charter Schools. Starting from the 2022-2023 academic year, revenue to be generated from the operation of Ajyal Schools on behalf of the ESE is expected to consist of a variable management fee based on a set number of students and a variable fee based on achievement of certain KPIs by the students. On the other hand, Dubai Schools under the PPP programme generate revenue through the collection of tuition fees, similar to the Group's premium schools. The tuition fees of the Dubai Schools under the PPP programme are paid to the Group and may be subsidised by scholarships funded by the Dubai Government, if certain eligible criteria are met.

Experienced management team with proven track record of execution

The Group is managed by a highly experienced management team, led by Alan Williamson and Arnaud Prudhomme.

The Group's senior management team has helped the Group achieve certain key accomplishments and milestones, including expanding the Group's premium schools portfolio by opening new premium schools, improving enrolment rates and reaching 80% capacity utilisation in DBS-Jumeirah Park in the first three academic years and 80% capacity utilisation in RIS-Gardens Campus in the first six academic years. Capacity utilisation is calculated as number of students enrolled in a year divided by total student capacity for the year. The Group's senior management have helped the Group achieve positive inspection outcomes, have managed the schools during the Covid-19 pandemic, which posed certain operational challenges, have entered into operation and management agreements with the TEC (subsequently novated and assigned to the KFE) to operate and manage three Dubai Government- owned schools, signed a management agreement with ADEK to manage the operation of nine Abu Dhabi Charter Schools. Senior management also assisted the Group in the roll-out of new schools, the completion of the acquisition of the Jebel Ali School in 2022 as well as identifying and securing land for the pipeline schools expected to commence operations in the next few years. With the help of senior management, the Group delivered sound financial results and returns to shareholders, including revenue growth, EBITDA growth and healthy dividends, developed and sustained strong relationships with KHDA and ADEK and finally expanded into the Northern Emirates after being awarded contracts to operate and manage four Ajyal Schools, including three schools in the Northern Emirates.

Track record of delivering solid financial results and returns to shareholders

The Group's operational efficacy, expansion efforts and growth strategy, aided by the support of its strong management and leadership teams have helped the Group deliver solid financing results and solid returns to shareholders.

Strategy

The Group maintains a well-defined growth strategy leveraging its core competencies, as further described below.

Delivering quality education and strong student outcomes

The Group's core strategy revolves around delivering values-based education in the K-12 premium education segment. Focusing on the K-12 segment allows the Group to maintain a focus on delivering the values of the Group, which include respect, care and inspiration. The Group is committed to developing and retaining high quality staff at all levels, that are committed to the Group's mission and principles of "journey to excellence", through which it can deliver the highest quality education and help students achieve the best possible academic performance. The Group performs regular internal quality assurance reviews that assess the quality of teaching, learning and pastoral care. The Group focuses upon achieving positive inspection outcomes, implementing efficient and standardised practices across its network of schools (including strong cost management and control through benchmarking), as well as on delivering specialised training and development to its principals and teachers, in order to develop and retain a strong staff base.

Growth in existing mature schools

Between the 2019-2020 and 2021-2022 academic years, the Group added nine new schools to its portfolio, including RIS-Khalifa City Campus in the premium schools portfolio, the Dubai School- Al Barsha Branch and Dubai School–Mirdif Branch in the Dubai Schools PPP programme and six Abu Dhabi Charter Schools. The Group also completed the acquisition of the Jebel Ali School in July 2022, which now forms part of its premium schools portfolio, and has also been awarded the management and operation of three additional Abu Dhabi Charter Schools on behalf of ADEK, one new Dubai School under the PPP programme on behalf of KFE and four new Ajyal Schools on behalf of the ESE, which commenced operations in the 2022-2023 academic year.

The Group's strategy entails strengthening and optimising its existing flagship school brands, including DBS and RIS brand, and increasing their enrolment rates through the implementation of several optimisation initiatives and adjustments to such schools' unique selling points.

Ramp-up of newly introduced schools

The Group's strategy entails the ramp-up of recently introduced schools, including RIS-Khalifa City Campus and the recently acquired Jebel Ali School. Given that RIS Khalifa City only commenced operations in the 2020-2021 academic year, it is operating at lower capacity utilisation rates compared to Jebel Ali, while Jebel Ali School still has significant ramp-up potential given that the school relocated to a new campus in 2016 and has the capacity to accommodate additional students in the existing grades and to expand to Year 13. Despite converting from a non-profit to a for-profit school, enrolments in Jebel Ali School have increased from 1,412 students for the 2021-2022 academic year (representing 68% capacity utilisation) to 1,620 students as at 31 August 2022 for the academic year 2022-2023 (representing 78% capacity utilisation). The Group aims to focus on expanding the capacity utilisation and enrolment at the newly launched or recently acquired schools. New schools typically operate at lower capacity during the first years of operation and have ample capacity for enrolment and capacity utilisation growth. The Group aims to increase capacity utilisation at RIS–Khalifa City Campus and JAS, which had a combined capacity utilization of approximately 49.7% in the 2021-2022 academic year to reach similar capacity utilisation to the Group's more mature schools operational on or before September 2020, which had a utilisation rate of approximately 79% for all mature schools combined during the same period. Capacity utilisation rate is calculated as total enrolments for the respective schools divided by total capacity for the respective schools.

Growth through organic and inorganic expansion

The Group's expansion strategy includes growth through new school launches, as well as potential inorganic expansion through the acquisition of existing or operational schools, to be assessed on a case-by-case based as the opportunities arise.

The Group is considering the roll-out of four additional new schools, comprising three schools in Dubai and one in Abu Dhabi, including two new schools under the DBS brand. The following chart describes the Group's pipeline of new premium schools it expects to launch within the next few years, subject to regulatory approvals. The details of the Group's pipeline schools reflect the Group's current plans with respect to such schools and may be subject to change in the future.

School	Curriculum	Location	Capacity	Price Point	Expected Launch
DBS Jumeirah	British	Jumeirah, Dubai	1,600	Upper range of premium	September 2024
DBS Mira	British	Al Reem, Dubai	1,600	Lower range of premium	September 2024
New Premium School – 1	British	Abu Dhabi	1,500-2,500	Super premium	September 2025
New Premium School – 2	British	Dubai	1,500-2,500	Upper range of premium	September 2025

Expansion of Government-partnership schools' portfolio

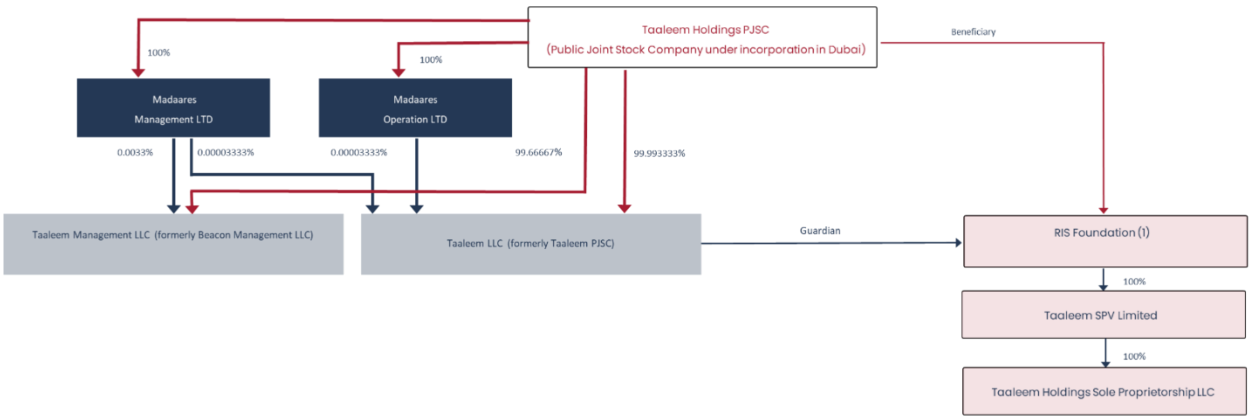
Leveraging on senior management's Government-partnership experience and the strong relationship with the public sector the Group maintains through its strategic partners, the Group aims to continue to work towards being awarded more government management contracts. The Group's Government-partnership portfolio has grown over the past few years, commencing with the award of the first operation and management mandate by ADEK of four Abu Dhabi Charter Schools (commencing operations in the 2019-2020 academic year), to operating and managing a total of 16 Governmental-partnership schools in the 2022-2023 academic year, including nine Abu Dhabi Charter Schools on behalf of ADEK, three Dubai Schools under the PPP programme on behalf of the KFE and four Ajyal Schools as part of the Federal Ministry of Education's Ajyal Schools commencing from the 2022-2023 academic year. The Government partnership programmes are expected to experience growth, with ADEK expected to grow the current enrolment levels at the Abu Dhabi Charter Schools by 1.5 to 3 times the multiple over the medium to long term, while ESE is expected to grow the Ajyal Schools programme by 2.8 times from a total of 10 schools in 2022-2023 by an additional 28 schools in the next three years and the Dubai government is expected to heavily invest in PPP schools over the next years (*Source: LEK*). The Group aims to continue working towards being awarded more government management contracts, leveraging its management team's strong track-record in operating schools in accordance with the specification requirements of the public sector and the strong relationship with the public sector through its strategic partners. The Group receives support from its strategic partners including KFE, benefiting from a dynamic relationship leading to beneficial leasing and operating arrangements, securing long-term leases and allowing long-term visibility on future urban growth plans of Dubai. Further, the Group plans to leverage its experience and track-record with the Emirati student base in premium schools and positive academic outcomes in Arabic and Islamic subject areas.

The Dubai Schools under the PPP programme currently offer KG-1 to Grade 5 education with a total current capacity of 2,624 for the 2022-2023 academic year, leaving ample opportunity for growth in capacity. The Group may also benefit from additional capacity that may be unlocked in the Dubai Schools PPP program, as students progress through their educational journey and additional grades are launched accordingly, subject to KFE's approval on expansion of the grades offered. The Group's strategy focuses on increasing the capacity utilisation rates of the Dubai Schools under the PPP programme (which consisted of two schools and amounted to 57% for the 2021-2022 academic year) to reach rates similar to the Abu Dhabi Charter Schools (which consisted of six schools and reached 97% during the same period).

Corporate Structure and Main Subsidiaries

Corporate Structure

The following structure chart provides an overview of the Group's corporate structure:



(1) RIS Foundation set up process is complete, while the share transfer by Adel Al Zarouni and Abdulla Al Mazrui to RIS Foundation is still in process.

Main Subsidiaries

The Company's main subsidiaries are:

- Taaleem LLC, a limited liability company incorporated in Dubai, which historically acted as the holding company and now holds the Group's assets, most notably, the school campuses. Taaleem LLC owns and operates nine premium schools and premises, including DBS Emirates Hills, DBS Jumeirah Park, DBS Foundation, American Academy for Girls, Uptown International School, Jumeirah Baccalaureate School, Greenfield International Schools, Taaleem Training and Professional Development and Jebel Ali School. It also operates Raha International School – Gardens Campus, which is in turn owned by Taaleem Management LLC and Raha International School Khalifa City Campus which is under the RIS Foundation.

- Taaleem Management LLC, a limited liability company incorporated in Dubai, and is the operational company through which the Group operates Dubai Schools Mirdif, Dubai Schools Al Barsha and Dubai Schools Nad Al Sheba under the PPP programme on behalf of the KFE and four Ajyal Schools on behalf of the ESE. Taaleem Management LLC also owns Raha International School – Gardens Campus. Taaleem Management LLC holds schools licenses on behalf of Taaleem LLC and charges management fees to the schools.

- RIS Foundation is a registered foundation set up in the Abu Dhabi Global Market, to hold two main assets, which include Raha International School –Khalifa City Campus and 100% of the share capital in Taaleem SPV Limited (subject to completion of the share transfer from the nominees), a private company limited by shares incorporated in Abu Dhabi Global Market, which in turn owns 100% of share capital the Taaleem Holdings Sole Proprietorship LLC, a sole proprietorship limited liability company incorporated in Abu Dhabi. The RIS Foundation set up process is complete, while the share transfer by Adel Al Zarouni and Abdulla Al Mazrui (the nominees) to RIS Foundation is still in process. The structure was set up to comply with the ADEK licensing requirements for a license holder and Musataha rights (leasehold rights) over the land to be 100% owned by UAE nationals and to facilitate the Group's operation and management of the Abu Dhabi Charter Schools as part of the Government-partnership programme. Taaleem Holdings Sole Proprietorship LLC owns 100% of Raha International School – Khalifa City and is the entity through which the Group operates the Abu Dhabi Charter Schools on behalf of ADEK. Taaleem Holdings Sole Proprietorship LLC operates all nine ADEK Charter Schools. Prior to the establishment of the foundation, the Group had put in place a structure including a “Wakala Agreement” which appointed Taaleem SPV Limited as agent to act on behalf of Taaleem Holdings to incorporate, build, operate and transfer income of the Abu Dhabi schools under Taaleem Holdings’ instructions. However, the incorporation of the RIS Foundation in the Abu Dhabi Global Market and the intended transfer of the SPV shares to the RIS Foundation made the Wakala Agreement and structure redundant. As such, once the transfer of the SPV shares to the RIS Foundation is complete, the Group intends on terminating the Wakala Agreement and its accompanying structure documents.

- Madaares Management Limited is a limited liability company wholly owned by the Company and registered in the Jebel Ali Free zone in Dubai primarily to hold shares in Taaleem Management LLC and Taaleem LLC, in each case holding less than 0.1% of the relevant share capital.

- Madaares Operations Limited is a limited liability company wholly owned by the Company and is registered in the Jebel Ali free zone in Dubai primarily to hold shares in Taaleem LLC, holding less than 0.1% of its share capital.

Following the establishment of Taaleem SPV Limited and Taaleem Holdings Sole Proprietorship LLC, the structure was subsequently re-evaluated, following which, the Board of Director decided that a foundation structure would be a better fit for the operational purposes and interests of the Group. Accordingly, the previous company structure was brought under the foundation structure.

Premium Segment Overview

IB Curriculum

The Group owns and operates five premium schools offering IB curriculum, which were established between 2005 and 2020, namely Uptown International School, Greenfield International School, Jumeirah Baccalaureate School, Raha International School Khalifa City Campus and Raha International School Gardens Campus (RIS Gardens). All schools have offered IB curriculum since they were founded and have been successful in their growth and have achieved successful IB results.

The Group’s premium portfolio offers the continuum of the International Baccalaureate (IB) through four educational programmes to students aged 3 to 19, namely the Primary Years Programme, the Middle Years Programme, the Diploma Programme and Career-related Programme.

The Group has a strong track record with IB Schools and is considered as among the leading IB curricula providers in the premium segment within the UAE, with RIS Gardens Campus being the only school in Abu Dhabi offering the full IB curriculum from KG through Grade 12 rated as Outstanding by ADEK and GIS being rated “IB school of the year” by Schools Compared in 2022.

British Curriculum

The Group’s British curriculum schools consist of three schools under the ‘Dubai British School’ brand (including DBS Foundation) and the recently acquired Jebel Ali School. The Dubai British Schools brand offers high standard of care and education to families in the Group’s existing school portfolio of the Emirates Hills branch, which has been operating for 15 years and is rated “Outstanding” by the KHDA and the BSO. Capitalising on the success of the DBS-Emirates Hills School, the Group took the strategic decision to expand the DBS brand into Jumeirah Park branch, which has been operating for five years and is rated ‘Very Good’ by the KHDA and “Outstanding” by BSO. With respect to Jebel Ali School, while the school is rated “Very Good” by KHDA and has not yet applied for BSO accreditation since the Group has only taken over management of the school from the end of May 2022.

The British Curriculum, also known as the National Curriculum for England, is divided into key stages (“**KS**”). The first Key Stage is Early Years (Ages 2 to 5) following which, the students enter primary level and complete KS1 (Ages 5 to 7) and KS2 (Ages 7 to 11). Secondary levels consist of KS3 (Ages 11 to 14) and KS4 (Ages 14 to 16) at the end of which students sit the General Certificate of Secondary Education at the age of 16. At pre-university level, students go through KS5 from the ages of 16 to 18 which leads to A-Level qualifications.

The Group's current Early Years portfolio under the British curriculum comprises one facility under the Dubai British Schools brand offering British curriculum, namely DBS Foundation, which is rated Outstanding by the BSO and the UK Early Excellence Centre and Inspirational Learning and has had a track record of high enrolment rates. The DBS Foundation offers nursery to FS2 education, which relates to play-based learning and continuous provision pedagogy relevant to early years education.

The UK Early Excellence Centre and Inspirational Learning, which provides an additional quality assurance measure, in addition to the BSO voluntary inspection scheme that utilises expert knowledge of child development, pedagogy and practice coupled with an up-to-date picture of the international arena, inspection framework and the latest research. The UK Early Excellence Centre reviews, supports and provides quality assurance for early years foundations, building a partnership with the school to help drive forward longer-term innovation and improvement.

American Curriculum

The Group owns and operates one American curriculum premium school, namely the American Academy for Girls ("**AAG**"), in addition to the American curriculum schools it operates as part of its Government-partnership portfolio. All American curriculum schools follow the New York State curriculum standards.

AAG is accredited by CIS and NEASC. It is also annually reviewed by the KHDA (current rating is Good). AAG was re-accredited in the 2021-2022 academic year by CIS and NEASC. AAG offers an activity-based American curriculum, with a family-style environment focusing on Arabic and Islamic studies, led by a recently appointed motivated and driven principal and a strong teacher-parent-student support structure. The activities offered by AAG include general education together with some limited extracurricular activities. AAG faculty focuses on helping students achieve their full potential from Pre-K to Grade 12. The school provides education to girls from Pre-K to Grade 12, while education is available from Pre-K to KG-2 for boys.

Government-partnerships Segment Overview

Due, in part, to the Group's strong reputation and relationship with the UAE Government, the Group has been awarded management contracts for Government-owned schools in both Dubai and Abu Dhabi and the Northern Emirates, by the KFE, ADEK and ESE, respectively.

Dubai Schools Public Private Partnership

In March 2021, Taaleem Management LLC and the TEC entered into two operation and management agreements whereby the Group, through Taaleem Management LLC, operates and manages two schools on behalf of TEC in Dubai under the PPP programme, namely Dubai Schools Al Barsha and Dubai Schools Mirdif, commencing from the 2021-2022 academic year. On 29 June 2022, two novation agreements were entered into between the TEC, KFE and Taaleem Management LLC, whereby all rights and obligations of TEC under the original agreements were assigned and novated to KFE. Additionally, Taaleem Management LLC and KFE entered into a new operation and management agreement in September 2022, to operate an additional school on behalf of KFE, namely 'Dubai Schools' Nad Al Sheba which commenced operations in the 2022-2023 academic year. The Dubai Schools PPP offer American curriculum.

The "Dubai Schools" PPP is a project supported by HH Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum and offers a new educational concept built around local Emirati values, by providing American curriculum education that is guided by Arabic principles and Islamic values at reasonable fees. The Dubai Schools PPP aims to provide quality international education to Emiratis at privately managed schools, with the KFE offering certain tuition subsidies at different thresholds on a need/merit basis, subject to meeting certain criteria set by the KFE. Two schools have been operating since September 2021 and offer KG to Grade 5 education. In addition, the Nad Al Sheba School commenced operations in the 2022-2023 academic year offering KG to Grade 5 education. The Group may also benefit from additional capacity that may be unlocked in the Dubai Schools PPP program, as students progress through their educational journey and additional grades are launched accordingly, subject to KFE's approval on expansion of the grades. The Dubai Schools under the PPP programme currently offer KG-1 to Grade 5 education, leaving ample opportunity for growth in capacity. The land and buildings for such schools are owned and built by the KFE, which enters into the operation and management agreement with the Group as the school operator, with no rental costs incurred by the Group.

Abu Dhabi Charter Schools

As of 31 August 2022, the Group operates and manages nine Abu Dhabi Charter Schools on behalf of ADEK, pursuant to an operation and management agreement entered into between Taaleem Holdings Sole Proprietorship LLC and ADEK dated June 2022. The Group is currently commencing the accreditation process of the Abu Dhabi Charter Schools with the NEASC.

The "Abu Dhabi Charter Schools" offer American curriculum following New York State standards, for different age ranges between the age of 4 and 16 years old. Only UAE nationals are eligible to attend the Abu Dhabi Charter Schools, in addition to a small number of Arab students from other Arab nationalities, subject to special exemptions. The Abu Dhabi Charter schools are owned by ADEK, which in turn engages with private operators to manage the day-to-day operations with the goal of improving the standard of public education and providing free-of-cost quality education to Emirati nationals. The initial tender process by ADEK to education providers is typically a rigorous process that usually involves the submission of a business plan, academic plan, as well as additional information on cost per student, long term budgeting and planning, academic track record, understanding of Emirati community, student academic performance and progress of students, understanding of Islamic values, curricula plans, assessment processes, intervention strategies, governance structure, and the student admissions and induction process.

Given that operating and capital expenditures are paid in advance by ADEK, the less capital intensive and fee-generating business model of the Abu Dhabi Charter Schools represents a growth business vertical, allowing positive cash generation and income for the Group, which the Group is actively pursuing as part of its growth strategy. Fees are paid by ADEK directly, allowing for a low risk revenue collection model.

Ajyal Schools

Taaleem Management LLC entered into a services agreement with the ESE in June 2022, whereby Taaleem Management LLC would operate and manage four schools, namely Al Maktoum School (Dubai), Alqarayen School (Sharjah), Al Mataf School (Ras Al-Khaimah), and Al Furqan School (Sharjah) with operations commencing in the 2022-2023 academic year. The agreement commenced on 28 June 2022 and continues for an initial term of three years and may be extended by the mutual agreement of both parties for additional periods of five years each. Alternatively, following the initial term, ESE has the right at its sole discretion to renew the agreement for additional terms of two years each.

The Ajyal Schools all fall under the same "Ajyal Schools" initiative by the Federal Ministry of Education and offer American curriculum following New York State standards, for Grade 1 to Grade 4 students in different locations. The initial tender process by the ESE on behalf of the Federal Ministry of Education for initial award to education providers is typically a rigorous process that usually involves the submission of a business plan, an academic plan, and additional information on cost per student, long term budgeting and planning, academic track record, understanding of Emirati community and Islamic values, curricula plans, assessment processes, intervention strategies, governance structure, as well as planning for student performance and progress in core subjects and the admissions and induction process.

Student Tuition, Payment Plans and Scholarships

The Group currently collects the majority of tuition fees on a termly basis, which may be paid by cash, cheque, credit card authorisation form, bank transfer, credit or debit card by the date indicated on the termly invoice.

Further, pursuant to the KHDA guidelines, a school may offer a payment plan of 10 monthly payments, should the parents request an alternative to termly payments of tuition fees. The Group may agree to monthly payment plans with parents in writing, or receive a credit card authorisation form, which grants the Group permission to receive the tuition fees as agreed between the parents and the Group on a case-by-case basis. Should a parent wish to pay more in advance, such arrangement may be agreed upon with the relevant school's finance department. Parents may also pay fees in instalments using the option offered through the school's collaboration with Emirates NBD or Emirates Islamic Bank that organize fees to be paid in monthly instalments either every three, six or 12 months, without any additional interest incurred or the need to set up a bank account. Under this payment scheme, the Group receives the full academic year tuition fee in advance. Parents can also submit post-dated cheques to cover termly fees.

In Abu Dhabi, regulations require payment on at least three equal instalments for tuition fees in each academic year. The school may collect the first instalment within one month prior to the commencement of the academic year, typically in August for schools that start their academic year in September. Schools may collect their registration or re-registration fees up to four months prior to the commencement of the academic year, provided that such an amount is deducted from approved school tuition fees and does not exceed 5% of Council-approved tuition fees. The registration or re-registration fees are charged only when the student is enrolled.

Marketing and Student Recruitment

The Group's central office marketing team works in collaboration with each school's marketing teams towards achieving the school's marketing and admissions objectives. The central office develops efficient marketing and admissions strategies for every school and supports the on-ground day-to-day tasks.

As a result of the Group's strong marketing and recruitment efforts, the Group received 9,276 applications between September 2021 and June 2022 across all premium schools and received 2,050 applications for the Dubai Schools under the PPP project between February and March 2022. As of July 2022, DBS-Emirates Hills had 242 waitlisted students, while DBS-Jumeirah Park had 76 waitlisted students and the recently acquired Jebel Ali School had 172 waitlisted students.

Student Retention

The Group employs certain marketing and admission related initiatives with a goal to meet its student retention objectives

As a result of the various initiatives employed, the Group's schools have experienced a strong level of re-enrolment. Leveraging the Group's marketing and admissions initiatives, the Group managed to maintain a stable student base through difficult and competitive market conditions in the UAE, such as the oversupply of premium education providers in the UAE between 2016 and 2019, including intense competition from some UK and international school groups, who offered attractive discounts to parents and aggressively targeted the Group's staff and leaders for recruitment during such period.

Teacher Recruitment and Development

The Group is responsible for teacher recruitment across its portfolio. The Group employs a rigorous and comprehensive process for recruiting highly qualified teaching staff.

The Group maintains a diversified teaching staff base, reflecting a mix of nationalities, comprising of 37% British, 10% Emirati, 10% Irish, 6% American, 5% Egyptian and 32% of other nationalities as of August 2022. The recruitment process is managed in a centralised manner through the Group's corporate HR function and is then further organised at a school level. Advertisements for teaching roles are promoted through various local, regional and international channels, including the Times Educational Supplement (TES) recruitment portal, referrals and LinkedIn. Marketing for teaching roles is also conducted on-the-ground through regular recruitment trips to the United Kingdom and attendance of local recruitment fairs. In addition to the active recruitment channels, the Group also receives a large number of direct applications for teaching roles.

In addition to the requirement for the relevant teaching certifications or qualifications, the criteria the Group applies when assessing potential teaching candidates includes an appraisal of: (i) their track record at previous schools, their understanding of teaching and pedagogical matters; (ii) their knowledge and experience in the particular curriculums; (iii) their understanding of international education and commitment to the UAE; and (iv) their contribution to the wider work of the school and their participation in extra-curricular activities.

Teacher Training

Teachers are offered a comprehensive training package throughout their time at the Group to ensure their professional development within their respective roles. Training opportunities are offered to teachers starting from the on-boarding stage, whilst the induction period is dedicated to a range of professional development activities to equip them with the necessary skills to effectively carry out their responsibilities. The Group is licensed by the KHDA to provide mandatory professional development training to Taaleem teachers, which is a mandatory regulatory requirement for all teachers in Dubai private schools. The Group provides teacher licensing to its own teachers through the Taaleem Training and Professional Development arm at the central office. Regular performance appraisals are conducted to track the development of teaching staff, together with occasional monitoring and observation of the lessons delivered by teachers.

Teacher Retention

The Group works towards achieving strong level of teacher retention through the implementation of various policies and initiatives. The Group's teachers are provided with competitive salary packages, and more recently in September 2022, were awarded with incremental salary increases. The Group seeks to ensure the wellbeing of teachers through a number of initiatives, including through the utilisation of technology to help reduce teaching workload where necessary, and the organisational culture of giving due and genuine consideration to the feedback received from teaching staff. The Group's commitment to maintaining the strong retention of teaching staff was particularly evidenced during the Covid-19 pandemic, whereby all teachers and non-teaching staff were retained on their full salaries. As at 31 August 2022, the Group had 1,721 teachers, covering both the premium and government-partnership portfolio. Moreover, the range of professional development opportunities further aids the retention of teaching staff, particularly through the provision of training opportunities to enhance teaching qualifications, International Baccalaureate curriculum training and various leadership qualifications that are offered to teachers through the relevant national professional qualification programmes. Additionally, the fact that the Group offers teachers the opportunity to move across the Group's portfolio of schools provides the teaching staff greater opportunities for promotion, which in turn further aids in the retention of such teaching staff.

School Ratings and Accreditations

The school inspection framework in the UAE is designed to support the inspection of a broad range of schools across the various educational levels. School inspections are conducted with reference to a comprehensive range of performance standards, which includes: (i) students' achievement; (ii) students' personal and social development; (iii) the quality of teaching and assessment; (iv) the curriculum; (v) the protection, care guidance and support of students; and (vi) the leadership and management of schools. Each standard is further broken down into 17 specific performance indicators and elements. Each individual school is rated against the relevant performance standards resulting in an overall school rating.

The Group's premium schools portfolio includes two "Outstanding" ratings, four "Very Good" ratings (including the recently acquired JAS), two "Good" ratings and four schools pending ratings as of August 2022, namely RIS-Khalifa City Campus and the three Dubai Schools under the PPP project, while the inspection framework for the Ajyal Schools is still not determined, given the Ajyal Schools initiative was only launched in the 2022-2023 academic year.

Ancillary Services

The Group provides a comprehensive range of ancillary services across its schools, which are typically charged to students in addition to the relevant tuition fees. The ancillary services are in some instances, provided through third-party contractors and include: (i) the provision of transportation for students to and from the relevant schools; (ii) school canteen / catering services; (iii) school uniforms; (iv) extra-curricular activity offerings, such as football, gymnastics, swimming, basketball, cricket, athletics, chess clubs, photography, ballet, yoga and fine arts; and (v) student trips and excursions.

In relation to key ancillary services such as transportation, school uniforms and catering, Group-wide service agreements are typically tendered for, to ensure that the Group can benefit from economies of scale by leveraging the most commercially attractive terms for provision of services across all its schools, as well as streamlining such services, with single Group-wide contracts, rather than multiple agreements with different suppliers. Ancillary services relating to extra-curricular activities are typically entered into at an individual school level through a request for tender process for approximately three offers and/or tenders with well-established service providers. With respect to the annual maintenance contracts of key facilities such as swimming pools, football pitches and tennis courts, these maybe entered into at an individual school level or, where appropriate at a Group level to leverage commercially attractive terms. Where the ancillary services are provided in-house, benchmarking exercises are typically conducted to identify and further optimize revenue opportunities. The Group carries out comprehensive annual reviews on third party agreements, with the aim of negotiating competitive commercial returns and services.

School Facilities

The Group seeks to create a school environment that attracts and motivates students and teachers. Management recognises that the facilities available at the Group's schools are an important criterion affecting whether students are willing to join schools in its portfolio. The Group's design framework for its school facilities is based upon the pedagogical foundations upon which the schools are built, which includes a thorough understanding of the intended learning and teaching approach as well as the needs of students across different age groups. The Group aims to introduce an attractive, modern and functional design for each of its schools, including through the development of well-integrated design solutions that promote the effective use of the related areas or facilities, thereby helping the schools achieve their key academic and wider learning outcomes.

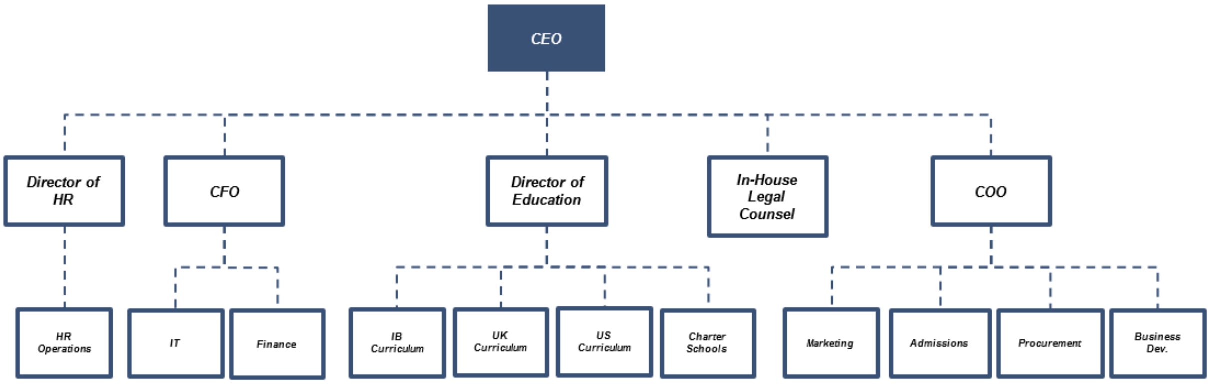
The Group aims to introduce an attractive, modern and functional design for each of its schools, including through the development of well-integrated design solutions that promote the effective use of the relevant spaces / facilities, thereby allowing schools to achieve their key academic and wider learning outcomes. To maintain high quality facilities and encourage student enrolment and retention, the Group carries out large overhaul investments, in relation to campus improvements, which is assessed on an annual basis, in accordance with the long-term strategy in place to fund such investments. These investments are a symbol of the Group's ongoing investment in its facilities.

Online Learning Capabilities

The Group has developed its online learning capabilities to offer a robust, innovative and continuing learning environment to students. In recent years, particularly as a result of the Covid-19 pandemic, the Group's schools have witnessed a shift towards a hybrid combination of in-school and online learning. The Group was able to capitalise on its online learning resources and quickly pivot to online learning which assisted the Group in handling the challenging Covid-19 period smoothly. However, all schools returned to in-person education on 30 August 2020 for the 2020-2021 academic year. Online platforms such as Microsoft Teams enables the continuation of communication and quality education by allowing the Group's teachers, students and parents to remain connected. For younger students, the interactive learning platform 'Seesaw' enables students to remain connected with their teachers and provides parents with visibility regarding their children's learning progress. In addition to Microsoft Teams and Seesaw, several other curriculum related software and applications are available across the Group's schools for use by teachers and students, which includes curriculum related programmes such as "Mathletics", "Razkids", "Bravo Bravo", "Bel-Arabee", "Schoolbox" and "toddle".

Organisational Structure

The chart below outlines the organisational structure of the Group's directors and senior managers (the "**C-Suite**"):



Purchasing and Procurement

The Group conducts the procurement of products and/or services both at an individual school and at a centralised level.

To ensure the effectiveness of the procurement processes, the Group has devised a number of policies applicable at a centralised and/or an individual school level. These policies, include (i) the Taaleem Group Procurement Policy; (ii) the Advance Payment Policy; (iii) the Delegation of Authority Policy; (iv) the Master Vendor Policy and Guidelines; (v) the Tendering Process Policy; (vi) the Supplier Evaluation Policy; (vii) the Preferred Supplier Policy; and (viii) the Invoice Processing Policy.

Properties and Real Estate

The Group operates and manages schools across Dubai and Abu Dhabi on land held: (i) on a leasehold basis; (ii) on a freehold basis; and (iii) subject to public-private partnerships on land owned by the Governments or Government-entities. The Group maintains strong relationships and is consistently in dialogue with major real estate developers in the UAE, including Damac, Emaar and Nakheel, in order to secure the best locations for its schools. The Group follows an opportunistic approach to real estate, ranging between both ownership and lease of real estate assets, which is assessed on a case by case basis. As such, the Group has a presence in several key locations within the UAE, including Al Barsha, Arabian Ranches, Mirdif, Emirates Hills and Jumeirah Park in Dubai, together with Al Falah, Riyadh City, Shakhbout City, Baniyas and Khalifa City in Abu Dhabi, as well as in Sharjah and Ras Al Khaimah. The Group's lease agreements are on a long-term basis, with an average tenor of 30 years, while some lease arrangements benefit from favourable terms such as a fixed price throughout the tenor.

The Group's approach towards finding new real estate involves the undertaking of internal feasibility studies which follow the RIBA plan of work in order to conduct due diligence when assessing real estate opportunities. The RIBA plan of work is a comprehensive process for identifying and defining the development of a new asset, including organising the design and construction process of buildings. Moreover, with the aim of producing accurate cost plans, the Group follows the RICS new rules of measurement, which provide a standard set of measurement rules and guidance for the cost management of construction projects and maintenance works. To support and guide the decision-making process, the Group also conducts third party feasibility studies using reputable industry specialists. Once the Group's management has identified suitable real estate opportunities, recommendations are then issued to the Group's (i) Education Committee; (ii) Executive Committee; and (iii) Board of Directors for their review, feedback and majority approval.

The following table provides information regarding the schools and lands owned, leased or managed by the Group in the UAE:

School/Facility	Ownership	Lessee
American Academy for Girls	Land is leased, building is owned	Taaleem Management LLC (formerly Beacon Management LLC)
Raha International School Garden Campus	Land is leased, building is owned	Taaleem LLC (formerly Taaleem PJSC)
Greenfield International School	Land is leased, building is owned	Taaleem Management LLC (formerly Beacon Management LLC)
Jumeirah Baccalaureate School	Land and building are both leased	Taaleem Management LLC (formerly Beacon Management LLC) & Taaleem LLC (formerly Taaleem PJSC)
The Children's Garden Barsha	Land is leased, building is owned and currently sub-leased to third party	Taaleem Management LLC (formerly Beacon Management LLC)
Raha International School Khalifa-A	Land is leased, building is owned	Raha International School Khalifa A
Dubai British School, Jumeirah Park	Land and building are both owned	N/A – Freehold land
Dubai British School Jumeirah Park Foundation	Land and building are both owned	N/A – Freehold land
Dubai British School	Land and building are both owned	N/A – Freehold land
Uptown International School	Land is granted, building is owned	N/A – Freehold land
DSC Residence	Land and building are both owned	N/A – Freehold land
Jebel Ali School	Land and building are both owned	N/A – Freehold land subject to mortgage
Dubai British School Jumeirah, Al Wasl	Land is leased, building is under construction	Under construction. Operations expected to commence in the 2024-2025 academic year.
Dubai British School, Mira	Land will be leased, heads of terms have been agreed.	Operations expected to commence in the 2024-2025 academic year.
Dubai Public-Private Partnership Schools and Abu Dhabi Charter Schools	Land and building owned by Government of Dubai and Abu Dhabi	Subject to operation and management agreement. The lands are not subject to leases.
Ajyal Schools	Land and Buildings owned by Government	Subject to operation and management agreement. The lands are not subject to leases

Health and Safety

The Group is committed to the protection of the health, safety and welfare of its employees, students, contractors, and visitors and recognizes health and safety as an integral part of its business performance. The Group has devised an overarching occupational safety and health ("**OSH**") policy that prioritises the following elements with the goal to establish positive health and safety practices:

1. promoting a culture of responsibility and accountability towards human health and safety;
2. pursuing best practices and allocating necessary resources to achieve, maintain and develop OSH objectives;
3. appropriate provision and use of resources to minimise health and safety hazards and risks arising from the Group's activities and operations;
4. preventing injury and ill health of employees, students, public, contractors, and visitors;
5. creating a positive OSH culture through effective communication and consultation with all stakeholders in order to promote awareness and encourage participation;
6. providing effective OSH training;
7. enhancing the health and wellbeing of staff and students;
8. complying with all OSH legal and regulatory requirements applicable to the Group's operations;
9. striving for improvement of OSH performance in response to changing situations;
10. identifying workplace hazards and providing a system of OSH risk management;
11. carrying out regular audits basis both at a school level and central office level to monitor compliance with the OSH policy;
12. engaging reputable service providers to support best practice in their specific field, such as security; and
13. maintaining a high level of cleanliness in all work premises and at the school campuses.

Awards

Awards and Recognition

In recognition of the Group's quality education and educational excellence, several of the Group's schools have received a range of awards, including the Early Excellence Award by the DBS Foundation in 2018, Leading Parent Partnership Award by the DBS Foundation, and DBS-Jumeirah Park in 2021, as well as for DBS-Emirates Hills in 2022, the Kitemark status by the Association for Character Education by Jumeirah Baccalaureate School in 2021 and the Microsoft Showcase School by American Academy for Girls in 2017. Additionally GIS won best IB Curriculum School in the UAE in 2021, awarded by the editorial board of Schools Compared, an internationally recognised website providing independent reviews for parents, while RIS- Gardens Campus was granted the same award in 2019.

Environmental and Social Responsibility

The Group seeks to protect the environment and make a positive impact on the wider community and its various internal and external stakeholders. In line with this strategy, the Group has formulated the following objectives to advance its environmental and social responsibility contributions, in line with the UAE's goals:

- Environmental
  - *Green Energy Commitment*: In pursuit of its green energy commitment, the Group has

installed solar panels at two of its schools and is in the process of installing solar panels at two further schools. As part of the Group's strategy, the Group aspires to seek Leadership in Energy and Environmental Design Certifications for its schools. Further, the Group's premium schools have an "Environment Committee", which is a student-led initiative. In recognition of this commitment, UIS has been awarded the Eco Schools Green Flag, an internationally recognised award by the Green Flag Organisation in February 2021.

- *Digital Transformation*: The Group is in the process of introducing a paperless strategy in its schools, initially focusing on the Group's premium schools portfolio.

- *Carbon Footprint*: The Group aims to raise the students awareness on environmental concerns and the importance of sustainability. Students are actively involved in the Group's '*Green Energy*' initiatives to cut down the consumption of precious resources and adopt sustainable alternatives and the '*One Good Thing*' tree planting initiative.

- *Environmental Consciousness*: The Group actively encourages students to commit to increasing their environmental awareness and to behave in an environmentally conscious manner. The student awareness initiatives include '*Simply Bottles*' and '*Dgrade'* to promote recycling at schools, the '*Going Plastic Free'* campaign to reduce consumption of single-use plastic products and a '*Sustainability Show*' to increase student engagement and awareness.

- Social
  - *Scholarships*: The Group is a participant in scholarship and prize initiatives, including the Dr. Ziad J. Azzam Prize for Outstanding Academic and Personal Achievement and the H.H. Sheikh Mohammed Bin Rashid Al Maktoum scholarship with respect to existing scholarships, while no new applications are being accepted, since the programme has been discontinued.

  - *Philanthropic Initiatives*: The Group's students are encouraged to appreciate the intrinsic value of helping those less fortunate through charitable acts. This includes donating to, or raising money for, a worthy cause, volunteering time to help promote awareness of social issues and supporting campaigns, such as the Nefsy Food Campaign, the Red Crescent Rice Collection, the '*100 Million Meals*' campaign and the Circle of Hope and DEFY initiatives by students to enrich and improve lives.

  - *Community Projects*: Community service is greatly encouraged for the benefit of others. The Group's students are provided with the opportunity to undertake local community projects in order to create a direct and tangible impact in their communities, such as the SALS Shoe Collection to distribute outgrown shoes, the '*Sadaqah'* project to raise money for support staff during month of Ramadan and the '*Hand Hygiene Day*' organised with Dettol.

  - *Focused on Human Capital*: The Group has a human capital focus spanning equality and inclusivity through training and development programs.

Child Protection

The Group's primary focus is its students and protecting the welfare of its students. Management believes the Group adopts a holistic approach, which addresses the protection and welfare of its students, in addition to academic education. In addition to developing their academic skills, the Group focuses on students physical, social, cognitive and emotional growth and skills at its schools, which entails placing as much emphasis on the emotional, social, moral and physical development of its students as well as their academic success. The Group aims to offer every student in its care a safe environment in order to allow the students to feel comfortable and reach their full potential.

The Group has a long-established child protection policy which is implemented across all of its schools. The purpose and scope of the policy is (i) to acknowledge the duty of care to promote the welfare of all children and young people at the Group's schools and safeguard them from harm; and (ii) to share with the staff and volunteers, as well as children and young people and their families, the overarching principles that guide the Group's approach to child protection and safeguarding. The Group's child protection policy applies to anyone working on behalf of the Group including senior managers, and senior executives paid staff, volunteers, supply staff, agency staff and students. The policy is reviewed on an annual basis to review compliance of the procedures for monitoring and reporting safeguarding matters reflect statutory requirements and responsibilities, government guidance and comply with best practice. The policy is also reviewed following any changes in legislation and/or government guidance or as a result of any other significant change or event.

Intellectual Property

The Group has registered the Taaleem "Inspiring Young Minds" logo trademark in both English and Arabic in the UAE, Kuwait, Oman, Bahrain and Qatar brand. The UAE trademark was renewed in February 2022 and is therefore valid for 10 years. However, the Group has not registered any of its individual schools' brand names or domain names.

Information Technology Systems

The Group has established comprehensive unified and modernised information technology ("**IT**") infrastructure that offers a credible IT delivery model to support the management and operation of its business. The Group does not own any data centres, but rather a hosted scalable and agile virtualised infrastructure with Etisalat (ISP). In relation to its business applications, the Group's information technology systems are cloud-based with most of the information technology business-critical systems based on the "Software as a Service" model, including: (i) Oracle NetSuite ERP, for accounting, reporting and procurement functions; (ii) Oracle CRM, for managing relations with students and parents; (iii) Oracle HCM, for human resources and personal / employee data management; (iv) Microsoft Office 365, for identity management, emails, collaboration and conferencing; and (v) iSAMS, for the management of students. The Group centralises the selection and procurement process for its technological devices and equipment in order to ensure consistency, cost-efficiency and regular upgrades. The IT infrastructure for the Group's schools is improved and upgraded in accordance with a multi-year plan. The Group's centralised IT department is responsible for establishing the IT infrastructure for the new schools that are operated by the Group.

Insurance

The Group maintains insurance coverage for various insurable risks under a range of insurance policies, including in relation to property insurance, directors' liability insurance, employers liability insurance, public liability insurance, money insurance, fidelity insurance, third-party liability insurance, student personal accident coverage and shadow teacher personal accident and life insurance for its teachers and staff members.

Employees

As at 31 August 2022, we and our subsidiaries had 3,115 employees, 5.9% of which were UAE nationals. All of our employees are based in the UAE.

Litigation and Arbitration

From time to time, the Group is involved in non-material employment-related litigation. Moreover, in the ordinary course of the Group's business activities, the Group may, from time to time, have disputes with customers, contractors and suppliers. The Group has not been involved in any other governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Group's management is aware) during the 12 months preceding the date of this Prospectus that may have, or have had, a significant effect on the Group's financial position or profitability.

3. Statement of capital development

Company's current share capital structure before commencement of the Offering

The capital of the Company has been fixed at AED 750,000,000 (seven hundred and fifty million Dirhams) divided into 750,000,000 (seven hundred and fifty million) Shares with a nominal value of AED 1 (one dirham) each. All Shares are equal in respect of all rights.

The following table illustrates the Company's ownership structure before and after completion of the Offering:

As at the date of this Prospectus –

Before Offering

Name	Nationality/Domicile	Share Type	Number of Shares	Value of Shares	Percentage of Capital
Please review Annex (6) hereto which includes a list of Founders and their details		Ordinary	750,000,000	750,000,000	100%

Based on the nominal value

After Offering

Name	Nationality/Domicile	Share Type	Number of Shares	Value of Shares (AED)	Percentage of Capital
Please review Annex (6) hereto which includes a list of Founders and their details		Ordinary	750,000,000	750,000,000	Not less than 72.46%
Subscribers whom Offer Shares were allocated to	Variable	Ordinary	Up to 285,000,000	Up to 285,000,000	up to 27.54%
Total			up to 1,035,000,000	up to 1,035,000,000	100%

***Based on the nominal value**

Company's capital structure upon completion of the Offering

Upon the completion of the Offering, the Company's paid-up share capital shall be up to AED 1,035,000,000 (one billion and thirty five million UAE dirhams), divided into up to 1,035,000,000 (one billion and thirty five million) Shares with a nominal value of AED 1 (one) Dirham per Share.

Assuming all of the Offer Shares are issued and allocated, the Founders will hold in aggregate 72.46% (seventy two and forty six hundredth per cent) of the total share capital of the Company, assuming that the Offering size is not increased. The Company has presented its plan to SCA for the offering of up to 27.54% (twenty seven and fifty four hundredths per cent) of the total share capital of the Company. The Company reserves the right to amend the Offering and tranches size at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and the SCA's approval.

No. of Founders' Shares:	750.000,000 (seven hundred and fifty million) Shares
No. of total Subscribers' Shares (assuming all Offer Shares are issued and allocated including all tranches mentioned under the Prospectus):	285,000,000 (two hundred and eight five million) Shares
Total:	Up to 1,035,000,000 (one billion and thirty five million) Shares

4. Statement of the status of material litigation actions and disputes with the Company over the past three years

There are no outstanding material governmental, legal or arbitration proceedings, litigation, or disputes against or with the Company (including any such proceedings or disputes which are pending or threatened or of which we are aware).

5. Statement of the number and type of employees of the Group:

As at 31 August 2022, we and our subsidiaries had 3,115 employees. The table below highlights the categories of the employees of the Company:

Category	**Number**	**Emirati**	**Residents**
Administration	244	6	238
Ancillary	89	1	88
Home Room Teachers	522	31	491
Specialist Teachers	640	0	640
Learning Assistant	516	0	516

Senior Leadership	88	0	88
Corporate	62	0	62
Management	2	0	2
Charter Schools	952	146	806
Total	**3115**	**184**	**2931**

6. Accounting policies adopted by the Company:

The Company prepares its accounts in accordance with IFRS as issued by the International Accounting Standards Board and applicable requirements of UAE law.

7. Statement of Company's financings, credit facilities and indebtedness and the most significant conditions thereof:

Please see "*Material Contracts and Related Party Transactions*" section.

8. Statement of current pledges and encumbrances on the Group's assets:

Please see "*Material Contracts and Related Party Transactions*" section.

9. Decision of the Company's Shareholders to convert the Company and to offer its shares:

On 29 August 2022, the Company's Shareholders approved (1) the Company's conversion from a private joint stock company to a public joint stock company by offering new shares in the Company's capital for public subscription, (2) offering a percentage of the Company's capital by way of capital increase for public subscription, in accordance with the allocation policy contained in the prospectus that will be published to the public, which includes the price building mechanism of the shares, and (3) submitting an application for listing all the Company's Shares on the DFM.

10. Founders' Committee:

The Founders elected a committee (the "**Founders' Committee**") to undertake all steps and procedures necessary on their behalf and on behalf of the Company to complete all the procedures required with regard to the Offering, including dealing with the competent authorities.

The Founders' Committee is composed of the following individuals:

- Khalid Ahmed Humaid Matar Altayer (Chairman);
- Eyad Ismail Sabti Mashal (Member); and
- Mohammed Abdulla A Rahman Alshaibani (Member).

11. Investment Risks:

Investing in and holding the Offer Shares involves financial risk. Prospective investors in the Offer Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in us and the Offer Shares, which should be considered together with all other information contained in this Prospectus. If one or more of the following risks were to arise, our business, results of operations, financial condition, prospects or the price of the Offer Shares could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in us and the Offer Shares. Additional risks and uncertainties not currently known to us or which we currently deem immaterial may arise or become material in the future and may have a material adverse effect on our business, results of operations, financial condition, prospects or the price of the Offer Shares.

Risks Relating to Our Business

Risks relating to regulatory oversight and the licensing requirements in the UAE

The Group's business and operations are subject to various laws, rules, regulations and licensing requirements in the UAE and are subject to oversight by several regulatory bodies, including the Knowledge and Human Development Authority ("**KHDA**"), the Federal Ministry of Education (notably through the Emirates Schools Establishment ("**ESE**")), the Department of Education and Knowledge ("**ADEK**") and other relevant municipalities, civil defence entities and relevant health authorities, depending on the relevant Emirate of operation. These regulations include licensing and accreditations, including school and teacher licensing, various federal and local environmental, employment, health and safety laws and regulations. Regulations constantly evolve and are subject to regular review and amendment by the regulatory authorities and the Group is unable to predict the future course of regulations. As of 31 August 2022, the Group owned and operated ten premium private schools (including one private early years facility) and operated and managed nine Abu Dhabi Charter Schools with ADEK, three public private partnership ("**PPP**") schools with The Knowledge Fund Establishment ("**KFE**") located in Dubai and four PPP schools with the Federal Ministry of Education's ESE located in Dubai and the Northern Emirates (Sharjah, Eastern Sharjah and Ras Al Khaimah).

In case of failure to comply with existing laws and regulations, meet any licensing requirements or comply with the directives contained in the findings of any regulatory inspections, the authorities may suspend or revoke licenses, impose fines or other restrictions on schools and their operators. For example, the Group's schools have been subject to minor fines and fees in the past including fines imposed in 2022 amounting to a total of approximately AED 175,000.

In addition, these licensing requirements are complex, both within and across different Emirates in the UAE, which gives rise to compliance risks, and it remains unpredictable what new licensing requirements, if any, will be implemented or the effect such licensing requirements may have on schools or their operators. To maintain their accreditations, renew permits and pass regulatory inspections, operators and schools must meet standards related to, among other things, health, safety, safeguarding, performance, governance, institutional integrity, quality, staff, administrative capability, resources and financial stability. There can be no assurance that regulatory authorities in the UAE will not amend the regulations or change the way existing regulations are interpreted and applied. Therefore, the Group may have limited control over the nature and timing of changes to certain aspects of regulation of its business resulting from future changes in any regulations and/or policies to which it is subject. Changes in such regulations can often occur at short notice and result in an increase to the cost of compliance, making additional investment necessary to satisfy any new requirements. This may have an adverse effect on the Group's business, prospects, results of operations and financial condition.

With respect to private schools that are both owned and operated by the Group in Dubai, the Group is required to renew and maintain for each school: (i) a valid educational services permit issued by the

KHDA and; (ii) a commercial license issued by the Dubai Economy & Tourism Department. The educational service permits are renewed individually on an annual basis through an application to the KHDA's e-service system. The application contains various on-going conditions including the payment of renewal fees by the Group, the issuance of an initial approval and a no objection certificate by the KHDA.

Further, with respect to private schools that are both owned and operated in Abu Dhabi, the Group is required to hold and maintain for each school: (i) a professional license issued by the Department of Economic Development in Abu Dhabi; and (ii) a temporary license issued by ADEK until the school is accredited, which typically occurs in the first three years of operation, to be replaced with a permanent license following the first formal inspection.

Any termination or suspension of any license or permit or non-renewal of any of the Group's licenses or permits for whatever reason could result in the cessation of the respective school under that license, significantly curtailing the relevant school's ability to enrol new students or offer educational services. Any such event may cause the relevant schools and therefore the Group, to incur costs to fulfil their obligations to the enrolled students and may expose the schools and the Group to claims by enrolled students and their parents, which may have a material adverse effect upon the Group's reputation and its ability to attract or retain students.

The Group's financial performance depends on the level of student enrolment in the Group's schools.

The levels of student enrolment in the Group's schools are critical to the Group's financial performance. A number of factors may contribute to a decline in student enrolment rates at the Group's schools, including competition from other providers, an economic downturn, a rapid increase in the cost of living, political instability, expatriate relocation, decline in student performance and academic outcomes or parent satisfaction, poor performance at accreditation or regulatory inspection, having curricula that are no longer attractive to students and parents, the reputation of the Group or any of its schools or any disruptive events that could cause the temporary or permanent closure of any of the Group's schools.

The Group is dependent on the expatriate population of the UAE, which forms a substantial portion of its student and teaching staff base. The Group's performance and financial results may be negatively affected in the event that a large portion of the expatriate population of the UAE decides to relocate outside of the UAE for any reason.

In addition, if the Group fails to maintain the quality of its educational offerings, parents may choose not to enrol or re-enrol their children or may remove their children from the Group's schools. If the Group is unable to attract or retain students in its schools, its business, results of operations, financial condition and prospects could be materially and adversely affected. Any reduction in the numbers of students enrolling in or attending the Group's schools could have an adverse effect on the Group's reputation, business, prospects, results of operations and financial performance.

The Group's financial performance depends in part on its ability to increase tuition fees and maintain the profitability of its schools.

The Group may need to raise the level of tuition fees at its schools from time to time to keep pace with inflation and rising costs, and/or to maintain its profitability and carry out its strategy. Tuition fees in Dubai are regulated by the School Fees Framework announced by the KHDA (as amended from time to time) and may only be increased at the rates and subject to the conditions described in the School Fees Framework, unless exceptions are made by the KHDA. In the academic years 2020-2021, 2021-2022 and 2022-2023, no fee increases were sought. Further, tuition fees for schools in Abu Dhabi are regulated by the fee framework set out by ADEK.

There can be no assurance that the Group will be able to raise tuition fees on a timely basis or at all, or that it will be able to control costs to maintain the profitability of its schools.

Factors that could have an adverse impact on the Group's ability to maintain or increase tuition fees include:

- imposition of limitations by educational authorities and regulators on the ability to increase tuition fees;
- resistance to tuition fee increases by tuition fee payers for reasons such as difficult economic conditions, increasing cost of living or previous fee increases in recent academic years;
- reductions or discounts to tuition fees by other schools that seek to compete in the Group's markets and lower fees of new competitor schools; and
- negative perceptions by tuition fee payers of the quality of the educational offering or value for money.

Furthermore, adverse reactions from tuition fee payers to proposed increases may result in demands for higher spending by the Group's schools on academic programmes or student services that could offset the increase in profitability sought by the tuition fee increase. If the Group is unable to increase tuition fees or maintain the profitability of its schools, this could have a material adverse effect on its business, financial condition, results of operations and prospects.

If the pattern of payment of fees in the Group's Schools materially changes, this may have a negative effect on the Group's cash flows and operations

The applicable regulations in Dubai restrict the payment for the first academic term from exceeding 40% of the total annual tuition fees, while the payment for each of the second and third academic terms make up 30% of the total annual tuition fees. In Abu Dhabi, regulations require payment of tuition fees in at least three equal instalments in each academic year. Should a parent wish to pay more than one term or the full tuition fees in advance in one single payment, such arrangement may be agreed upon with the relevant school's finance department. Further, pursuant to the KHDA guidelines, a school may offer a payment plan of 10 monthly payments, should the parents request an alternative to termly payments of tuition fees.

Historically, payment of the annual tuition fee was voluntarily made in full prior to the commencement of the first academic term by most of the parents or tuition fee payers. However, following Covid-19, the payment trend has shifted towards payment on a termly basis and in instalments. For example, for the financial year ended 31 August 2022, 6% of the tuition fees was paid upfront for the full academic year, while 94% was paid in instalments, which includes parents who pay tuition fees on a termly basis as well as payment through Emirates NBD or Emirates Islamic Bank, which offer monthly, quarterly, bi-annual or annual instalments.

If the Group was required by regulation or due to market conditions to collect tuition fees other than as described above or if the trend towards monthly instalments continues, this could have a negative effect on the Group's cash flow and the Group may require additional working capital or third-party funding to finance its operations. Such financing may not be available upon request, at commercially reasonable rates, or at all. Additionally, the Group relies on partnerships with Emirates NBD or Emirates Islamic Bank to offer instalment payment methods. Under this arrangement, the banks pay the Group the full tuition fee in advance, while the tuition fee payers pay the banks in quarterly, semi-annual or annual instalments without interest. Any disruption to the partnerships in place with Emirates NBD or Emirates Islamic Bank or the availability of such financing in the UAE market may require the Group to collect tuition fees from the tuition fee payers through instalments without receiving the full tuition fee in advance, for example through post-dated cheques or credit card authorisation forms, which may have an adverse effect on its business, prospects, results of operations and financial condition. The Group relies on the timely payment of tuition fees. For the financial year ended 31 August 2022, bad debts provisions were minimal, representing 0.26 % of the Group's revenue. Any future increase in defaults and/or significant delays in the payment of tuition fees may impact the Group's cash flows and its ability to meet its obligations, which may in turn have an adverse effect on its business, prospects, results of operations and financial condition.

The Group faces competition in the UAE education sector, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, reduced student enrolment or departure of qualified employees and increased capital expenditures.

The education sector in the UAE is constantly evolving and is highly competitive, especially in the premium private school sector, which accounted for 93.7% of the Group's revenue in the financial year ended 31 August 2022, while revenue from government partnerships accounted for 6.3% of the Group's revenue for the same financial period. Competition in this sector may intensify as more schools and school groups enter the market or existing institutions expand. The Group's schools primarily compete with other premium schools in the private sectors in Dubai and Abu Dhabi that offer the same curricula and operate at similar fee points as Group's schools. The Group competes with these institutions in many ways, including reputation, brand recognition, the quality and diversity of the programs and curriculum offerings, tuition fees, school locations, facilities, inspection outcomes, school ratings and student academic performance.

In addition, the Group's market share may be impacted by the presence and expansion of operations by large international operators in the UAE market. Some of these groups have strong financial resources, internationally recognised brands and established reputations, which have helped them capture a significant share of the high-end premium education sector.

The competitive educational sector has also led to a very competitive teacher recruitment marketplace in the UAE, which may impact the Group's ability to attract and retain qualified teachers and staff. Some of the Group's competitors may have stronger financial resources that would enable them to offer more competitive compensation packages and salaries to the Group's leadership and teachers or reduce the Group's chances of hiring new qualified teachers and personnel. A loss of the Group's key leaders and teachers to competitors could lead to reputational damage to the Group's brand and possible negative inspection or academic outcomes in the individual schools.

In the future, the Group may experience increased competition in the UAE if more schools are established or the sector undergoes consolidation. Some of the Group's competitors may have greater financial and human resources and, as a result, may be able to devote greater resources than the Group to the development and promotion of their schools and to respond more quickly than the Group to the changes in student demand, testing materials, admissions criteria, market needs or new technologies. Therefore, if the Group's schools are not able to differentiate the academic experience offered to their students and their individual competitive advantages and offerings from those offered by their competitors, this may lead to a decrease in enrolment and profitability, which may in turn have an adverse effect on the Group's business, prospects, results of operations and financial performance.

The Group's businesses are concentrated in the UAE and are affected by the economic and political conditions in the markets in which they operate.

All of the Group's businesses are, and will continue to be, affected by economic and political developments in or affecting the UAE and the Middle East and North Africa (**"MENA"**) region and more generally the global economy. All of the Group's current operations and interests are in the UAE, with a particular focus on Abu Dhabi and Dubai. In 2022, all of the Group's revenues and EBITDA were attributable to its operations in the UAE. Therefore, as the entirety of the Group's revenues are derived from operations in the UAE, any changes in the political, social, economic or other conditions in the UAE, including events that impact the UAE's attractiveness as a business or living destination, as well as any factors that result in a decline in the population of the UAE, may lead to a fall in demand for the Group's schools and services, result in a decrease in the number of student enrolments at existing Group schools, and/or a freeze of tuition fees, which may have an adverse effect on the Group's business, prospects, results of operations and financial condition.

There can be no assurance that either the economic performance of, or political stability in, the UAE can or will be sustained. To the extent that economic growth or performance in the UAE or the MENA region slows or begins to decline, or political conditions become sufficiently unstable, the Group's operations in the UAE may be adversely affected. This could cause the Group to suspend its expansion plans in the UAE and the Group's business, prospects, results of operations and financial condition may be adversely affected.

Any damage to the reputation of any of the Group's brands or schools may adversely affect the Group's business.

The Group's reputation could be adversely affected under many circumstances, including the following:

- inappropriate or illegal behaviour conducted by staff or students, or perceptions of such;
- failure to properly deal with an accident or other event that injures the Group's students, or parents' or the public's perception of such incident;
- failure to conduct proper checks on members of staff who come into contact with children or students;
- failure by staff members to appropriately supervise children under their care including issues and incidents relating to child protection and safeguarding or health and safety incidents;
- accidents, medical outbreaks or other events that adversely affect students or their families;
- failure to obtain, or the loss of, a license, permit, accreditation, or other authorisation required to operate a school, including regulatory and accreditation inspection outcomes;
- the use by lower-quality operators of brands or names that create confusion with the Group's schools, or the fraudulent use by third parties of the Group's brands or the names of its schools;
- failure by the Group to maintain consistent teaching quality or deliver strong academic results or outcomes;
- perception of the curricula in the schools as not being sufficiently high quality;
- failure by the Group's schools and facilities to meet the standards expected by parents and students of premium schools including regulatory inspection outcomes and school ratings;
- significant disruptions of the Group's information technology systems or breaches of the Group's data security;
- closure of one or more of the Group's schools; or
- negative press coverage or legal proceedings involving the Group, whether or not founded, relating to any of the above or other matters.

The likelihood that any of the preceding occurs increases as the Group expands its network of schools. These events could influence the way the schools are viewed not only by the Group's customers, but also by the regulators, other constituencies in the education sector and the general public. If the reputation of the Group's brands and schools declines, the overall business, financial condition, results of operations and prospects could be harmed.

The consistency and quality of the Group's educational programmes and services are critical to its brand and reputation. As the Group continues to grow and expand its presence and geographical reach, it may be more challenging to maintain the quality and consistency of its services. Any negative publicity about the Group's programmes, services, and schools, regardless of its validity, could harm the Group's brand image. In addition, the Group's ability to attract and retain students and recruit and retain qualified professionals and teachers depends on the Group's ability to make significant expenditure maintaining and enhancing its positive brand image and brand loyalty. The Group may not be able to maintain current levels of marketing expenditure or successfully execute its brand promotion plan and, as a result, the Group's reputation and business may be materially and adversely affected.

If the Group fails to help its students achieve their academic goals, student and parents' satisfaction with the Group's services and schools may decline.

The success of the Group's business depends on its ability to deliver quality educational experiences and outcomes to help its students achieve their academic goals. The Group's schools may not always be able to meet the expectations of its students and their parents in terms of student performance and outcomes. A particular cohort of students may not be able to attain the level of academic improvement that they sought or their performance may otherwise not progress or decline due to reasons beyond the Group's control. The Group may not be able to provide educational outcomes that are satisfactory to all of its students and their parents, which may result in a decline in student and parent satisfaction with its services. In addition, the Group cannot guarantee that its students will be admitted to higher levels of education or institutions of their choice. Any of the preceding could result in a student's withdrawal from the Group's schools, and dissatisfied students or their parents may attempt to persuade other students or prospective students not to attend the Group's schools. If the Group's ability to retain students decreases significantly or if the Group otherwise fails to continue to enrol and retain new students, its business, financial condition, results of operations and prospects may be materially and adversely affected.

If the Group's schools lose or fail any of the regulatory inspections, experience a downgrade in school ratings or fail to obtain international curriculum accreditations required to provide any of its international programs and curricula, the attractiveness of the schools may decline.

Annual inspections are undertaken by the regulatory authorities' inspection bureaus (including KHDA and ADEK) to evaluate the performance of all private schools in Abu Dhabi and Dubai and determine the rating of the schools accordingly. These inspections consist of rigorous, intense and lengthy inspections of core subject area student progress and attainment, the quality of teaching and learning, the quality of the school's leadership and the quality of the school's self-evaluation. Should any of the Group's schools fail to perform well in regulatory inspections, the schools' rating may drop (e.g. from "Outstanding" to "Very Good" or from "Very Good" to "Good" etc.), which may negatively affect the school's reputation and attractiveness. Accordingly, the Group may be at risk of reputational damage, reduction in student enrolment and the ability to attract qualified teachers, which may in turn have a material adverse effect on the Group's business, financial performance, results of operations and prospects. Addressing any issues identified in the findings of such inspection reports may require significant investment of human capital, financial resources and management time and attention, which may adversely affect the Group's business, prospects, results of operations and financial condition. The Group's premium schools are all rated, except Raha International School - Khalifa City Campus, which commenced operations in the 2020-2021 academic year. While a formal inspection leading to rating typically occurs in the third year of operation, inspections did not follow the normal cycle due to Covid-19.

Further, in order to provide the Group's education programmes or operate its schools, the Group must apply for international curriculum accreditations in the first three years of operations and maintain its existing accreditations from organisations such as the British Schools Overseas (BSO) and CIS for British curriculum, the Council of International Schools (CIS) for IB and American curriculum, International Baccalaureate Organization (IBO) for International Baccalaureate (IB) curriculum and the New England Association of Schools and Colleges (NEASC) and CIS for American curriculum.

The international curricula offered by all of the Group's premium schools have obtained their relevant international curriculum accreditations, with the exception of Raha International School – Khalifa City Campus, which commenced operations in the 2020-2021 academic year and must achieve the accreditation within three years. Additionally, the recently acquired Jebel Ali School has not yet applied for BSO accreditation since the Group has only taken over management of the school from end of May 2022. These accreditations are required by the regulatory authorities including ADEK and KHDA and are essential to securing and establishing the schools' reputation and expectations of the students' parents. The curricula accreditation are required to be renewed over certain periods, which vary depending on the relevant accreditation authority. These accreditations are required by local regulatory authorities to operate and by national and international bodies in relation to running and delivering external examinations, which are often essential selling points for these schools.

If the Group were to lose the accreditations required to offer these curricula, including due to failure to meet any criteria set by the relevant accreditation body or any of the relevant inspections the attractiveness of these schools would be harmed and student enrolments could decline. To obtain and maintain these accreditations and permits, the Group must meet standards related to, among other things, academic performance, governance, institutional integrity, education quality, staff qualifications, administrative capability, resources and financial stability on an ongoing basis Furthermore, these standards are subject to change, and complying with them may require additional and unplanned investments in the Group's academic programmes or school facilities, that may be significant. If any of the Group's schools fails to meet these standards, it could fail to obtain or lose its existing accreditations or permits, and the Group may be unable to provide or expand offerings and curricula that are popular among students and their parents, which could materially and adversely affect the Group's business, financial performance, results of operations and prospects.

The Group may fail to successfully develop and introduce new educational services and programmes.

One of the Group's growth strategies is to continue to maintain and introduce diversified and innovative educational programmes and pursue strategic initiatives in the education sector. The Group may also need, from time to time, to introduce additional educational services and programmes to meet market demand. The future success of the Group's business depends partly on its ability to develop new educational services and programmes and deliver high pedagogical and curriculum standards.

In addition, significant investment of human capital, financial resources and management time and attention may be needed if the curriculum of the Group's schools need to change. For example, from time to time, particular areas of curriculum may need to change if syllabi changes are required or if structural changes are needed, including as a result of modernisation of core curriculum by the regulatory authorities, which includes the introduction of the new integrated Moral Education programme introduced by the Ministry of Education across all schools in the UAE in September 2022. The planned timing or introduction of new educational services is subject to risks and uncertainties. Actual timing may differ materially from any originally proposed timeframes. Unexpected operational, technical or other issues could delay or prevent the introduction of one or more of the Group's educational services and programmes,

If the Group fails to quickly adapt to changing market or regulatory demands or developments in educational services or fails to manage the expansion of its portfolio of educational programmes and services efficiently and cost-effectively, the Group's business could be negatively affected. Moreover, the Group cannot guarantee that any of its new services and programmes will achieve market acceptance or generate incremental revenue or that its operation of such new services or programmes will comply with applicable licensing requirements. If the Group's efforts to develop, market and sell its new educational services and programmes to the market are not successful, the Group's business, financial position and results of operations could be materially and adversely affected.

The Group's business may be affected by the occurrence of natural disasters or unanticipated catastrophic events, epidemics or other adverse public health developments

Extraordinary events such as natural disasters, earthquakes, floods, landslides, fires, catastrophic events or global or local health epidemics or pandemics could result in significant damage to facilities and cause harm to students and/or disruption of the Group's operations. These in turn may negatively affect local economies, including those of the Group's students and staff. The occurrence of such events cannot be predicted, although their occurrence can be expected to adversely impact the economy in general and the Group's specific market.

If an epidemic or other outbreak of disease occurs, parents may withdraw their children from school to protect them from the possibility of infection, teachers and other staff may become ill or avoid coming to work to protect themselves from the outbreak or the government may order schools to close to contain the epidemic or outbreak. For example, the Covid-19 pandemic has resulted and may continue to result in closures, quarantines, and travel restrictions in the UAE.

Similarly, the occurrence of natural disasters or unanticipated catastrophic events could result in material disruptions to the Group's business, and the Group's schools may consequently suffer damage or may be suspended or permanently closed. To the extent that any such interruption is not covered by the Group's existing insurance it may take a significant amount of time for its business to recover its prior levels of student enrolment and revenue. Any such events could adversely affect the Group's business, prospects, results of operations and financial condition.

The effects of the Covid-19 pandemic have had and could have a further negative impact on the Group's activities, including its ability to provide its students with its educational and related services and the execution of its expansion strategy as planned.

The Group's business has been and may in the future be adversely affected by the on-going Covid-19 pandemic and the potential impact of further waves of infection and the impact of different Covid-19 variants.

As a result of the Covid-19 outbreak, among other things, the Group:

- temporarily suspended in-person classes in all schools and instead adopted a remote-learning platform and migrated all of its educational services to an online portal between March 2020 and July 2020;
- suspended services, such as the provision of extra-curricular activities ("**ECA**"), which contributed to an immaterial decrease in revenue in the financial year ended 31 August 2020. As the Covid-19 restrictions eased, the ECA were reinstated in Dubai and Abu Dhabi;
- incurred additional costs associated with health and safety and regulatory requirements in schools, including costs relating to medical supplies and hiring of medical staff and enhanced medical facilities as well as increased costs relating to technology equipment, such as speakers and screens, to help facilitate remote teaching and learning;
- experienced high staff absence, due to the UAE strict Covid-19 regime; and
- offered Covid-19 discounts to tuition fee payers amounting to approximately AED 27 million in the financial year ended 31 August 2020.

The Group's profit for the year decreased from AED 85.2 million in the financial year ended 31 August 2019 to AED 45.6 million in the financial year ended 31 August 2020.

However, the ongoing magnitude of Covid-19, the potential impact of further waves of infection and the impact of different Covid-19 variants or another pandemic, along with the potential lockdown measures that have been and may be implemented in the UAE, will depend, in part, on the length and severity of the future restrictions and other limitations, as well as on the resilience of the wider economy of the UAE.

Covid-19-related measures may also impact third parties with whom the Group conducts business, including its strategic partners, on-campus service providers, construction companies, suppliers and others such as ECA providers. These measures may cause a disruption in the Group's relationship with its partners or the ability of these third parties to deliver the services they provide to the Group on the agreed terms. Furthermore, if Covid-19 results in a lack of liquidity in the financial markets, this may also adversely affect the Group's business, results of operations, financial condition, and prospects.

The Group's success depends on its ability to recruit, train, retain and motivate qualified and dedicated professional teachers and other educational staff.

The Group's success depends, in large part, on its ability to attract well-trained and sufficiently qualified teaching staff and other qualified employees to work at the Group's schools, train, retain and motivate them and compensate them competitively. Well-trained and sufficiently qualified teachers are critical to maintaining the quality of the academic programmes offered by the Group's schools. The Group's ability to deliver high-quality education across a range of curricula is directly related to, and dependent on, the availability of qualified teachers and the Group's ability to continue to recruit, employ, train and retain such teachers. In addition, the Group's ability to attract and retain qualified School Principals, school administrators and support staff is important for its operations and the reputation of its schools.

The Group recruits qualified teachers from within and outside of the UAE. The pool of qualified teachers, specifically in the science, technology, engineering and mathematics ("**STEM**") subject areas, as well as learning support teachers are limited, in high demand and subject to high levels of competition. Accordingly, the Group faces challenges and high levels of competition in recruiting and retaining qualified teachers, specifically in such areas, in light of the high demand and limited supply of qualified teachers. The Group has incurred and is expected to incur additional operating expenses to increase the salaries of its STEM teachers and remain competitive, which resulted in an AED 7 million increase in operating expenses in the Group's operating budget for the financial year ending 31 August 2023.

The Group's competitors, both within and outside the UAE, may have stronger financial resources than the Group that would allow them to offer more financially attractive salary and compensation packages to the Group's teachers and staff, which may lead to a loss of qualified teachers and may have a negative impact on the school's rating and quality of education offered. A loss of the Group's core leaders and teachers to competitors could lead to reputational damage to the Group's brand and negative inspection or academic outcomes in the Group's individual schools.

A shortage of quality teaching personnel and/or a high turnover rate of staff could lead to ineffective delivery of the curricula offered to students, impacting their academic performance and the reputation and brand of the Group's schools. If the Group is unable to, or is perceived to be unable to, attract and retain qualified and effective teachers, principals, school administrators and support staff at its schools, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

Furthermore, all expatriate teachers are required to hold valid UAE work visas, while all teachers are required to hold KHDA/ADEK and Federal Ministry of Education approvals in private schools and ADEK Charter Schools and Federal Ministry of Education approvals in ESE Schools. Any failure by the Group to renew the relevant visas and approvals may negatively impact the Group's ability to recruit or retain qualified teachers.

The Group may not be able to retain key personnel or hire and retain additional personnel needed to sustain and grow its business as planned.

The Group's current operations and expansion strategy depends on its ability to attract and retain experienced, competent, motivated and efficient senior executives and qualified staff, particularly the 'C-Suite', directors of education and curriculum and key heads of department. Due to the competitiveness of the education sector in the UAE from local and international competitors, the Group may have difficulty hiring or retaining such personnel once hired, who may also leave the Group and subsequently join a competitor.

Therefore, the loss of service of any of its key personnel and a failure to attract and retain other qualified and experienced personnel on acceptable terms could impair the Group's ability to successfully sustain and grow its business, which could have an adverse effect on the Group's business, results of operations and prospects.

The Group may be liable for adverse events that occur at the Group's schools or from the provision of certain related services and the Group's insurance may be inadequate or premiums may increase substantially due to the occurrence of such events.

The Group's business involves an inherent risk of liability. The activities in which the Group engages include a series of risks related to the health and safety of students and other beneficiaries of the services that it provides. Such risks include, among other things, liability for the actions of principals, teachers, staff and students on or off the Group's premises and any accidents, injuries or incidents occurring from the activities organised by or for the Group, and the transportation services and other ancillary services provided by the Group.

Following the recent adoption by the Government of Abu Dhabi of the Abu Dhabi Occupational Safety and Health System framework ("**OSHAD**") in 2021, five of the schools operated by the Group in Abu Dhabi, namely RIS – Garden Campus, RIS – Khalifa City Campus, Al Salam, Al Watan and Al Riyadh have been designated as high-risk entities by ADEK. This designation was due to the size of their staff and students exceeding 1,000 and the high-risk facilities they maintain, including swimming pools and chemistry laboratories. As such, these schools will be subject to additional inspections over the coming years, which shall include; (i) an OSHAD audit every three years; (ii) an annual third-party audit; (iii) comprehensive internal audits; (iv) local government health authority inspections and (v) civil defence inspections. This may require significant investment of human capital, financial resources and management time and attention, which may adversely affect the Group's business, prospects, results of operations and financial condition.

The Group's insurance policies may not adequately protect the Group or provide sufficient insurance coverage against all risks associated with its business. The Group maintains various types of insurance policies in connection with its operations, including certain property insurance, money insurance, fidelity insurance, and motor car insurance, which are in certain cases subject to limitations, deductibles that must be met prior to recovery, caps and exclusions for certain risks with certain losses not covered by any insurance. In this context, the Group may incur losses, which could have an adverse impact on its business, financial performance, results of operations and prospects.

The Group could also be held liable for any accidents, injuries or losses suffered by students, staff or third parties at schools or at events supervised by the Group's schools. Further, the Group uses the services of third-party providers for certain services including canteens, bus transportation and clinics for which the third-party providers are required to obtain their own liability insurance. The Group could also face claims alleging that it was negligent, provided inadequate supervision or was otherwise liable.

The Group currently maintains liability insurance, in the form of a third-party liability insurance, student personal accident cover, and shadow teacher personal accident, which it believes is adequate and consistent with industry practice and that it considers reasonable and appropriate for its activities. Additionally, the Group maintains a directors and officers insurance policy.

It is possible, however, that such insurance coverage may be inadequate for all risks and/or eventualities and that claims may be rejected by the relevant insurers. Irrespective of the availability of insurance, a successful claim against the Group due to injuries suffered by its students or other people at the Group's schools or while transporting students to and from school could adversely affect its reputation and have a significant impact on its financial results. Even if unsuccessful, such a claim could cause unfavourable publicity, require substantial costs to defend and divert management time and attention and claims in excess of the Group's insurance coverage or claims not covered by its insurance could arise.

Furthermore, there can be no assurance that the Group will be able to obtain liability insurance coverage in the future on acceptable terms or at all. Claims against the Group, regardless of their merit or eventual outcome, may increase the premiums payable by it for the insurance coverage and have a material adverse effect upon its reputation and its ability to attract or retain students. A successful claim against the Group, which is not covered by or exceeds its insurance coverage could have a material adverse effect on its business, prospects, results of operations and financial condition.

The Group's historical results, growth rates and profitability may not be indicative of its future performance, including if enrolment does not continue to increase at the same rate.

The Group has experienced significant growth in revenue and profitability in recent years. The Group's historical growth was driven by the opening of new schools, student outcomes and associated inspection results, building successful brands, developing schools across a number of curricula and successful marketing strategies to increase student enrolment.

The Group's financial position and results of operations may fluctuate due to several factors, such as the rate of expansion and related costs in a given period, the Group's ability to maintain and increase its profitability and enhance its operational efficiency, increased competition, market perception and acceptance of any newly introduced education programmes in any given year.

Furthermore, the Group may not be successful in continuing to increase the number of students admitted to the schools it operates, and it may not be as successful as it expects in opening, or identifying and acquiring additional schools or educational programmes.

The Group may not sustain its past growth rates in future periods, and it may not sustain profitability on a quarterly or annual basis in the future. The Group's historical results, growth rates and profitability may not be indicative of its future performance. Shares could be subject to significant price volatility should its earnings fail to meet the expectations of the investment community. Any of these events could cause the price of Shares to materially decrease.

If the Group is unable to maintain or upgrade the facilities of its existing institutions or keep pace with changes in technology or the education market, its institutions may be less attractive to students, which may materially and adversely affect its business.

To remain competitive, the Group must ensure that its facilities, technology and other offerings are regularly maintained, upgraded and adapted to meet the evolving needs and expectations of students and their families. If the Group's facilities, technology or other offerings are perceived as low quality, obsolete or outdated, or if the Group fails to successfully respond to new trends in the education market, students and their families may opt to enrol at other institutions that are perceived as offering superior resources and the Group's enrolment could decline.

Furthermore, the Group could experience difficulties when seeking to upgrade, outfit or expand the facilities of its existing institutions, including the following:

- the Group's properties may not have the capacity to accommodate necessary or desired changes;
- the existing facilities may not be configured to provide for such renovations;
- the costs of renovations, expansions, upgrades or equipment may be significant or may exceed the allocated budget and the Group may not realise the anticipated benefits of the new facilities, technologies or offerings;
- the Group may not be able to obtain regulatory approval from the licensing bodies;
- the Group may not be able to obtain approval for desired changes to the land or facilities or to agree such changes on commercially favourable terms;
- the Group may not have or be able to obtain adequate funds on commercially favourable terms or at all to finance such renovations, upgrades, expansions or equipment; and
- the Group may not be able to renovate, expand, upgrade or outfit the facilities within the Group's anticipated timeframe.

The Group's inability or failure to upgrade, outfit or expand the facilities of its existing institutions could prevent the Group from successfully implementing the Group's growth strategy and may materially and adversely affect its business, financial condition, results of operations and prospects.

Significant disruptions to the Group's information technology systems, breaches of the Group's data security, unauthorised disclosures or manipulation of sensitive personal data could expose the Group to litigation or could adversely affect its business or reputation.

The Group's information technology systems are essential to several critical areas of the Group's business operations, including billing, electronic document management systems and learning management systems. Further, the Group's information technology systems are cloud-based with most of the information technology systems based on the "Software as a Service" (SaaS) model for all the Group's business operations and related applications. The Group mainly relies on Oracle (NetSuite ERP) for accounting, reporting and procurement, Oracle CRM for customer's (student's/parent's) information, Oracle HCM for personal/ employee data, and other third-party software providers such as Microsoft Office 365 for identity management, emails, collaboration and conferencing, and ISAMS for School Management Information System (MIS), to deliver, manage and automatically upgrade its operations under a centralised and unified information technology system.

Any system failure that causes an interruption in service or availability of the Group's systems could materially adversely affect the Group's business, financial condition, results of operations and prospects. Further, a significant invasion, interruption, destruction, or breakdown of the Group's information technology systems and/or infrastructure by persons with authorised or unauthorised access could negatively impact its business and operations. The Group could also experience business interruption, information theft, legal claims and liability, regulatory penalties and/or reputational damage from cyber-attacks, which may compromise the Group's systems and lead to data leakage. In recent years, the education sector in the UAE has been the target of several cyber-attacks and phishing attempts. The Group's systems could be the target of malware and other cyber-attacks that could cause an interruption in service or availability of the Group's information technology systems. The occurrence of any of these events could result in interruptions, delays, the loss or corruption of data or the unavailability of systems, as well as the theft or exposure of potentially sensitive information about the Group's services and operations.

Maintaining the Group's information security and internal controls over access rights is of critical importance due to the proprietary and confidential nature of student, teacher and staff information, such as names, addresses, and other personal information. If the Group's security measures are breached as a result of actions by third parties, employee error, malfeasance or otherwise, third parties may receive or be able to access student records, which could subject the Group to liabilities, interrupt the Group's business and adversely impact the Group's reputation. Additionally, the Group runs the risk that its employees or third parties could misappropriate or illegally disclose confidential educational information in their possession. As a result, the Group may be required to direct significant resources to provide additional protection from the threat of these security breaches or to mitigate issues caused by these breaches.

Additionally, the back-up policies and procedures the Group has in place to support its disaster recovery processes are currently limited to the controls and protection of the cloud-based systems and services, which may expose the Group to unauthorised breaches or impact its operations in case of loss of telecommunication services. The Group and the third-party software providers that host the Group's cloud-stored data have implemented network security measures, including security monitoring safeguards, antivirus and vulnerability scan, firewalls, encryption and access controls. However, there can be no assurance that these measures will be successful in preventing any compromise and/or disruption of its information technology systems and related data and its information technology, and servers are potentially vulnerable to interruptions, including damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, interruption of service from the service providers, including the provider of cloud-based services, compromised hardware or software, physical and electronic loss of data, security breaches, computer viruses, cyberattacks, hackers, unauthorised access attempts, and other security issues or causes beyond the Group's control. The occurrence of any of these events could result in interruptions, delays, loss or corruption of data, the unavailability of systems, as well as the theft or exposure of potentially sensitive information about the Group's students or their families. Any of these events could have a materially adverse effect on the Group's reputation, business, financial condition, results of operations and prospects.

The Group's internal controls, procedures and policies may fail to ensure adherence to applicable regulations.

The Group's internal controls, disclosure controls and procedures and corporate governance policies and procedures are periodically reviewed and updated. Any system of controls, however, is based in part on certain assumptions and can provide only reasonable, rather than absolute, assurances that the objectives of the system are met. The Group receives tuition fees for some of its students by way of cash payment, which increases the Group's exposure to theft. There can however be no guarantee that the internal controls in place will prevent any further theft occurrences in the future.

Prior to the Offering, the Company has not operated as a public joint stock company and in preparation for the Offering, the Company has implemented a number of corporate governance and other policies, processes, systems and controls to comply with the requirements for a publicly listed company on the DFM. The Company does not have a track record on which it can assess the performance of these policies, processes, systems and controls or an analysis of their outputs. Accordingly, the Group's internal controls and procedures may be insufficient in light of the more stringent regulations and investor expectations applicable to a public joint stock company. Any failure or circumvention of the Company's or the Group's controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's brand is dependent upon its intellectual property rights, and any failure or inability to protect those rights could reduce the value of the Group's services and brand.

The Group's brands, trademarks and other intellectual property rights distinguish the Group's schools and the services provided from those of its competitors and are critical to the Group's ability to continue to develop and enhance its reputation.

The Group has registered the trademarks for Taaleem "Inspiring Young Minds" in both Arabic and English in the UAE, Qatar, Oman, Kuwait and Bahrain. However, the Group has not registered any of its individual schools' brand names or domain names. The Group's unregistered trademarks may be challenged, infringed, circumvented or determined to be infringing on other trademarks. The Group may not be able to protect its rights to these trademarks, which it requires to build school name recognition among its parent and student base. At times, competitors may adopt trademarks similar to the Group's, thereby impeding its ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of the Group schools' unregistered trademarks.

Further, there can be no assurance that the efforts to protect the Group's intellectual property rights will be effective or that any third-party will not infringe or misappropriate these rights whether in the jurisdictions where the Group currently operates or elsewhere. Additionally, the Group cannot guarantee that the Group's competitors will not independently develop similar intellectual property. Any infringement or misappropriation of the Group's intellectual property rights or the development by its competitors of similar intellectual property may have an adverse effect on the Group's business, prospects, results of operations and financial condition. Policing the unauthorised use of the Group's brands and trademarks can be difficult and expensive and litigation may be necessary to enforce or protect the Group's brands or determine the validity and scope of the proprietary rights of others. The outcome of such potential litigation may not be in the Group's favour and any success in litigation may not be able to adequately protect the Group's rights. Such litigation may also be costly and divert management's attention away from the Group's business.

A substantial portion of the Group's revenue is generated by four schools

For the financial year ended 31 August 2022 four of the Group's schools generated the majority of the Group's revenue. For the financial year ended 31 August 2022, 58.4% of the Group's revenue was generated by four schools, namely 18.8% by Raha International School – Gardens Campus, 16.4% by the Dubai British School – Jumeirah Park, 11.9% by Uptown International School and 11.3% Dubai British School – Emirates Hills.

Accordingly, the Group is exposed to concentration risk in respect of the contribution of these four schools to the Group's revenue and its financial performance may be adversely affected if the revenue from these schools declines for any reason, including competition from other providers, decline in student outcomes or parent satisfaction, poor performance at accreditation or regulatory inspection, the reputation of the relevant schools or any disruptive events at such schools, which could cause the temporary or permanent closure of such schools.

Furthermore, the recently acquired Jebel Ali School has the potential to be the most profitable school in the Group. Should the Jebel Ali School become the most profitable or among the most profitable schools within the Group's portfolio, the Group may face a similar concentration risk with the Jebel Ali School.

Termination of existing leases or inability to renew them on acceptable terms could have a material adverse impact on the Group's business

The Group relies on leased land plots, where some schools are built, including school buildings that are in turn owned by the Group. As of the date of this Prospectus, four of the Group's owned and operated schools were established on leased land plots, including American Academy for Girls, Greenfield International

School, Raha International School – Khalifa City Campus and Raha International School – Gardens Campus, in addition to two new schools, one of which is currently under construction (Dubai British School – Jumeirah) and another due to start construction soon (Dubai British School – Mira). In addition, the land of The Children's Garden in Al Barsha is leased and subleased to a third-party operator, while the Jumeirah Baccalaureate School land and building are both leased. The Group's lease liabilities amounted to AED 201 million as at 31 August 2022.

As the rental agreements have a fixed term and are renewed at the request of the parties to the agreements, any rental increase imposed by the lessor on the Group upon renewal will cause the Group to incur additional liabilities, which may have a material adverse impact on the Group business, financial position, operational outcomes, and prospects.

Most of the buildings that the Group owns and utilises have undergone renovations or have been custom-built to meet certain requirements. If the Group is unable to renew leases for the land plots on which the Group's school buildings have been constructed, on acceptable terms and conditions that are in line with the Group's strategic and financial objectives or if such leases are terminated or not renewed by a particular landlord for any reason, it may be exposed to the following risks:

- significant costs incurred in connection with identifying, securing and relocating to the replacement location, and developing such location to the required standards;
- loss of value of investments made to renovate or build the schools;
- inability to obtain the necessary approval from the regulators to move a school to new premises;
- inability to obtain the consent of all parents to transfer their children to the new location;
- relocation to a less desirable location and/or;
- significant disruption in operations and, as a result, the Group may be unable to collect tuition fees for the period of disruption or retain students at that relevant school and may be subject to litigation in respect of such disruption.

Additionally, upon expiry or termination of certain lease agreements for the lands leased by the Group for purposes of its premium schools, the Group is required to hand over possession of buildings, fixtures or improvements on such lands to the lessor. These requirements are applicable to the Development Lease Agreement for the Dubai British School - Jumeirah school plot under construction, the AAG land plot, The Children's Garden –Al Barsha as well as the Musataha agreement for Raha International School – Khalifa City Campus. The Group may also be required to indemnify the lessor for all losses suffered by the lessor as a result of any early termination of certain lease agreements, including Greenfield International School lease.

Any such consequence may have a materially adverse impact on the Group's business, prospects, results of operations and financial condition.

Risk relating to Group's inability to execute its expansion strategy

The Group may not be able to maintain or accelerate its current growth rate, effectively manage the expansion of its operations or achieve its planned growth on a timely or profitable basis.

As part of the Group's expansion strategy, the Group expects to develop new schools. The development of new schools is subject to various financing, construction and operating risks, including:

- delays in identifying suitable plots of land, in the right location and negotiating acceptable commercial terms;
- delays in obtaining necessary regulatory approvals and licenses, including the necessary building, occupancy and other required governmental permits, licences, approvals and authorisations;
- construction related issues, including reliance on third-party performance and contractors' failure to comply with the construction implementation timeline, disputes with subcontractors, cost overruns, availability and costs of materials, equipment and labour, adverse weather conditions and changing governmental regulation;

- lack or undue cost of necessary financial resources; or
- change of the Group's strategy.

Furthermore, given that seats at any new schools are awarded prior to the start of the following academic year, the construction of new schools must be completed within a determined timeframe and prior to the start of the relevant academic year. Therefore, such construction projects may require additional or more expeditious development efforts that may result in significant additional costs. In addition, schools may take some time to become profitable. A delay in the opening of a new school could also lead to other adverse consequences including having to make up for lost teaching time, resulting in increased teacher and regulatory costs and potentially having to provide refunds of any tuition fees received. The Group is currently in the process of developing two schools that are expected to become operational by September 2024. Failure to complete the development of such schools in accordance with the anticipated timeframe or the occurrence of any of the above factors could have an adverse effect on the Group's business, prospects, results of operations and financial condition.

Additionally, as part of the Group's expansion strategy, the Group may acquire existing private schools in the UAE and integrate them into its existing network of schools. This poses significant risks and uncertainties, including, but not limited to:

- availability of suitable targets for acquisition;
- availability of sufficient financial or operational resources to fund such acquisitions;
- ability to obtain required licences, authorisations and permits to acquire and/or operate new schools;
- ability of the Group to implement and maintain standard controls, policies and procedures across all of its schools;
- distraction of management's attention from the normal business of running the day-to-day operations of the Group during the integration process;
- the ability of the Group to integrate and appropriately motivate key personnel at the acquired schools; and
- unforeseen expenses associated with the integration efforts.

Risks relating to the Jebel Ali School acquisition

As part of the Group's inorganic expansion strategy, the Company has acquired the Jebel Ali School ("**JAS**") business and assets in May 2022 for a total purchase price of AED 48 million and acquired the freehold title to the land plot on which JAS is located for a total purchase price of AED 185.5 million, excluding VAT.

JAS suffered severe financial difficulties, which led to the liabilities of JAS exceeding its assets for the financial year ended 31 August 2021 and faced possible closure due to legal disputes with its creditors. JAS was in dispute with the land owner and lessor, Emirates REIT, relating to unpaid dues and an arbitration award dated 12 March 2021 against JAS in that respect, ordering JAS to pay an amount of approximately AED 70 million. The Group was approached to help resolve JAS's financial difficulties, which led to the acquisition of the school site and operations in May 2022 and payment of a portion of the purchase price, AED 48 million in settlement of the outstanding liabilities due by JAS to lessor.

As part of the acquisition, JAS was converted from a not-for-profit to a for-profit company and the Company assumed responsibility for the payment and performance of all the liabilities relating to the business and assets of JAS that have been disclosed prior to completion of the acquisition, as well undisclosed liabilities (undisclosed liabilities up to AED 500,000). These assumed liabilities include (a) all periodical charges and outgoings relating to the business of JAS, including liabilities under all business contracts; and (b) all salaries, bonuses, commissions, expenses, end of service gratuity and other employment benefits payable to the current employees under the existing employment contracts of JAS.

As a not-for-profit, JAS had offered a debenture scheme, which entailed payment of a certain amount to secure a seat for enrolment at the school, which is refunded in full to their holders after the student's completion of their studies at JAS. JAS had AED 39 million in outstanding debenture liability as of the end of the 2022 financial year, while the debenture funds had been spent by JAS on other costs, including capital expenditure. The repayment of the debentures was triggered by the conversion of JAS from a not-for-profit to a for profit company, as part of the acquisition. However, the Group agreed on a repayment schedule, which allows the Group to repay the debentures in five payments over a five-year period. Further, the Group has assumed general undisclosed liabilities up to AED 500,000 for the 12-month period following 25 July 2022 and any liabilities arising after this period.

To the extent that JAS is found to be in breach of any of its contractual arrangements, JAS and accordingly the Group may be liable for any such potential breach, including any claims for damages that may be filed against JAS. To the extent that JAS does not have sufficient funds to cover its financial liabilities or if JAS's financial position deteriorates in the future, the Group may be required to repay any such liability on behalf of JAS, which could have a negative effect on the Group's cash flow and the Group may require additional working capital or third-party funding to finance JAS's operations. Additionally, the Company will be required to pay the outstanding portion of the JAS purchase price, consisting of AED 33.5 million (plus VAT) by May 2023. In the event that the Group experiences any financial difficulties that prevent the Company from settling the outstanding amount in a timely manner, the Company will be liable to pay a penalty of AED 10,000 per day from the eighth to the tenth day following such default, increasing to AED 50,000 per day for any subsequent days until full payment has been made. Moreover, the Company may be liable to compensate Emirates REIT for any losses incurred as a result of a delayed or absence of payment, in accordance with the guidance of the Sharia Supervisory Board of Emirates REIT.

If the Group is exposed to material unforeseen liabilities in connection with the JAS acquisition or is unable to address any of the above risks, the performance and financial position of JAS may be adversely affected, which may hinder the Group's growth strategy and the Group may be required to procure additional funding to address such liabilities or operational inefficiencies, which may adversely affect the Group's business, prospects, results of operations and financial condition.

Risks relating to the government partnership schools and the change in the Group's growth model

While the Group's portfolio and revenue model was historically focused on premium private schools, which mainly rely on the payment of tuition fees, the Group's growth strategy includes the expansion of its operation of government owned schools under the PPP model, which entails a different profitability and financial model. As part of this strategy, as of 31 August 2022, the Group has submitted bids and won tender processes to operate and run nine Abu Dhabi Charter Schools on behalf of ADEK, three Dubai Schools under the PPP project on behalf of KFE located in Dubai and four ESE Schools under the "Ajyal Schools" initiative by the Federal Ministry of Education, located in Dubai and the Northern Emirates (Sharjah, Eastern Sharjah and Ras Al Khaimah). The majority of government partnership school agreements provide for a fixed management fee in addition to a variable management fee, which is based on the attainment of certain KPIs agreed between the parties, assessed on an annual basis (with the exception of the Dubai PPP schools with KFE). This fee structure differs from the tuition-based payment model followed by the Group's premium schools and may generate less revenue than premium private schools or result in a decrease in revenue for the Group. The Group cannot guarantee that its operation of such schools will be successful or profitable or that the Group would be successful in continuing to receive awards for the operation of new government owned schools. Additionally, the expansion of the government partnership model may require significant investment of human capital, financial resources and management time and attention and shift management's attention away from the operation of the premium schools, which comprised 6.3% of the Group's revenue for the financial year ended 31 August 2022, which may adversely affect the Group's business, prospects, results of operations and financial condition.

The agreements governing the government partnership arrangements set out certain requirements and guidelines for the operation of the schools on behalf of such parties and are for fixed term, which can be renewed at the decision of the parties, subject to achievement of certain education targets in certain agreements. The Group cannot guarantee that it will be able to comply with all obligations or achieve key education indicators in the relevant agreements or that failure to comply with such obligations or reach such targets would not result in breach of contract, the counterparty's entitlement to damages or reputational damage with the regulators, the parents and students. Further, the Group cannot guarantee that these contracts will be renewed in due course by the governmental parties or on the same terms and conditions. Failure to renew the agreements may be due to reasons out of the Group's control, including the governmental entity's preference to change the operator. Any such event may ultimately result in the termination or the non-renewal of one or more agreements and the cessation of operation of schools on behalf of any or all such governmental entities, which could adversely impact the Group's reputation, financial position and operational outcomes.

Risk of impact of impairment of goodwill value of some schools

As at 31 August 2022, the Group held goodwill of AED 240 million, as set out in the 2022 Consolidated Financial Statements. The Group carries out an impairment test on an annual basis to re-assess the recorded value of its goodwill balance.

The Group may be required to impair certain amounts of goodwill in the future, if the Group decides to close any schools or if any of the Group's schools do not perform in accordance with the Group's expectations or do not generate positive results. If the outcome of the annual assessment results in any adjustment or decrease in the "goodwill" balance, this may have a material adverse impact on the Group results and financial position.

The Group is subject to restrictions and covenants in its facility agreements, non-compliance with which could result in acceleration of payment of financed amounts or termination of such agreements.

To fund its growth and expansion, the Group has entered into credit facility arrangements with Emirates Islamic Bank ("**EIB**") and expects to require additional bank financing to fund its growth strategy. The total liability of the Group under the EIB facility agreements amounted to AED 332.4 million as at 31 August 2022 and as at 31 August 2022 AED 26.8 million was available to be utilised under the EIB facilities.

These facilities contain covenants that impose operating and financial restrictions on the Group. The existing financing arrangements limit the Group's ability to, amongst other things:

- incur further debt given that the existing arrangements in place: (1) require written consent of the existing financier prior to incurring further debt with any other financial institution; and (2) require the Group to maintain its EBITDA to debt service ratio at certain levels;
- change its senior management in terms of personnel or structure without the prior written consent of the existing financier;
- merge or amalgamate with another entity without the prior written consent of the existing financier;
- acquire a company or any shares or securities or a business or undertaking or incorporate a company;
- enter into a single transaction or series of transactions whether voluntary or involuntary to sell, transfer or otherwise dispose of any of its assets; and
- change its ownership without the consent of the existing financier.

In addition, as is common for finance transactions, the Group's existing financing arrangements require the Group to comply with certain affirmative, negative and financial covenants whilst these arrangements remain in place. The ability of the Group to meet any financial covenants under its existing financing arrangements may be affected by events beyond its control. A breach of any of those covenants, could result in an event of default under its existing financing arrangements. Upon the occurrence of any event of default under such financing arrangements, subject to applicable cure periods and other limitations on acceleration or enforcement, the existing financier could cancel the availability of such facilities and elect to declare any amounts outstanding under such financing arrangements, together with accrued profit/rental, immediately due and payable.

Further, certain of the Group's assets are secured in favour of the providers of such financing. This security is provided in a number of ways, including entry into mortgages over various properties and the provision of security over certain rights, receivables, insurances and accounts by way of assignment agreements (security granted pursuant to the Federal Law No. 4 of 2020 Securing the Rights in Movables operates over a wide range of movable assets which may be subject to a security interest). This security could be enforced upon the occurrence of an event of default.

The Company has provided credit support for certain other members of its group by issuing a corporate guarantee in favour of EIB in respect of the financing obligations of certain of its subsidiaries (Taaleem Management LLC and Taaleem LLC). This guarantee may be called and enforced if such subsidiaries were to default on their payments under such financing arrangements. Depending on the assets of the Group, the enforcement of such guarantee could result in an insolvency and this could lead to shareholders losing all or part of their investment in the Group which would have a material adverse effect on the business, financial position and results of operations of the Group.

If the Group is unable to comply with the obligations, undertakings, restrictions or covenants in its current or future debts and other agreements, including payment obligations, or breach of financial covenants, it may be found in default under the terms of those agreements. In the event of a default under these agreements, the financiers could terminate their commitments to further provide financing to the Group or accelerate outstanding financings and declare all amounts financed immediately due and payable, which could trigger events of default in other finance agreements, as applicable. If any of these events occur, the Group cannot guarantee that its assets would be sufficient to pay in full all of its indebtedness, or that the Group would be able to find alternative financing on terms that are favourable or acceptable to the Group or at all.

Furthermore, the pricing of the credit facilities agreements in place, and potentially in the future, include two components: the fixed margin of the bank, and a variable rate which is, as per market practice for long-term tenor facilities, the UAE 3 months EIBOR. This rate varies every day and reflects the conditions of the market of money lending between the UAE banks, which itself is correlated to the global evolution of the interest rates. Therefore, the cost of debt of the Group is subject to the trend of the variable component of the pricing of its credit facilities, which may have a material adverse impact on the Group financial position and prospects.

The Group's existing debt could limit its flexibility and adversely affect its financial health.

The Group has existing debt in place. As of 31 August 2022, the Group had an outstanding balance of AED 332.4 million in debt through financing facilities provided by Emirates Islamic Bank PJSC. The Group's ability to fund capital expenditures or other expenses and to service such indebtedness will depend on its future operating performance and its ability to generate sufficient cash to service such debt. In particular, the Group's obligations to service its existing or future indebtedness could:

- impact retained cash which may impact the ability for the Company to pay dividends;
- require the Group to dedicate a portion of its cash flow from operations to making repayments, thereby limiting the availability of funds for investment on capital expenditures, business opportunities and other general corporate purposes;
- increase the Group's vulnerability to a downturn in its business or adverse general economic or industry conditions;

- limit the Group's flexibility in reacting adequately to changes in its business or the industry in which it operates; or
- limit its ability to obtain additional funds or raise equity capital in the future and increase the costs of any such capital.

The terms of the existing debt in place are subject to standard financier friendly terms and conditions, which include:

- a right to the existing financier to amend or reduce the Finance to Value ratio (as such term is defined below) or debt exposure limits without the written consent of the Company;
- an undertaking from the Group to provide additional security (if the opinion of the existing financier) any of the security in place is inadequate or certain financial or security ratios have not been met; and
- an undertaking from the Group to procure that valuations on assets of the Group are provided to the existing financier at any time as required by the existing financier.

The Group's existing leverage could ultimately reduce cash flows of the Group or otherwise have a material adverse effect on the revenues, business, financial position and results of operations.

The Group may need additional capital in the future to fund its expansion strategy and operate existing schools

The Group operates in a relatively capital-intensive industry and may require additional capital in the future to maintain existing schools and develop new schools or acquire existing schools. If adequate funding is not available or not available on acceptable terms or is restricted by existing facility arrangements, including in the event of the occurrence of any unforeseen event that requires immediate funding, the Group may be unable to fund in a timely manner its operating activities, capital expenditures, expansion plans or financial obligations. The Group cannot guarantee that it will be able to secure or obtain from financial institutions such financing necessary to finance its capital expenditures and growth expansion with commercially suitable terms and conditions and in a timely manner or at all, which may have a material adverse impact on the Group business, prospects, results of operations and financial condition.

Legal proceedings or claims or regulatory investigations could affect the Group's results of operations and financial condition.

The Group has been and may in the future be involved in legal proceedings and otherwise subject to legal claims in relation to its businesses, some of which may be significant.

The Group cannot predict the outcome of any such legal proceedings. Where appropriate, the Group may establish provisions to cover costs relating to legal proceedings and other legal claims, but such provisions may be insufficient and any insurance coverage that the Group maintains or will maintain in the future may not cover its losses fully, or at all. Regardless of the outcome, legal proceedings may require expenditure of significant funds and resources, and harm the Group's reputation.

Risks Relating to Dubai, the UAE and the MENA Region

General economic, financial and political conditions in the UAE, where the Group conducts all of its operations, may materially adversely affect the Group's business, financial position and results of operations

General economic, financial, and political conditions, in Dubai, Abu Dhabi and elsewhere in the UAE where the Group conducts all of its operations, may have a material adverse effect the Group's business, results of operations, financial condition and prospects.

An adverse change in the credit rating of the UAE, declines in consumer confidence and/or consumer spending, an increase in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events could contribute to increased volatility and diminished expectations for the economy and markets, including the education sector in the UAE, and may lead to demand or cost pressures that could negatively and adversely impact the Group's business, results of operations, financial condition and prospects. The UAE's economy may be adversely affected by worsening global economic conditions and external disruptions, including financial market volatility, trade disruptions and protectionist trade policies or threats thereof. A global shift in policies, including towards protectionism, with lower global growth due to reduced trade, migration and cross-border investment flows, could slow non-oil growth in the UAE and Dubai. These conditions could affect the Group's business and lead to a drop in enrolment numbers. Examples of such conditions could include:

- a general or prolonged decline in, or declines in, regional or broader macro-economies.
- regulatory changes that could impact on the markets in which the Group operates; and
- deflationary economic pressures, which could hinder the Group's ability to operate profitably in view of the challenges inherent in making corresponding deflationary adjustments to its cost structure.

The nature of these types of risks makes them unpredictable and difficult to plan for or otherwise mitigate, compounding their potential impact on the Group's business, financial condition and results of operations.

The UAE's economy is significantly affected by volatility in international crude oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low crude oil prices

The UAE's economy is significantly impacted by international crude oil prices and is highly dependent upon its hydrocarbon-related revenue. Crude oil prices have historically fluctuated in response to a variety of factors beyond the Group's control, including (without limitation):

- economic and political developments both in oil-producing regions, particularly in the MENA region, and globally;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil and gas products;
- the ability of the members of OPEC and OPEC+ to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions, and global weather and environmental conditions; and
- prices, availability and trends relating to the use of alternative fuels and technologies.

Many economic sectors within the UAE remain in part dependent, directly or indirectly, on crude oil prices, so extended periods of low crude oil prices may have a negative impact across the economic landscape of Dubai, Abu Dhabi and other Emirates. For example, the Dubai, Abu Dhabi or other Emirati governments may decide to reduce government expenditures in light of the budgetary pressures caused by lower crude oil prices, which may, in turn, reduce fiscal spending on infrastructure and other projects that create revenue streams for both public and private entities. Local financial institutions may experience lower liquidity (if significant government and government-owned company deposits are withdrawn to fund deficits) or higher loan losses or impairments. Furthermore, businesses that are dependent on household consumption, including consumer products, education, healthcare and housing, may be adversely affected by lower levels of economic activity created by extended periods of low crude oil prices.

Any of the factors described above, including further developments with respect to the Covid-19 pandemic (and the possibility of additional waves or resurgences thereof) and OPEC or OPEC+ agreements, could have a material adverse effect on the economic, political and fiscal position of Abu Dhabi, Dubai and the UAE generally, and may consequently have a material adverse effect on the Group's business, financial condition and results of operations.

Continued instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect the Group's business, financial condition and results of operations.

Although Abu Dhabi, Dubai and the wider UAE enjoy domestic political stability and generally healthy international relations, since 2011 there has been political unrest in several countries in the MENA region, including Bahrain, Egypt, Iran, Iraq, Lebanon, Libya, Syria, Tunisia and Yemen. The unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to several regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as civil unrest, war or other hostilities, or the impact that such events or occurrences might have on Abu Dhabi, Dubai and the UAE. The MENA region currently is subject to several armed conflicts including those in Yemen, Syria (in which multiple state and non-state actors are involved, such as the USA, Russia, Turkey and Iran), Iraq and Palestine, as well as conflicts with militants associated with the Islamic State.

The economies of Dubai and the UAE, like those of many emerging markets, have been characterised by significant government involvement through direct ownership of enterprises and extensive regulation of market conditions, including foreign investment, foreign trade and financial services. Whilst Dubai and the UAE have enjoyed significant economic growth and relative political stability in recent years, there can be no assurance that such growth or stability will continue. Moreover, while the Government's policies have generally resulted in improved economic performance, there can be no assurance that such a level of performance can be sustained. A general downturn or instability in certain sectors of the UAE or the regional economy could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, Dubai, Abu Dhabi and the other Emirates are, and will continue to be, affected by political developments in or affecting the UAE and the wider MENA region, and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets, including the UAE. On 14 September 2019, the Abqaiq processing facility and the Khurais oil field in Saudi Arabia were significantly damaged in attacks by unmanned aerial vehicles and missiles, which caused an immediate significant reduction in the oil output of Saudi Aramco, Saudi Arabia's national oil company. In January 2020, direct confrontation occurred between the USA and Iran when a targeted drone strike killed a senior Iranian military commander in Iraq which was followed by an Iranian attack using ballistic missiles on a USA military base in Iraq. During this confrontation, the government of Iran confirmed that it would no longer adhere to the terms of the Joint Comprehensive Action Plan in respect of Iran's nuclear power programme. On 11 April 2021, a major power failure occurred at the Natanz complex south of Tehran, Iran, because of an explosion which has been reported to be caused by an attack on the Natanz complex. On 18 January 2022, Abu Dhabi experienced a drone attack launched by Houthi rebels near the Abu Dhabi airport that killed at least three people.

Although the UAE has otherwise generally not experienced terrorist attacks or armed conflict such as those experienced by several other countries in the MENA region, there can be no assurance that extremists or terrorist groups will not initiate terrorist or other violent activity in the UAE, or that the UAE will not be impacted by any escalation of regional armed conflict. Any terrorist incidents in or affecting Abu Dhabi, Dubai or the UAE and increased regional geopolitical instability (whether or not directly involving Abu Dhabi, Dubai or the UAE), or any heightened levels of military conflict in the region or globally, including the current Russia-Ukraine conflict, may have a material adverse effect on Abu Dhabi, Dubai and the UAE's attractiveness for foreign investment and capital, their ability to engage in international trade, their tourist industry, and, consequently, their economic, external and fiscal positions, and therefore could adversely impact the Group's business, financial condition and results of operations.

Furthermore, the UAE, in general, and the Group, in part, are dependent on expatriate labour, including unskilled labourers as well as highly skilled professionals in a range of industry sectors, and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the country. These steps make the UAE potentially more vulnerable should regional instability increase, foreign militants commence operations in the Emirate, or extremist or terrorist groups engage in activities in the country. In addition, as the government endeavours to further diversify the UAE's economy into other sectors, including tourism, the exposure to broader regional and global economic trends and geopolitical developments likely will increase.

Governments in the MENA region have exercised and continue to exercise significant influence over their respective economies, and legal and regulatory systems in the MENA region, which may create an uncertain environment for investment and business activities.

The governments in the MENA region, including the UAE, have frequently intervened in the economic policy of their respective countries. This intervention has included, but not been limited to, regulation of market conditions, including foreign investment, foreign trade, financial services and oil and gas services. Any unexpected changes in the political, social, economic or other conditions in the MENA region or neighbouring countries could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. These changes include:

- an increase in inflation and government measures to curb such inflation, including through policies such as price controls;
- governments' actions or interventions, including tariffs, protectionism, foreign exchange and currency controls and subsidies;
- regulatory and legal structure changes, including foreign ownership restrictions, cancellation of contractual rights, expropriation of assets and potential lack of certainty as to title to real estate property in certain jurisdictions where the Group operates;
- changes to the availability of, requirements for, and cost to secure, employment and residence visas for expatriate staff and their dependents;
- income and other taxation reforms;
- policies of nationalization of assets and requirements to employ local national employees;
- difficulties and delays in obtaining new permits and consents for new operations or renewing existing permits; and
- an inability to repatriate profits and/or dividends.

Unexpected changes in these policies or regulations could lead to increased operating or compliance expenses and could have the effect of decreasing the Group's enrolment numbers and competitiveness. Any such changes could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Abu Dhabi, Dubai and the UAE may decide to introduce new laws and regulations, including the introduction of a corporate income tax, which, if so introduced, could adversely affect the way in which the Group is able to conduct its businesses and its results of operations and financial condition.

Emerging market economies generally and the UAE are characterised by less comprehensive legal and regulatory environments than are found in more developed regions. However, as these economies mature, and in part due to the desire of certain countries in the MENA region, including in particular the UAE, to accede to the World Trade Organisation, the governments of these countries have begun, and the Group expects will continue, to implement new laws and regulations which could impact the way the Group conducts its business and have a material adverse effect on the Group's business, results of operations, financial condition and prospects.
Changes in investment policies or in the prevailing political climate in the UAE could result in the introduction of changes to government regulations with respect to:

- price controls;
- export and import controls;
- corporate income and other taxes;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

The Group is not currently subject to corporate income tax in the UAE, and the UAE has historically not had any tax regime. However, on 31 January 2022 the Ministry of Finance announced that it will introduce a 9% federal corporate tax regime for the first time in the UAE to be applied on the adjusted accounting net profits of a business above AED 375,000, which is expected to come into effect on or after 1 June 2023. The Federal Tax Authority will be responsible for administering, collecting, and enforcing corporate tax in line with rules and regulations to be issued by the Ministry of Finance. There can be no assurance that the introduction of a corporate income tax or any other changes to current laws or taxation would not increase the Group's costs or otherwise materially adversely affect its business, financial condition and results of operations.

The UAE's Emiratization initiative may increase the Group's costs and may reduce its ability to rationalise its workforce

Emiratisation is an initiative by the UAE government to employ its citizens in a meaningful and efficient manner in the public and private sectors and to reduce its reliance on foreign workers. Under the initiative, companies are encouraged to employ Emiratis in management, education administrative and technical positions. However, the cost of employing UAE nationals typically is significantly higher than the cost of employing foreign workers. From January 2023, ADEK will need to comply with Abu Dhabi's Emiratization agenda which means that 5% of Abu Dhabi Charter schools staff will need to be Emirati starting in January 2023. Meeting and maintaining the Group's Emiratization targets reduces its flexibility to rationalise its workforce, which limits its ability to reduce costs in many areas of its operations and may be made difficult due to the Covid-19 pandemic (particularly if additional waves or resurgences thereof occur). Accordingly, 5% of the Abu Dhabi Charter schools staff need to be Emirati to meet the key performance indicator. As a result, there can be no assurance that meeting and maintaining the Group's Emiratisation targets will not have a material adverse effect on its business, financial condition and results of operations.

The Group's financial condition and results of operations may be materially adversely affected if the USD/AED exchange rate were to change

The Group maintains its accounts, and reports its results, in UAE dirhams, which is the functional currency of the Group. Although the UAE dirham has been pegged to the US dollar at a rate of AED 3.6725 to USD 1.00 since 1997, there can be no assurance that the UAE Central Bank will continue to maintain this fixed rate in the future, particularly if there continues to be increased demand for the US dollar because of the Covid-19 pandemic and any additional waves or resurgences thereof. Any de-pegging or change to the USD/AED exchange rate could increase the costs that the Group pays for certain goods and services procured from outside of the UAE, including books, laboratory equipment, consultant or international accreditation body services or to make end of service payments to employees who have left the Group's employment, or could cause its results of operations and financial condition to fluctuate due to currency translation effects, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks Relating to the Offering and to the Shares

Substantial sales of Shares by the Shareholders or future issuances of Shares by the Company could depress the price of the Shares.

Sales, or the perception that such sales may occur, of a substantial number of Shares by the Shareholders following the completion of the Offering or any future issuances of Shares by the Company may significantly reduce the Company's share price. The Company and some of its Founders holding 93.49% of the share capital agreed in the Underwriting Agreement or lock-up arrangements, as applicable, to certain restrictions on their ability to sell, transfer and otherwise deal in their Shares for a period of 180 calendar days from Listing, except in certain limited circumstances, unless otherwise consented to by the joint bookrunners (such consent not to be unreasonably withheld or delayed). Nevertheless, the Company is unable to predict whether substantial amounts of Shares (in addition to those which will be available in the Offering) will be sold in the open market following the completion of the Offering. Any sales of substantial amounts of Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Shares.

The Shares have never been publicly traded and the Offering may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. In addition, the DFM is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares.

Prior to the Offering, there has been no public trading market for the Shares. The Group cannot guarantee that an active trading market will develop or be sustained following the completion of the Offering, or that the market price of the Shares will not decline thereafter below the offer price. The trading price of the Shares may be subject to wide fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of the Group's actual performance or conditions in the UAE.

The Company has applied for the Shares to be listed on the DFM. The DFM is substantially smaller in size and trading volume than other established securities markets, such as those in the United States and the UK. As of 30 September 2022, there were 69 companies with securities traded on the DFM with a total market capitalisation of approximately AED 575 billion. The DFM had a total regular trading volume of AED 68.9 billion since the start of 2022. Brokerage commissions and other transaction costs on the DFM are generally higher than those in Western European countries. These factors could generally decrease the liquidity and increase the volatility of share prices on the DFM, which in turn could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the DFM for the desired amount and at the price and time achievable in more liquid markets.

The market price of the Shares may rise or fall rapidly, the Shares may trade at a discount to the Offer Price and Shareholders may be unable to realise their investments through the secondary market at the Offer Price.

General movement in local and international stock markets, prevailing and anticipated economic conditions and profit rates, financing costs, investor sentiment and general economic conditions may all negatively affect the market price of the Shares. The market for the Shares may fluctuate and a lack of liquidity can have an adverse effect on the market value for the Shares. Accordingly, the purchase of such Shares is only suitable for investors who can bear the risks associated with such investments.

Further, the Shares may trade at a discount to the Offer Price for a variety of reasons, including adverse market conditions, deterioration in investors' perceptions of the merits of the Company's strategy and investment policy, an excess of supply over demand in the Shares.

The Company may not pay dividends on the Shares and consequently, investors may not receive any return on their investment unless they sell their Shares for a price greater than that which was paid for them

The distribution of dividends by the Company will be dependent upon several factors, including the future profit, financial position, capital requirements, statutory reserve requirements, the amount of distributable reserves, available credit of the Company and general economic conditions and other factors that the Board of Directors deem significant from time to time. Also, the Company's ability to declare and pay cash dividends on the Shares may be restricted by, among other things, covenants in any credit facilities that the Company may enter into in the future, the recovery of any incurred losses in the future and provisions of UAE law. While the Company has historically been able to pay regular dividends and intends to pay dividends in respect of the Shares there can be no assurance that any dividend will ever be paid, nor can there be an assurance as to the amount, if any, which will be paid in any given year.

In addition, any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, applicable law and regulations, the Group's results of operations, financial condition, cash requirements, contractual restrictions, future projects and plans and other factors that Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them.

It may be difficult for shareholders to enforce judgments against the Group in the UAE, or against the Group's directors and senior management.

The Company is a public joint stock company under conversion in the Emirate of Dubai, United Arab Emirates. All of its directors and all of its officers reside outside the UK and the EEA. In addition, the Group's material assets and the majority of the assets of its directors and senior management are located outside the UK and the EEA. As a result, it may not be possible for investors to effect service of process outside the UAE upon the Group or its directors and senior management or to enforce judgments obtained against them in courts outside the UAE, including judgments predicated upon the civil liability provisions of the securities laws of the UK or the EEA.

Holders of the Shares in certain jurisdictions outside of the UAE may not be able to exercise their pre-emptive rights if the Company increases its share capital.

Under the Articles of Association to be adopted in connection with the Offering, holders of the Shares generally have the right to subscribe and pay for a sufficient number of ordinary shares to maintain their relative ownership percentages prior to the issuance of any new ordinary shares in exchange for cash consideration. Holders of the Shares outside of the UAE may not be able to exercise their pre-emptive rights unless certain registrations are effective with respect to such rights and the related ordinary shares or an exemption from their respective registration requirements. The Company currently does not intend to register the Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from such registration requirements will be available to enable holders of the Shares outside of the UAE to exercise their pre-emptive rights or, if available, that the Company will utilise such exemption. Furthermore, provided that the Company obtains all the required approvals from the SCA and its General Assembly, the Company may increase its capital without applying the pre-emption rights of the existing Shareholders, such as (i) for the purpose of the entry of a strategic partner, (ii) for the purpose of capitalising the Company's debts, (iii) for the purpose of converting bonds or sukuk issued by the Company into shares, and/or (iv) acquiring an existing company and issuing new shares in the Company to the partners or shareholders of that acquired company. To the extent that holders of the Shares outside of the UAE are not able to exercise their pre-emptive rights, the pre-emptive rights would lapse and the proportional interests of such holders outside of the UAE would be reduced.

UAE Taxation

The following comments are general in character and are based on the current applicable tax regime in the UAE and the current practice of the UAE authorities as at the date of this Prospectus. The comments do not purport to be a comprehensive analysis of all the tax consequences applicable to all types of shareholders and do not relate to any taxation regime outside the UAE. Each shareholder is responsible for its own tax position and, if you are in any doubt as to your own tax position, you should seek independent professional advice without delay.

Taxation of the Companies and Individuals

Currently there is no corporate tax legislation at the federal UAE level. However, corporate tax legislation has been enacted in some of the Emirates (including Abu Dhabi) through their own decrees. These tax decrees are currently only enforced on foreign oil companies and branches of foreign banks.

In accordance with the above practice, the Company is not currently subject to corporate income tax in the UAE.

As per the aforementioned announcement and Frequently Asked Questions published, the federal tax system is applicable to all businesses and commercial activities operating within the seven emirates, with the exception of:

a. businesses operating in the extraction of natural resources. These will continue to be subject to the tax decrees issued by the respective Emirate;

b. individuals earning income in their personal capacity (i.e. salary, investment income) as long as the income generating activity does not require a commercial license; and

c. businesses registered in Free Trade Zones, provided they comply with all the regulatory requirements, and that do not conduct business with Mainland UAE.

The announced UAE CIT regime introduces a tier system with three rates:

a. all annual taxable profits that fall under AED 375,000 shall be subject to the zero rate;

b. all annual taxable profits above AED 375,000 shall be subject to 9% rate; and

c. all MNEs that fall under the scope of Pillar 2 of the BEPS 2.0 framework (i.e. consolidated global revenues in excess of AED 3.15 billion) shall be subject to different rates as per the OECD Base Erosion and Profit-Sharing rules.

Taxable profits are the accounting profits subject to certain adjustments.

The announced UAE CIT regime confirmed the following income shall be in general exempt from income tax:

a. capital gains and dividend income earned by UAE company from its qualifying shareholdings (to be defined in the law);

b. profits from group reorganization (further details awaited);

c. profits from intra-group transactions (further details awaited);

d. foreign investor’s income from dividends, capital gains, financing expenses, royalties and other investment returns.

There will be no UAE withholding tax on domestic and cross-border payments.

The UAE CT law has not yet been released.

Proposed Corporate Tax in the UAE

On 31 January 2022, the UAE Ministry of Finance announced a federal corporation tax to be implemented in the UAE for effective financial years commencing on or after 1 June 2023.

There is currently no personal tax levied on individuals in the UAE.

Taxation of purchase of Shares

Completion of the Offering is likely to be characterised for UAE tax purposes as a purchase of Shares by the shareholders. If a shareholder is tax resident outside the UAE and/or is subject to tax in another jurisdiction, the Offering may be characterised differently and may be subject to tax in that other jurisdiction.

There are no transfer taxes in the UAE on the purchase of Shares. Accordingly, the purchase of Shares should not result in any UAE tax liabilities for shareholders who are individuals or corporations tax resident in the UAE. Non-UAE tax residents, or dual tax residents, individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Shares based on local tax regulations.

Taxation of dividends and capital gains on sale

Based on the current tax practice within the UAE outlined above, the purchase of Shares should not result in any UAE tax liabilities for shareholders who are individuals or corporations tax resident in the UAE, provided they are not subject to tax in the UAE by virtue of them being a foreign oil company or branch of a foreign bank. Non-UAE tax residents, or dual tax residents, individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Shares based on local tax regulations.

Based on the same principles as outlined above, UAE resident shareholders who are not subject to tax in the UAE or jurisdictions outside the UAE (both corporate and individual), should not currently be taxed on the receipt of dividend income and gains on the future sale of the Shares.

Shareholders who are subject to tax in the UAE by virtue of being a foreign oil company or branch of a foreign bank, or tax resident in jurisdictions outside the UAE, as well as shareholders tax resident in the UAE but also subject to tax in jurisdictions outside the UAE (both corporate and individual), should consult their own tax advisers as to the taxation of dividend income and gains on the future sale of the Shares under the relevant applicable local laws in those jurisdictions.

There is currently no withholding tax in the UAE and as such, any dividend payments made by the Company should be made free of any UAE or Abu Dhabi withholding tax.

The contents of this section are also generally in line with the FAQs issued under the proposed Corporate Tax to be introduced, subject to fulfilment of conditions that may be prescribed in the final law.

UAE VAT

The UAE has adopted an excise tax, which was effective on 1 October 2017, and implemented a VAT, which was effective on 1 January 2018. The excise tax imposes a 50% tax on carbonated beverages and a 100% tax on tobacco products and energy drinks. On 27 August 2017, the VAT Law was published on the website of the Federal Tax Authority. The executive regulations of the VAT Law were issued on 28 November 2017 under Cabinet decision No. 52 of Federal Decree Law No. (8). The executive regulations provide more detail about products and services that are subject to VAT and which particular products are zero-rated or exempted. The executive regulations of the VAT Law outline the conditions and parameters of such VAT treatment. The GCC VAT Framework Agreement, which is a country level agreement between all the GCC States, sets out broad principles that should be followed by all the GCC countries in their VAT laws while providing individual member states some discretion to adopt a different VAT treatment in respect of certain matters. Each GCC country will enact its own domestic VAT legislation based on the underlying principles in this common framework.

VAT applies on the sale of goods and services in the UAE and on imports to the UAE. Unless the supply of goods and services falls within a category that is specifically exempt or is subject to the zero rate of VAT. VAT will apply at the standard rate. The standard VAT rate in the UAE is 5%.

The mandatory registration threshold is AED 375,000 and the voluntary registration threshold is AED 187,500. Businesses must register for VAT if the value of taxable supplies and imports of goods or services is above the mandatory registration threshold in the last 12 months, or it is expected to be above that threshold in the next 30 days. In addition, businesses would have an option to register for VAT on a voluntary basis if (i) the value of taxable supplies and imports of goods or services, or (ii) the value of taxable expenses (i.e. expenses with VAT) is above the mandatory registration threshold in the last 12 months, or it is expected to be above that threshold in the next 30 days.

The supply of goods or services by VAT registered businesses is subject to VAT at either the standard rate or zero rate. Businesses are entitled to claim a credit for VAT paid on their purchases if they relate to a supply that is standard rated or zero-rated. However, any VAT incurred in connection with a supply that is exempt from VAT cannot be reclaimed.

Article 42 of the executive regulations outlines the scope of financial services classified as exempt and, on this basis, no VAT would be applied on any transfer of Shares. However, it should be noted that fees relating to the transfer of ownership of Shares would be standard rated at 5%.

The comments mentioned above are general in nature and are based on the current tax system in force in the United Arab Emirates and the current practices of the UAE authorities as at the date of the Prospectus. The comments are not intended to be a comprehensive analysis of all tax implications applicable to all types of shareholders and are not related to any tax system outside the UAE. It is the responsibility of each investor to be informed of any tax consequences relating to his own circumstances in connection with the acquisition or disposal of a share in the company. Investors should seek independent professional advice.

Lock-up Arrangements

Pursuant to the terms of an underwriting agreement entered into on or around the date of this Prospectus among the Company and the joint bookrunners (the “Underwriting Agreement”), the Company has contractually agreed to certain lock-up restrictions, for a period of 180 days after Listing, subject to certain exceptions.

Pursuant to the founders’ lock-up arrangements, Founders representing 93.49% of the shares of the Company have contractually agreed to certain lock-up restrictions, subject to certain exceptions.

Third Section: Financial disclosures

Summary of the Financial Statements and a Summary of Key Notes and Key Financial Indicators as of and for the years ended 31 August 2020, 2021 and 2022

The following should be read in conjunction the section of this Prospectus headed "*Investment Risks*".

All of the Group's financing arrangements are Sharia-compliant and references in relation thereto in this Prospectus to "interest", "lender", "borrower", "repayment", "loans", "borrowings" or similar non-Sharia compliant terms in relation thereto should be interpreted as references to "profit", "rental", "finance costs", "financier", "obligor", "payment", "financings", etc. as applicable.

Consolidated Statement of Profit and Loss Data for the years ended 31 August 2020, 2021 and 2022

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

	2022	*2021*	*2020*
	AED	*AED*	*AED*
REVENUE	**623,332,614**	526,837,903	485,142,841
FINANCE AND OTHER INCOME			
Rental income	**911,723**	337,675	370,945
Income from deferred government grant	**2,437,300**	2,437,300	2,437,299
Finance income	**1,747,228**	896,112	989,461
Other income	**12,141,269**	4,957,854	10,475
TOTAL FINANCE AND OTHER INCOME	**17,237,520**	8,628,941	3,808,180
EXPENSES			
Operating costs	**-370,307,303**	-302,252,634	-301,960,756
General and administrative expenses	**-95,823,699**	-76,722,233	-67,256,027
Impairment of goodwill	**-**	-3,084,640	-
Amortisation of intangible assets	**-1,061,916**	-524,416	-795,036
Depreciation on property and equipment	**-58,127,333**	-44,293,686	-45,032,909

Depreciation on investment property	**-237,702**	0	0
Amortisation of right-of-use assets	**-13,361,870**	-12,457,693	-11,865,566
Impairment loss on Amlak wakala deposits	**-**	-6,964,626	-5,642,035
Finance costs	**-18,729,258**	-10,890,835	-10,749,780
TOTAL EXPENSES	**-557,649,081**	-457,190,763	-443,302,109
PROFIT FOR THE YEAR	**82,921,053**	78,276,081	45,648,912

Consolidated Statement of changes in equity data for the years ended 31 August 2020, 2021 and 2022

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

	Share capital AED	*Statutory reserve AED*	*Fair value reserve AED*	*Retained earnings AED*	*Total AED*
As at 1 September 2020	**750,000,000**	**45,560,845**	**1,615,811**	**92,718,045**	**889,894,701**
Profit for the year	-	-	-	78,276,081	78,276,081
Other comprehensive income for the year	-	-	2,879,508	-	2,879,508
Total comprehensive income for the year	-	-	2,879,508	78,276,081	81,155,589
Dividends	-	-	-	-52,500,000	-52,500,000
Transfer to statutory reserve	-	8,389,738	-	-8,389,738	-
Fair value reserve on equity investments at FVOCI transferred to retained earnings on disposal	-	-	-4,495,319	4,495,319	-
As at 31 August 2021	**750,000,000**	**53,950,583**	**-**	**114,599,707**	**918,550,290**
As at 1 September 2021	750,000,000	53,950,583	-	114,599,707	918,550,290
Profit for the year	-	-	-	82,921,053	82,921,053
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	82,921,053	82,921,053
Dividends	-	-	-	-67,500,000	-67,500,000
Transfer to statutory reserve	-	9,346,619	-	-9,346,619	-
As at 31 August 2022	**750,000,000**	**63,297,202**	**-**	**120,674,141**	**933,971,343**

Consolidated Statement of Financial Position data as of 31 August 2022 and 2021

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

	2022	*2021*
	AED	*AED*
ASSETS		
Non-current assets		
Property and equipment	**1,160,278,413**	966,340,768
Investment property	**11,438,599**	-
Intangible assets	**41,119,734**	12,081,650
Goodwill	**239,997,759**	204,932,063
Right-of-use assets	**177,130,827**	139,554,303
Net investment in finance lease	**3,423,325**	-
Capital advances	**-**	1,466,766
	1,633,388,657	1,324,375,550
Current assets		
Fees and other receivables	**83,760,649**	69,242,798
Wakala deposits	**-**	45,131,389
Cash and cash equivalents	**243,150,477**	192,993,687
	326,911,126	307,367,874
TOTAL ASSETS	**1,960,299,783**	1,631,743,424
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**750,000,000**	750,000,000
Statutory reserve	**63,297,202**	53,950,583
Retained earnings	**120,674,141**	114,599,707
TOTAL EQUITY	**933,971,343**	918,550,290
LIABILITIES		
Non-current liabilities		
Interest bearing loans and borrowings	**304,125,318**	171,553,584
Lease liabilities	**187,000,470**	144,288,560
Deferred income on government grant	**46,308,674**	48,745,974

Debentures payable	**26,543,685**	4,228,908
Provision for employees' end of service benefits	**29,443,351**	19,154,380
	593,421,498	387,971,406
Current liabilities		
Trade and other payables	**123,529,684**	78,550,806
Fees received in advance	**264,643,267**	213,841,330
Interest bearing loans and borrowings	**28,296,892**	24,535,298
Lease liabilities	**13,999,799**	5,856,994
Deferred income on government grant	**2,437,300**	2,437,300
	432,906,942	325,221,728
TOTAL LIABILITIES	**1,026,328,440**	713,193,134
TOTAL EQUITY AND LIABILITIES	**1,960,299,783**	1,631,743,424

Consolidated Statement of Cashflows data for the years ended 31 August 2022 and 2021

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

	2022	*2021*
	AED	*AED*
OPERATING ACTIVITIES		
Profit for the year	**82,921,053**	78,276,081
Adjustments for:		
Depreciation on property and equipment	**58,127,333**	44,293,686
Depreciation on investment property	**237,702**	-
Amortisation of right-of-use assets	**13,361,870**	12,457,693
Amortisation of intangible assets	**1,061,916**	524,416
Provision for employees’ end of service benefits	**8,490,458**	7,599,809
Allowance for impairment on fees and other receivables	**1,647,170**	1,335,957
Gain on disposal of property and equipment	**-57,143**	-78,276
Impact of modification of right-of-use assets and lease liabilities	**-221,916**	-
Impairment loss on Amlak wakala deposits	**-**	6,964,626
Impairment of goodwill	**-**	3,084,640
Loss on derecognition of right-of-use assets	**357,380**	-
Finance income	**-1,747,228**	-896,112
Finance costs	**18,729,258**	10,890,835
Income from deferred government grant	**-2,437,300**	-2,437,300
Income from unwinding of debentures payable	**-711,040**	-711,040
Operating cash flows before changes in working capital	**179,759,513**	161,305,015
Changes in working capital:		
Change in fees and other receivables	**-9,475,538**	-22,303,812
Changes in restricted cash	**-11,650,205**	114,425
Change in fees received in advance	**50,801,937**	31,439,447
Change in trade and other payables	**-1,057,307**	37,120,804
Cash flows generated from operations	**208,378,400**	207,675,879
Payment of employees’ end of service benefits	**-6,879,863**	-5,624,578
Net cash flows from operating activities	**201,498,537**	202,051,301

INVESTING ACTIVITIES

Additions to property and equipment	**-86,820,583**	-135,375,275
Proceeds from disposal of property and equipment	**57,143**	123,120
Receipts from sub-lessor	**369,386**	-
Changes in Wakala deposits, net	**45,131,389**	-25,129,222
Prepayment of Amlak Wakala deposits received	**-**	1,946,532
Proceeds from settlement of Amlak Wakala deposits	**-**	20,385,172
Acquisition of subsidiary – net of cash acquired	**-164,338,421**	-
Interest received	**1,662,259**	896,112
Net cash flows used in investing activities	**-203,938,827**	-137,153,561
FINANCING ACTIVITIES		
Proceeds from bank borrowings	**160,000,000**	90,000,000
Repayment of bank borrowings	**-24,523,098**	-8,446,832
Payments towards lease liabilities	**-13,848,457**	-12,721,192
Interest paid	**-7,071,159**	-2,406,162
Dividends paid	**-67,853,749**	-52,314,657
Repayment of debentures	**-5,756,662**	-
Net cash flows from financing activities	**40,946,875**	14,111,157
NET INCREASE IN CASH AND CASH EQUIVALENTS	**38,506,585**	79,008,897
Cash and cash equivalents at the beginning of the year	**189,479,803**	110,470,906
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**227,986,388**	189,479,803

Non-IFRS financial measures

The non-IFRS measures the Group presents herein may not be comparable to similar measures computed by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS. The non-IFRS measures of the Group should be read only in conjunction with underlying IFRS financial numbers.

The definition and method of calculation of each of these measures are summarised in the following table:

Non-IFRS financial measure	Description and computation methodology	Rationale
Earnings before interest, tax and depreciation and amortisation ("**EBITDA**")	Calculated as net profit for the year, adding back: 1. Finance cost; 2. Amortisation of right-of-use assets; 3. Depreciation on investment property; 4. Depreciation on property and equipment; and 5. Amortisation of intangible assets; less: 6. Finance income	Performance measure
EBITDA margin	Calculated as EBITDA, divided by revenue	Performance measure

EBITDA

	For the year ended 31 August		
	2020	**2021**	**2022**
	------------ **AED** ------------		
Profit for the year	45,648,912	78,276,081	82,921,053
Less: Finance income	(989,461)	(896,112)	(1,747,228)
Add: Finance cost	10,749,780	10,890,835	18,729,258
Add: Amortisation of right-of-use assets	11,865,566	12,457,693	13,361,870
Add: Depreciation on investment property	-	-	237,702
Add: Depreciation on property and equipment	45,032,909	44,293,686	58,127,333
Add: Amortisation of intangible assets	795,036	524,416	1,061,916
EBITDA	**113,102,742**	**145,546,599**	**172,691,904**
EBITDA margin	*23.3%*	*27.6%*	*27.7%*

Note: EBITDA included certain non-cash and non-recurring items, including other income (related to bad debt recoveries, reversal of excess accruals / provisions and gains on sale of property and equipment), impairment of goodwill and impairment loss on Amlak Wakala deposit. Excluding these components, EBITDA would have been AED 118.7 million, AED 150.6 million and AED 160.6 million for the years ended 31 August 2020, 2021 and 2022, respectively, while EBITDA margins would have been 24.5%, 28.6% and 25.8% for the years ended 31 August 2020, 2021 and 2022, respectively.

DIVIDEND POLICY

The Company's ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves, its capital expenditure plans and other cash requirements in future periods, and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. Any level or payment of dividends will depend on, among other things, future profits, discretion of the Board of Directors and the business plan of the Company.

Subject to the foregoing, the Company intends to pay a dividend of AED 67.5 million relating to its financial performance during the year ended 31 August 2022. The dividend would be paid to the Shareholders before the Closing Date. The Company intends to pay dividends at least at the current levels and intends to grow its dividends in line with future earnings growth.

This dividend policy is designed to reflect the Company's expectation of strong cash flows and expected long-term earnings potential, while allowing the Company to retain sufficient capital to fund ongoing operating requirements and continued investment for long-term growth.

MATERIAL CONTRACTS AND RELATED PARTY TRANSACTIONS

Material Contracts

Operation and Management Agreements

School Operation and Management Agreement with the Knowledge Fund Establishment (Al Barsha)

Taaleem Management LLC entered into an operation and management agreement with the Executive Council of Dubai ("**TEC**") on 4 February 2022, whereby Taaleem Management LLC will operate and manage Dubai School, Al Barsha Branch. The agreement stipulates the opening date for the school as 29 August 2021 and the agreement will continue for an initial term of seven years from such opening date until August 2028. The parties may agree to extend the term of the agreement on the same terms for up to two additional periods of seven years each. On 13 July 2022, a novation agreement was entered into between TEC, Knowledge Fund Establishment ("**KFE**") and Taaleem Management LLC, whereby all rights, covenants, undertakings and obligations of TEC under the agreement were assigned and novated to KFE. KFE is a related party of the Group. The novation agreement became effective as of 20 June 2022.

Under the agreement, Taaleem Management LLC is solely responsible and liable for all aspects of the operation and management of the school, which shall include the preparation of an annual school business plan and a marketing plan for the approval of KFE. Taaleem Management LLC will bear all direct costs in relation to the management and operation of the school, however, the relevant fee subsidy amounts and any relevant capital expenditure in connection with alterations or improvements to the school premises will be borne by KFE.

Pursuant to the agreement, KFE monitors and evaluates Taaleem Management LLC's performance in operating the school based on a list of key performance indicators which are outlined in the agreement. In the event that KFE determines that a performance test has not been achieved, KFE may send a written notice requiring remedial action to be taken by Taaleem Management LLC. If Taaleem Management LLC fails to comply with the terms of the remedial notice, then KFE may elect to terminate the agreement by delivering to Taaleem Management LLC a written notice to that effect within 60 days from the date of the expiry of the time period specified in the relevant remedial notice. In the event of a serious breach of the agreement by Taaleem Management LLC that is not remedied to the satisfaction of KFE within 15 days of the occurrence of such breach, KFE shall be entitled to immediately terminate the agreement by providing written notice to Taaleem Management LLC. Moreover, KFE is entitled to terminate the agreement immediately on written notice if Taaleem Management LLC undergoes a change of control without the prior written consent of KFE (such consent not to be unreasonably withheld or delayed). Under the agreement, the definition of "change of control" includes the occurrence of an event whereby a person who controls any company ceases to do so, or if another person acquires control of the relevant company. Furthermore, the agreement defines “control” as the ability of a person to influence the affairs of a company: (a) by the holding of shares or the possession of voting power in relation to the company; or (b) as a result of any powers conferred by the articles of association or other document regulating that or any other company. The offering of Shares as contemplated under this Prospectus is not expected to trigger the change of control provisions in the agreement.

School Operation and Management Agreement with the Knowledge Fund Establishment (Mirdif)

Taaleem Management LLC entered into an operation and management agreement with TEC on 11 March 2021, whereby Taaleem Management LLC will operate and manage Dubai School, Mirdif Branch. The agreement stipulates the opening date for the school as 29 August 2021 and the agreement to continue for an initial term of seven years from such opening date until August 2028. The parties may agree to extend the term of the agreement on the same terms for up to two additional periods of seven years each. On 13 July 2022, a novation agreement was entered into between TEC, KFE and Taaleem Management LLC, whereby all rights, covenants, undertakings and obligations of TEC under the agreement were assigned and novated to KFE. KFE is a related party of the Group. The novation agreement became effective as of 20 June 2022.

Under the agreement, Taaleem Management LLC is solely responsible and liable for all aspects of the operation and management of the school, which shall include the preparation of an annual school business plan and a marketing plan for the approval of KFE. Taaleem Management LLC will be liable for all direct costs in relation to the management and operation of the school, however, the relevant fee subsidy amounts and any relevant capital expenditure in connection with alterations or improvements to the school premises, all of which shall be payable by KFE.

Pursuant to the agreement, KFE monitors and evaluates Taaleem Management LLC’s performance in operating the school based on a list of key performance indicators which are outlined in the agreement. In the event that KFE determines that a performance test has not been achieved, KFE may send a written notice requiring remedial action to be taken by Taaleem Management LLC. If Taaleem Management LLC fails to comply with the terms of the remedial notice, then KFE may elect to terminate the agreement by delivering to Taaleem Management LLC a written notice to that effect within 60 days from the date of the expiry of the time period specified in the relevant remedial notice. In the event of a serious breach of the agreement by Taaleem Management LLC that is not remedied to the satisfaction of KFE within 15 days of the occurrence of such breach, KFE shall be entitled to immediately terminate the agreement by providing written notice to Taaleem Management LLC. Moreover, KFE is entitled to terminate the agreement immediately on written notice if Taaleem Management LLC (i) breaches or otherwise defaults on certain provisions of the agreement; and (ii) if Taaleem Management LLC undergoes or permits a change of control without the prior written consent of KFE (whereby such consent cannot be unreasonably withheld or delayed). Under the agreement, the definition of ‘change of control’ includes the occurrence of an event whereby a person who controls any company ceases to do so, or if another person acquires control of the relevant company. Furthermore, the agreement defines ‘control’ as the ability of a person to influence the affairs of a company: (a) by the holding of shares or the possession of voting power in relation to the company; or (b) as a result of any powers conferred by the articles of association or other document regulating that or any other company. The offering of Shares as contemplated under this Prospectus is not expected to trigger the change of control provisions in the agreement.

School Operation and Management Agreement with the Knowledge Fund Establishment (Nad Al Sheba)

Taaleem Management LLC entered into an operation and management agreement with KFE on 7 September 2022, whereby Taaleem Management LLC will operate and manage Dubai School, Nad Al Sheba Branch. The agreement stipulates the opening date for the school as 29 August 2022 and the agreement to continue for an initial term of seven years from such opening date until August 2029. The parties may agree to extend the term of the agreement on the same terms for up to two additional periods of seven years each.

Under the agreement, Taaleem Management LLC is solely responsible and liable for all aspects of the operation and management of the school, which shall include the preparation of an annual school business plan and a marketing plan for the approval of KFE. Taaleem Management LLC will be liable for all direct costs in relation to the management and operation of the school, however, the relevant fee subsidy amounts and any relevant capital expenditure in connection with alterations or improvements to the school premises, will be paid by KFE.

Pursuant to the agreement, KFE monitors and evaluates Taaleem Management LLC's performance in operating the school based on a list of key performance indicators which are outlined in the agreement. In the event that KFE determines that a performance test has not been achieved, KFE may send a written notice requiring remedial action to be taken by Taaleem Management LLC. If Taaleem Management LLC fails to comply with the terms of the remedial notice, then KFE may elect to terminate the agreement by delivering to Taaleem Management LLC a written notice to that effect within 60 days from the date of the expiry of the time period specified in the relevant remedial notice. In the event of a serious breach of the agreement by Taaleem Management LLC that is not remedied to the satisfaction of KFE within 15 days of the occurrence of such breach, KFE shall be entitled to immediately terminate the agreement by providing written notice to Taaleem Management LLC. Moreover, KFE is entitled to terminate the agreement immediately on written notice if Taaleem Management LLC (i) breaches or otherwise defaults on certain provisions of the agreement; and (ii) if Taaleem Management LLC undergoes or permits a change of control without the prior written consent of KFE (whereby such consent cannot be unreasonably withheld or delayed). Under the agreement, the definition of "change of control" includes the occurrence of an event whereby a person who controls any company ceases to do so, or if another person acquires control of the relevant company. Furthermore, the agreement defines "control" as the ability of a person to influence the affairs of a company: (a) by the holding of shares or the possession of voting power in relation to the company; or (b) as a result of any powers conferred by the articles of association or other document regulating that or any other company. The offering of Shares as contemplated under this Prospectus is not expected to trigger the change of control provisions in the agreement.

School Operation and Management Agreement with the Kids First Group

Taaleem Management LLC entered into an operation and management agreement with Kids First Group LLC ("**KFG**") on October 2021, whereby KFG will operate and manage the school located on plot 376-2284, Al Barsha, Dubai, United Arab Emirates. Taaleem Management LLC is currently the tenant of plot 376-2284 pursuant to a lease agreement entered into with KFE as the landlord. The appointment of KFG as manager is conditional on the delivery of a written consent by KFE as landlord.

The agreement includes a sub-lease agreement between Taaleem Management LLC as tenant, Redwood ELC Branch of KFG as sub-tenant and KFE as landlord, whereby Taaleem Management LLC sub-leases the relevant plot of land to Redwood ELC Branch of KFG, with the consent of KFE. Under the agreement, KFG acquires the exclusive right to manage and operate the school, together with the responsibility for obtaining the relevant education licenses from the Dubai governmental authorities, maintaining the school grounds, hiring employees, procuring the provision of utilities and maintaining the relevant insurance policies. In consideration of the right to manage and operate the school, KFG agreed to pay to Taaleem Management LLC a base fee (increasing annually) and a percentage of the revenue generated by the school. As per the agreement, KFG was required to pay the base fee on 1 April 2022, which corresponded with the commencement of the first year of the proposed school term. The agreement commenced on October 2021 and will terminate on 31 August 2037. At any time during the term of the agreement, KFG has the option, but not the obligation, to purchase the leasehold interest of the plot of land, subject to providing written notice to Taaleem Management LLC and the receipt of consent from KFE. At any time after 1 September 2027, Taaleem Management LLC has the right to terminate the agreement by providing at least twelve months' notice to KFG.

School Operation and Management Agreement with Emirates School Establishment

Taaleem Management LLC entered into an operation and management agreement with Emirates School Establishment ("**ESE**") on 28 June 2022, whereby Taaleem Management LLC will operate and manage Al Maktoum School (Dubai), Alqarayen School (Sharjah), Al Mataf School (Ras Al-Khaimah), and Al Furqan School (Sharjah). The agreement commenced on 28 June 2022, continues for an initial term of three years and may be extended by the mutual agreement of both parties for additional periods of five years each. Alternatively, following the initial term, ESE has the right at its sole discretion to renew the agreement for one additional term of two years.

Under the agreement, Taaleem Management LLC is fully responsible for operating and managing the schools, including drafting and implementing the school policies, recruiting employees, managing facilities, training staff and providing financial management services as per an annual budget. In exchange for these services, ESE will pay to Taaleem Management LLC: (a) a fixed management fee at the end of each academic term; and (b) a variable fee calculated on the basis of certain key performance indicators that will be assessed by ESE. The key performance indicators include, amongst others: (i) the attainment and progress of students; (ii) the inspection rating for the relevant school; (iii) student well-being; (iv) parent satisfaction; and (v) the budget savings amount.

ESE is entitled to terminate the agreement (i) without cause upon providing six months' written notice and (ii) immediately on written notice if Taaleem Management LLC breaches or otherwise defaults on certain provisions of the agreement. Moreover, ESE may terminate the agreement immediately on written notice if Taaleem Management LLC undergoes a change of control without the prior written consent of ESE. The agreement defines 'control' as the ability of a person to influence the affairs of a company: (a) by the holding of shares or the possession of voting power in relation to the company; or (b) as a result of any powers conferred by the articles of association or other document regulating that or any other company. Taaleem Management LLC is entitled to terminate the agreement if ESE breaches its payment or funding obligations, or if ESE decreases the base fee and/or variable fee by more than 10% during any relevant period. Either party may terminate the agreement upon the occurrence of a force majeure event, although the COVID-19 pandemic and any associated lockdowns did not give rise to a right to terminate or otherwise depart from the agreement.

School Operation and Management Agreement with the Abu Dhabi Department of Education

Taaleem Holdings – Sole Proprietorship L.L.C. entered into agreement with the Abu Dhabi Department of Education and Knowledge ("**ADEK**") on 14 July 2022, whereby Taaleem Holdings – Sole Proprietorship L.L.C. will operate and manage nine charter schools in the Emirate of Abu Dhabi, namely Al Watan School, Al Nayfa KG, Al Salam School, Al Walaa KG, Al Wafaa KG, Al Riyadh School, Al Forsan KG, Al Azm School and Al Ahd School. The agreement commenced at the start of the 2022-2023 academic year and will continue for a term of two years until the last day of the 2023-2024 academic year unless terminated prior to the expiry of the term. ADEK may elect to renew the agreement at its discretion for an additional term of five years in the event that Taaleem Holdings – Sole Proprietorship L.L.C. achieves certain key performance indicators and is successful in operating the school as per the terms of the agreement. The key performance indicators include, amongst others: (i) the assessment results and progress of students; (ii) the inspection rating for the relevant school; (iii) student attendance; and (iv) parent satisfaction.

ADEK may terminate the agreement (i) for convenience by providing at least 180 days prior written notice, subject to the payment of a compensation amount and the relevant reasonable incurred costs to Taaleem Holdings – Sole Proprietorship L.L.C.; (ii) for cause, in whole or in part (by excluding one or more of the schools that are subject to the agreement) by providing at least 30 days' written notice in the event of poor performance or certain breaches of contract by Taaleem Holdings – Sole Proprietorship L.L.C.; or (iii) with immediate effect upon the material breach by Taaleem Holdings – Sole Proprietorship L.L.C. of certain key provisions in the agreement, including the occurrence of the change of control or the change of ownership of Taaleem Holdings – Sole Proprietorship L.L.C., without the pre-approval of ADEK. Taaleem Holdings – Sole Proprietorship L.L.C. may terminate the agreement by providing at least 30 days' prior written notice, subject to a 60-day remedial notice period in the event of a material breach by ADEK of the agreement or a failure by ADEK to make certain payments when due to Taaleem Holdings – Sole Proprietorship L.L.C. as per the terms of the agreement.

Development Agreements

Development Lease Agreement with Knowledge Fund Establishment

Taaleem Management LLC entered into a development lease agreement with KFE on 17 January 2022, whereby Taaleem Management LLC leases land owned by KFE that is located on plot 3430443 in Al Wasl, Dubai, for the purpose of the construction, development and operation of a school on such land. The 30-year lease commenced on 17 January 2022 and ends in 2052.

Pursuant to the lease agreement, Taaleem Management LLC has the obligation to obtain a license to operate a school with an international baccalaureate or British curriculum programme. Moreover, Taaleem Management LLC will pay annual rents to KFE starting from the third year of the lease (the first two years of the lease will be considered a grace period during which Taaleem Management LLC shall not be required to make rental payments to KFE). During the third year up to and including the sixth year of the lease, Taaleem Management LLC shall pay to KFE a fixed annual rent of AED 3,056,738.50, after which the rent shall increase by a pre-determined amount until the expiry of the 30-year term. Taaleem Management LLC will further pay to KFE: (a) a security deposit amounting to AED 1,528,374.38 in the form of an irrevocable, unconditional bank guarantee, which will be used as security for the execution by Taaleem Management LLC of its covenants and obligations under the agreement; and (b) a construction deposit amounting to AED 1,528,374.38 in the form of an irrevocable, unconditional bank guarantee, which will be used as security for the due and punctual performance of the construction works.

Taaleem Management LLC is solely responsible under the lease agreement for the development and construction works relating to the proposed school, including any costs associated with connecting the school to public infrastructure, obtaining the necessary constructional approvals from the relevant public authorities, and the maintenance of all necessary licenses, approvals and permits required to establish and operate the school. Taaleem Management LLC is required to complete the construction of the school within 24 months from the effective date, or it shall be obliged to pay a monthly fee to KFE until the relevant construction has been completed or until the construction completion date has been extended by KFE at its sole and absolute discretion.

Under the lease agreement, Taaleem Management LLC may not enter into any transaction that will result in a change of control in the ownership of Taaleem Management LLC, or the disposal or transfer of its shareholding or ownership, or an assignment, subcontracting or sub-lease of any of its rights or obligations under the lease agreement without the prior written consent of KFE, which may be granted or withheld at its sole and absolute discretion. Under the lease agreement, the definition of “change of control” includes the occurrence of: (a) an acquisition of 10% or more of the shares of Taaleem Management LLC by another entity or person; or (b) the sale of all or substantially all of the assets of Taaleem Management LLC, whereby, in either case, the relevant shareholders of Taaleem Management LLC prior to such change of control will, after the relevant change of control event, hold less than 90% of the shares of the surviving or acquiring entity. In the event that KFA provides its written consent to a change of control, assignment, subcontracting or sub-lease by Taaleem Management LLC, it may at its discretion, (a) charge a one-off fee equal or up to a maximum of 20% of the rent for the year; (b) charge a one-off fee equal or up to 5% of the transaction value underlying the relevant change of control, assignment, subcontracting or sub-lease; (c) amend the lease agreement to impose additional terms and conditions on the assignee; and/or (d) enter into a new lease with the assignee. Taaleem Management LLC may terminate the agreement at any time after the effective date but before the construction start date by giving KFE at least one month’s prior written notice, following which Taaleem Management LLC will forfeit the security deposit but will be reimbursed the amount of the construction deposit. KFE may at any time terminate the agreement for cause or material breach by Taaleem Management LLC by giving at least 30 days’ prior written notice. In the event that KFE terminates the agreement for cause or material breach by Taaleem Management LLC, Taaleem Management LLC is required to pay KFE liquidated damages of an amount equal to one year’s annual rent for the year when the termination occurs. Upon the termination of the lease or the expiry of the term of the lease: (a) Taaleem Management LLC shall be required to yield up the leased land and any fixtures, fittings and additions contained therein to KFE; and (b) KFE shall obtain the rights to all consents and approvals issued by the relevant competent authorities relating to the leased land.

Asset Purchase Agreement with Jebel Ali School

On 25 May 2022, Taaleem Management LLC signed an agreement with Jebel Ali School for the purchase by Taaleem Management LLC of the business and assets of Jebel Ali School as a going concern. Under the agreement, Jebel Ali School will sell with full title guarantee its business and assets, including all fixed and moveable assets, goodwill, the benefit of its business contracts, its employment relationships, stock, business records and information, intellectual property rights, book debts and all other assets, property or rights relating to or connected with its business to Taaleem Management LLC. In consideration for the purchase of the business and assets of Jebel Ali School, a purchase price of AED 48,000,000 was paid by Taaleem Holdings on behalf of Taaleem Management LLC to Emirates REIT. The purchase of the business and assets of Jebel Ali School was formally completed on 25 July 2022. Following the date of completion of the purchase, Taaleem Management LLC shall assume responsibility for the payment and performance of all the liabilities relating to the business and assets of Jebel Ali School that have been disclosed prior to completion, including: (a) all periodical charges and outgoings relating to the business of Jebel Ali School, including liabilities under all business contracts; and (b) all salaries, bonuses, commissions, expenses, and other employment benefits payable to the current employees under the existing employment contracts of Jebel Ali School. Moreover, Taaleem Management LLC is responsible for paying, satisfying and discharging on behalf of Jebel Ali School all liabilities or obligations of Jebel Ali School that have not been disclosed prior to completion, up to a total amount of AED 500,000.

Under the terms of the agreement, Jebel Ali School will not be liable for breaches of warranties or any other claim under the agreement unless: (a) the liability in respect of the relevant claim exceeds AED 500,000; and (b) the amount of the liabilities, either individually or when aggregated with the liability for all other claims (other than those which individually do not exceed AED 500,000) is greater than AED 500,000, in which case, Jebel Ali School will be liable for the whole amount of the relevant claim(s). In order to make a claim under the agreement with respect to any liability, Taaleem Management LLC will be required to provide written notice to Jebel Ali School of the relevant liability prior to the expiry of a twelve month period commencing from the date of completion of the purchase. The maximum aggregate liability of Jebel Ali School for any claim under the agreement will not exceed 30% of the purchase price.

Property Sale and Purchase Agreement with Emirates REIT (CEIC) PLC

On 26 May 2022, Taaleem Holdings P.S.C signed an agreement with Emirates REIT (CEIC) PLC whereby Taaleem Holdings P.S.C. will purchase from Emirates REIT (CEIC) PLC, the freehold title to the plot of land located in Al Hebiah Third, Dubai, United Arab Emirates, on which Jebel Ali School is currently situated. Under the agreement, Taaleem Holdings P.S.C will procure the payment to Emirates REIT (CEIC) PLC of: (a) a property purchase price to the amount of AED 185,500,000 (plus VAT of AED 9,275,000); and (b) an initial partial settlement amount of AED 14,500,000. On 26 May 2022, the transfer of the freehold title was effected following (i) the payment by Taaleem Holdings P.S.C of the property purchase amount to Emirates REIT (CEIC) PLC; and (ii) the satisfaction by Taaleem Holdings P.S.C of the relevant conditions precedents relating to the purchase. Moreover, Taaleem Holdings P.S.C will procure the payment of the remaining settlement amount of AED 33,500,000 to Emirates REIT (CEIC) PLC on the first anniversary of the transfer date.

In the event that Taaleem Holdings P.S.C fails to pay the remaining settlement amount on the first anniversary of the transfer date: (i) Taaleem Holdings P.S.C will be liable to pay a penalty of AED 10,000 per day from the eighth to the tenth day following such default, rising to AED 50,000 per day for any subsequent days until full payment has been made; and (ii) Taaleem Holdings P.S.C will be liable to compensate Emirates REIT (CEIC) PLC for any losses incurred as a result of such failure to pay.

Construction agreement with Al Hikma Building Contracting L.L.C.

On 17 October 2019, Taaleem LLC entered into a contract agreement with Al Hikma Building Contracting L.L.C. ("**Al Hikma**") for the construction and completion of the proposed Raha International School Khalifa-A, in Abu Dhabi. Under the agreement, Taaleem LLC paid a lump sum amount of AED 164,249,470.00 to Al Hikma and Al Hikma undertook to complete constructions works for the proposed school and to remedy any defects relating to such construction works. Phase 1 of the construction works was contracted to be finalised 180 calendar days from the commencement date, whilst other works not within Phase 1 was contracted to be finalised 425 calendar days from the commencement date. Under the terms of the agreement, Al Hikma was required to complete the constructions works for each phase in accordance with the contracted timings or it would be obliged to pay damages for the delay to

Taaleem LLC, in addition to indemnifying Taaleem LLC for any costs resulting from such delay. Al Hikma was required to pay a settlement of AED 700,000 to Taaleem LLC for the delays and other cost resulting from the delays. Moreover, under the agreement, Al Hikma was obliged to provide performance security amounting to 10% of the contract amount to Taaleem LLC in the form of a bank guarantee issued by a bank located in Abu Dhabi. On 30 August 2020, constructions works for Phase 1 of the school, which comprised the school building for early years students was completed, whilst the construction works for Phase 2, comprising the school building for students up to grade eight completed on 5 September 2021. The final payment by Taaleem LLC to Al Hikma for construction services under the agreement was made on 15 July 2022. As at the date of this Prospectus, Taaleem LLC owes an additional amount of AED 257,902.38 to Al Hikma for the installation of a solar system, the final payment of which is expected to be issued by December 2022.

Scholarship Programme Agreement with the Knowledge & Human Development Authority and the Knowledge Fund Establishment

On 26 November 2018, Taaleem LLC signed a scholarship programme agreement with the Knowledge and Human Development Authority ("**KHDA**") and the Knowledge Fund Establishment ("**KFE**") for the establishment of a scholarship programme targeted at Emirati students. In connection with the scholarship programme, Taaleem LLC entered into a grant agreement with KFE on 26 November 2018, whereby Taaleem LLC agreed to contribute 50% of the tuition fees for students eligible to participate in the scholarship programme, whilst the remaining 50% will be funded by KFE. Under the scholarship programme agreement, Taaleem LLC will be responsible for governing the final admission and approval of scholarship students to the programme, whilst the initial selection of students eligible for the programme will be conducted by KHDA. The grant is only valid in relation to the tuition fees and neither Taaleem LLC, KHDA or KFE will be responsible for incurring any additional costs, including in relation to any transportation, book, meal, uniform or extracurricular activity costs for the scholarship students. Taaleem LLC is able to terminate the agreement for any reason by providing at least one full academic year's written notice to the other parties to the agreement. KHDA and KFE may terminate the agreement for any reason by providing Taaleem LLC with 30 days' written notice after the end of the relevant academic year. All parties agree that in the event of the termination of the scholarship agreement or the grant agreement, the agreements and the relevant grants provided thereunder will still apply for the benefit of the existing scholarship students for up to two academic years from the effective termination date until the students graduate from the relevant school.

Certain financing arrangements of the Group as at 31 August 2022

Facility agreement with Emirates Islamic Bank PJSC ("EIB")

Overview

The Company entered into a facility agreement with EIB (the "**Original Facility**"). The Original Facility has been subsequently amended by several amendment letters between EIB and each of the Company, Taaleem LLC and Taaleem Management LLC (the "**Customers**") dated 16 March 2020, 19 July 2020, 27 April 2021, 22 March 2022 and 18 May 2022, respectively ("the **Amendment Letters**") (the Original Facility and the Amendment Letters, together, the "**EIB Facility**"). Each of the Amendment Letters grants additional facilities to the Customers and as such, the EIB Facility provides for the Ijara I Facility, Ijara II Facility, the ICD Facility and the Ijara III Facility, in each case as defined below. Set out below are details of facilities currently available to the Company pursuant to the EIB Facility.

Ijara I facility – provided pursuant to amendment letters dated 16 March 2020 and 22 March 2022

Taaleem Management LLC may utilise an Ijara facility (the "**Ijara I Facility**") granted to the Taaleem Management LLC for an amount of up to AED 49,642,857.20 (of which AED 44,678,570 has been utilised, excluding the accrued profit), with a final maturity date of 28 February 2027. The variable rent rate in respect of this facility is the applicable EIBOR (minimum three months) plus 1.85% per annum. The Ijara I Facility is amortising with the principal and profit required to be paid in quarterly instalments.

Purpose

The purpose of the Ijara II Facility is to finance the purchase of the common share in the following properties in the United Arab Emirates:

a) Plot no. 91, Al Hebiah Second, Dubai (Dubai Studio City Building);

b) Plot no. 382 (251-4293), Mirdif, Dubai (Uptown International School);

c) Plot no. 598-249, Dubai Investment Park, Dubai (Greenfield International School); and

d) Plot no. 394-4046 located in the Emaar Community (Dubai British School, Emirates Hills).

Ijara II facility – provided pursuant to amendment letters dated 16 March 2020 and 22 March 2022

The Company may utilise an Ijara facility (the "**Ijara II Facility**") granted to the Company for an amount of up to AED 135,625,000 (of which AED 126,875,318 has been utilised, excluding the accrued profit), with a final maturity date of 30 November 2029. The variable rent rate in respect of this facility is the applicable EIBOR (minimum three months) plus 1.85% per annum. The Ijara II Facility is amortising with the principal and profit required to be paid in quarterly instalments. Principal payments under this facility are deferred for two years from its establishment date.

Purpose

The purpose of the Ijara II Facility is to:

e) finance the purchase of the following plots of land in the United Arab Emirates:

- Plot no. 91, Al Hebiah Second, Dubai (Dubai Studio City Building);
- Plot no. 382 (251-4293), Mirdif, Dubai (Uptown International School);
- Plot no. 598-249, Dubai Investment Park, Dubai (Greenfield International School); and
- Plot no. 394-4046 located in the Emaar Community (Dubai British School, Emirates Hills); and

f) finance dividends/ re-capitalisation of investment (excluding acquisition) and any general corporate expenses within the group.

Islamic Covered Drawing Facility dated 19 July 2020 and 22 March 2022

The Company may also utilise a murabaha facility (the "**ICD Facility**") for an amount of up to AED 44,360,000, with a tenor of one year. The profit rate is the applicable EIBOR (minimum 1 month) plus 1.75% per annum. The profit payments are paid on a monthly basis.

Purpose

The purpose of the ICD Facility is to meet cash flow and working capital requirements of the Company. Amounts available to be utilised under this facility can be utilised by the Company by way of a guarantee. The Company has utilised the facility via advance payment guarantees issued in favour of the Company.

Ijara III facility – provided pursuant to an amendment letter dated 18 May 2022 (the "May 2022 Amendment Letter")

The Company may utilise an Ijara facility (the "**Ijara III Facility**"). The Ijara III facility has been granted to the Company for an amount of up to AED 187,000,000 (of which AED 160,000,000 has been utilised, excluding the accrued profit), with a tenor of ten (10) years. The variable rent rate in respect of this facility is the applicable EIBOR (minimum three months) plus 1.85% per annum. The Ijara III Facility is amortising with the principal and profit required to be paid in quarterly instalments. Principal payments under this facility are deferred for two years from its establishment.

Purpose

The purpose of the Ijara III Facility is to:

a) refinance the Bridge Murabaha Facility (as such term is defined below) in an amount of up to AED 160,000,000 (See "*Murabaha facility provided pursuant to a master murabaha agreement and further referred to in the May 2022 Amendment Letter*" below for further details of the Bridge Murabaha Facility); and

b) pay the balance of the purchase price amount under the sale and purchase agreement in respect of the acquisition of the Jebel Ali School located at plot number 3923 (676-2451), Al Hebiah Third, Dubai (the "**Jebel Ali School**").

The Company has entered into a lease agreement in respect of the Ijara III Facility (the "**Lease Agreement**"). The Lease Agreement provides that any delay on payments to EIB will result in an additional amount payable for each overdue instalment (the "**Late Payment Donation Amount**").

Murabaha facility provided pursuant to a master murabaha agreement and further referred to in the May 2022 Amendment Letter

The Company entered into a master murabaha agreement dated 28 March 2022 and referred to in the May 2022 Amendment Letter between the Company and Emirates Islamic Bank PJSC (the "**Bridge Murabaha Facility**") for an amount of up to AED 160,000,000. The tenor of the facility was three months and the facility has been fully utilized and paid by the Company.

Purpose

The Bridge Murabaha Facility was provided as bridge facility by EIB to the Company for the purpose of financing up to 80% of the upfront payment to acquire the Jebel Ali School.

Financial Covenants under the EIB Facility

The Company is subject to the following financial covenants under the EIB Facility in respect of any relevant testing period (for the purposes of testing financial covenants, the relevant testing period shall be semi-annually and the financial covenants shall be tested by reference to the latest audited financial statements (full year and half year) of the relevant member of the Group):

- EBITDA to Debt Service shall not be less than 1.4x ("**DSCR**");
- Total Gross Debt to Tangible Net Worth must not at any time exceed 1x;
- Net Debt to EBITDA shall not exceed 4x;

in each case, by reference to the consolidated audited financials of the Group; and

- the Finance to Value of all mortgaged properties with EIB (by reference to the market valuation) shall not exceed 60%.

For the purposes of the above described financial covenants:

- "**Borrowings/Financings"** means any Indebtedness of Customer for or in respect of: (i) borrowing/ financings or raising money or finance cost in respect of that financings, including any premium and any capitalised interest on that money; (ii) any bond, note, loan stock, debenture, commercial paper or similar instrument; (iii) any acceptance credit facility or dematerialised equivalent or bill- discounting, note purchase or documentary credit facilities; (iv) monies raised by selling, assigning or discounting receivables or other financial assets on terms that recourse may be had to Customer in the event of non-payment of such receivables or financial assets when due; (v) any deferred payments for assets or services acquired, other than trade credit that is given in the ordinary course of trade and which does not involve any deferred payment of any amount for more than 60 days; (vi) any rental or hire charges under any Finance Leases (whether for land, machinery, equipment or otherwise); (vii) any counter-indemnity obligation in respect of any guarantee, bond, standby letter of credit or other instrument issued by a third party in connection with the a member of the Customer's performance of a contract; (viii) any other transaction that has the commercial effect of borrowing (including any forward sale or purchase agreement and any liabilities which are not shown as borrowed money on a Customer's balance sheet because they are contingent, conditional or otherwise); (ix) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); and (x) any guarantee, counter-indemnity or other assurance against financial loss that a Customer has given for any Indebtedness of the type referred to in paragraphs (i) to (ix) of this definition incurred by any person.

- "**Debt Service**" means the aggregate of (i) Finance Charges for the relevant testing period; and (ii) all scheduled and mandatory repayments of Borrowings/Financings falling due and any voluntary prepayments made during that relevant testing period.

- "**EBITDA"** means, in respect of any relevant testing period, the consolidated operating profit of (the Group) before taxation (excluding the results from discontinued operations) and (i) before deducting any interest/profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that relevant testing period;(ii) not including any accrued interest/profit owing to any member of (the Group); (iii) after adding back any amount attributable to the amortization or depreciation or impairment of assets of members of the Group (and taking no account of the reversal of any previous impairment charge made in that relevant testing period); (iv) before taking into account any exceptional items; (v) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests; (vi) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis); (vii) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset at any time after the EIB Facility; and (viii) excluding the charge to profit represented by the expensing of stock options, in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation.

- "**Finance Charges**" means, for any relevant testing period, the aggregate amount of the accrued interest/profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Borrowings / Financings paid or payable by any member of the Group (calculated on a consolidated basis) in cash or capitalised in respect of that relevant testing period.

- "**Finance to Value**" means at any time, in relation to any assets over which Security has been granted (including shares which EIB or the approved broker has custody of), the ratio of (a) the aggregate amount of Outstanding Liabilities secured by those assets; to (b) the aggregate market value of those assets.

- "**Group**" means Taaleem Holdings, Taaleem LLC and Taaleem Management LLC.

- "**Indebtedness**" means the obligation of a member of the Group for the payment of any sum of money due or payable to any party.

- "**Net Debt to EBITDA**" means the ratio of Borrowings/Financings to EBITDA.

- "**Tangible Net Worth**" means the aggregate amount of capital, retained profits, reserves and debt (if subordinated in a manner satisfactory to EIB) less the aggregate of all revaluation reserves, intangible assets, investments in associates, loans/Financings to directors or shareholders and non-trade related dues from associates.

- "**Total Gross Debt**" means, at any time, the aggregate amount of all obligations of members of the Group for or in respect of Borrowings/ Financings at that time.

Pursuant to the general terms and conditions governing the EIB Facility (the '**General Terms and Conditions**'), EIB may amend or reduce the Finance to Value ratio (the "**Finance to Value Ratio**") or total exposure limits without the written consent of the Company. EIB is obliged to notify the Company promptly following such amendment or reduction (but shall have no liability to the Company for any such action). The Finance to Value Ratio in the General Terms and Conditions differs from the definitions used in the EIB Facilities. The Finance to Value Ratio as defined in the General Terms and Conditions relates to the ratio of the aggregate amount of outstanding liabilities to the aggregate market value of the assets over which security has been granted (whereas the "finance to value ratio" in the EIB Facilities is applied only with respect to the *mortgaged properties*).

Other covenants under the EIB Facility include:

- to provide financials audited by auditors acceptable to EIB on an annual basis within 120 days of each financial year and in-house financials on a half yearly basis within 60 days of each half year end;

- routing all cash flows from EIB's approved schools covering a minimum of DSCR of 1.4x through accounts held with EIB;

- restriction on incurring additional facilities from any bank or financial institution by any of the subsidiaries / group entities of the Company with the consent of EIB;

- restriction on changes to its senior management in terms of personnel or structure without the prior written consent of EIB. The General Terms and Conditions further provide that the Company shall notify EIB in writing and within seven (7) working days in case of any change in the firm / company management;

- written notification requirement on the change of firm / company management;

- restriction on the use of the proceeds pursuant to the ICD Facility to pay dividends without prior written consent of EIB;

- right of first refusal granted to EIB in respect of any transaction banking products including cash management / deposits and any facilities obtained by any group entity and PSR Limits and notification in writing must be provided to EIB within 30 days of the Company obtaining any finance or borrowing from any other bank or financial institution;

- in the event that the Company or any group entities obtain facilities from any other bank – all leasehold assignments granted in favour of EIB are to be registered with the relevant UAE land department (in favour of EIB);

- undertaking by the Company to provide additional security at the request and to the satisfaction of EIB, if in the opinion of EIB, any of the security in place is inadequate and/ or not duly perfected, the finance to value ratio requirements set out under the EIB

Facility are not maintained, the security margins are not maintained or the assets underlying such securities have depreciated or are subject to sale, seizure or otherwise;

- undertaking to provide EIB at least once in every two years or at any time required by EIB, valuation reports on the securities (or such security as EIB may require) from a valuation company/ authority approved by the EIB

- restriction on the ability to merge or amalgamate with another entity without the prior written consent of EIB;

- requirement to keep EIB informed regarding any change to the legal status, financial and business affairs of the Company;

- restriction on the ability to acquire a company or any shares or securities or a business or undertaking or incorporate a company other than a Permitted Acquisition;

- restriction on the ability to enter into a single transaction or series of transactions whether voluntary or involuntary to sell, transfer or otherwise dispose of any of its assets other than Permitted Disposal;

- restriction on the ability to incur any indebtedness other than Permitted Indebtedness; and

- restriction on the ability to create or subsist any security interest or other encumbrance over any of its assets other than Permitted Security.

Other terms

Pursuant to the General Terms and Conditions, the Company agrees the following terms:

a) that all fees, commissions and expenses applicable to the EIB Facility shall be based on a schedule of charges (the "**Schedule of Charges**"). The Company further acknowledges and agrees that EIB may revise the Schedule of Charges at any time and apply revised tariffs at its sole discretion without the consent of the Company; and

b) the Late Payment Donation Amount is calculated at the rate of two per cent per annum on the overdue amount for the number of days such amount remains overdue.

Change of Control

The Amendment Letter dated 16 March 2020 provides that EIB's consent is required to be obtained in the case of any change in ownership. Pursuant to the General Terms and Conditions, the Company further:

a) represents that it is legally and beneficially owned by its owner/ shareholders and shall not as along as the EIB Facility remains outstanding, change its ownership or corporate structure without the written consent of EIB; and

b) undertakes not to change its legal or corporate structure without the prior written consent of EIB.

The General Terms and Conditions notes that any change of control of the Company that is not permitted under the EIB Facility will result in an Event of Default.

Corporate Guarantees

The Company guarantees all facilities issued by EIB to its subsidiaries, Taaleem Management LLC and Taaleem LLC pursuant to corporate guarantees entered into by the Company on 17 December 2019 and 28 March 2020. Certain subsidiaries of the Company have issued corporate guarantees to secure the Company's obligations under the facilities granted to the Company by EIB.

Security

The following security has been granted by the Company to secure the facilities provided by EIB:

1. Movable Asset Security Agreements;
2. First Ranking Legal Mortgage over Plot No. 382 (251-4293), Mirdif, Dubai (Uptown International School) for AED 100 million;
3. Mortgage Contract dated 22 March 2022 between the Company and EIB in respect of the property with Plot No 3923, Al Hebiah Third, Dubai – Jebel Ali School (securing a mortgage value of AED 205,700,000);
4. The following assignment of insurance agreements:
    a. 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;
    b. assignment of comprehensive Property all risk insurance over leasehold property (with Emirates Islamic Bank PJSC being the first loss payee), covering in a minimum of valuation amount;
    c. assignment of comprehensive property all risk insurance over Raha International School. – Khalifa Campus, Abu Dhabi covering a minimum of valuation amount;
    d. assignment of Insurance over Building for Uptown Mirdif School at Plot No. 382 (251-4293), Mirdif, Dubai in favour of the Bank;
    e. assignment of Insurance over the Building at Dubai British School Plot No. 394-4046 located in the Emaar Community of the Town Center covering mortgage value;
    f. assignment of Insurance over the Building at Greenfields International School Plot No. 598-249598-249, Dubai Investment Park, Dubai in favour of EIB;
    g. assignment of Insurance over Property at Plot No. 91, Al Hebiah Second, Dubai in favour of EIB;
    h. assignment of Insurance over Raha International School 2 Abu Dhabi covering the Ijara (II) Facility, in favour of EIB by January 2021 and in an amount acceptable to the Bank;
5. Assignment of receivables, cash flows, school fees from all schools under Taaleem Holding PSC group entities in favour of EIB;
6. Assignment of Receivables dated 25 March 2022 between the Company and EIB: this security is an assignment of the Company's rights in and under the receivables, which includes existing and future receivables, cash flows, school fees from EIB's approved schools, covering a minimum of DSCR of 1.4x of the overall facility (the "**Assignment of Receivables**"):
    a. Dubai British School with trade license no. 575668;
    b. Uptown International School with trade license no. 124760;

c. Greenfield International School with trade license no. 604404;

d. American Academy for Girls with trade license no. 575008;

e. Jumeirah Baccalaureate School with trade license no. 639896;

f. Raha International School Khalifa – with trade license no. CN-2797497;

g. Jebel Ali School (under formation);

7. Assignment of Receivables dated 25 March 2022 between the Company and EIB: this security is an assignment of the Company's rights in and under the receivables listed out in paragraph 6 above and an 'assignment of existing and future cash flows under POA/ Wakala Contract between Taaleem Holding PSC and Taaleem SPV Ltd (or any other entity which holds assets financed by EIB)';

8. The following additional security referred to in the Emirates Integrated Registries Collateral Search of the Company:

   a. cross collaterisation of all the existing and future securities including mortgage properties covering all facilities of Taaleem LLC, Taaleem Management LLC and Taaleem Holding PSC;

   b. all existing and future balance held in all bank accounts with EIB;

   c. assignment of all existing and future receivables of the customers in favour of EIB;

   d. assignment of existing and future receivables, cash flows & school fees from Raha International School -2 Abu Dhabi covering the Ijara Facility in favour of EIB;

   e. assignment of all receivables, cash flows and school fees from Raha International School 2 Abu Dhabi covering the Ijara II Facility in favour of the Bank by Jan 2021; and

9. Account Pledge Agreement dated 28 March 2022 between the Company and EIB: this security is a pledge over the Company's Accounts and Deposits maintained with a third party and EIB.

Hedging

The EIB Facility provides that treasury arrangements (including profit swap arrangements for actual trade related import transactions, not speculative trades, with a maximum tenor to be agreed) shall at the sole and absolute discretion of EIB be made available to the Company (subject to the execution of the necessary documents). There are no hedging arrangements in place in respect of the EIB Facility.

Certain lease arrangements of the Group as at 31 August 2022:

The Group is party to six lease agreements and one Musataha agreement, summarized in the below table:

(1	**School**	**Landlord**	**Tenant**	**Term and Renewal**	**Termination**	**Assignment/Change of Control**	**Annual Rental Value**
(2	**Lease Agreements**						
1.	American Academy for Girls (Dubai)	Ms. Alanood Abdulrahman Alwarsho	Taaleem Management LLC (formerly Beacon Management LLC)	Twenty years commencing on the first day of the academic year 2005 or 2006 Tenant may renew the	The contract is considered null and void in the event the tenant: (i) does not proceed with constructions within 3 months from receiving the permit; (ii) any cheque issued by the tenant	Assignment: - Neither party shall assign its rights or obligations under the agreement without the written approval of the other party.	Third academic year: 2.5 per ft^2 Annual rent shall be increased by 2.5% over the previous year starting the

				agreement for an additional period of ten years, if the parties wish to further renew, a new lease will be signed.	is returned and not subsequently paid within thirty days	- The tenant may not sell, mortgage or assign the plot, school or facilities but the tenant may sublease with the prior written approval of the landlord	fourth year as long as it does not exceed AED 3.5 per ft^2 Current rent: AED 454,010 per annum
2.	Jumeirah Baccalaureate School (Dubai)	Wasl Properties LLC	Taaleem PJSC and Taaleem Management LLC	Twenty years commencing on 1 September 2010, renewable by mutual consent of both parties at least three hundred and sixty days before the expiry date.	Landlord may terminate upon notice to the tenant for breach (non-payment, breach of obligations under the lease, bankruptcy, liquidation, abandonment of premises, assignment without consent)	Assignment: Tenant may not assign without prior written consent of the landlord (changing the status of the tenant form a private joint stock company to a public joint stock company will not be considered an assignment)	Current rent: AED 13 million
3.	Raha International School Gardens Campus (Khalifa City, Abu Dhabi)	Al Raha Gardens Property LLC	Taaleem LLC (formerly Taaleem PSC)	Fifty years commencing on the date on which the landlord provided the primary infrastructure.	- Landlord may automatically terminate the agreement for breach by the tenant (due payments unpaid for 30 days, material breach of obligations with failure to cure, bankruptcy, liquidation, material change to permitted business, use of property, abandonment of premises) - Tenant may terminate for convenience upon 24 months prior written notice	Assignment: - The tenant has no right to assign the lease whatsoever - The Landlord has the right to assign or transfer whole or part of the lease without the tenant's consent	Sixth to tenth lease year: AED 3 per ft^2 subject to increase as per lease schedule Eleventh to fifteenth lease year: AED 4 per ft^2 Current rent: the higher of (i) a fixed rent of AED 1.7 million per annum or 9.75% of adjusted EBITDA as profit share
4.	Greenfield International School (Dubai Investment Park)	Dubai Investment Park Development Company LLC	Taaleem management LLC (Beacon Management LLC)	Thirty years commencing on January 1 2005	- The landlord may terminate upon 6 months prior written notice for breach by tenant (assignment, non-payment, liquidation, breach of any other obligations under the lease) - Tenant may terminate upon twelve months prior written notice for convenience	Assignment: - The landlord may assign the lease. - The tenant may assign with the landlord's consent to assignment by security to a bank or financial institution providing finance to the tenant for construction or development of the premises.	2 AED per ft Current rent: AED 1.3 million per annum with a scaled increase of 15% every 5 years
5.	DBS Jumeirah	Knowledge Fund establishment	Taaleem Management LLC	Thirty years from the effective date of January 17, 2022	- The tenant may terminate any time between the effective and construction start date by giving one month prior written notice to the landlord - The Landlord may at any time during the term immediately	- Assignment: tenant may not assign subcontract or sublease under the lease without the prior written consent of the landlord which may be granted or withheld at the landlord's absolute discretion - Change of control: tenant may not enter into any transaction, which will result in change of control or transfer of its	AED 3.1 million starting year three until year six to be then increased in accordance with schedule 1 in the lease.

					terminate the lease by provide thirty days written notice in the event of tenant's breach (non-payment of due amounts thirty days after due date, change of control or assignment without consent)	shareholding or ownership without prior written consent of the landlord, which may be granted or withheld at the landlord's absolute discretion. Change of control in the agreement is defined as (i) an acquisition of 10% or more of the shares of the tenant or (ii) a sale of all or substantially all of the assets of the tenant, so long as the shareholder if record will hold less than 90|% of the shares of the surviving or acquiring entity. If the landlord gives its consent, the landlord may at its absolute discretion: (i) charge the tenant a one off fee equal up to a maximum of 20% of the annual rent at that time or; (ii) a one off fee equal or up to the maximum of 5% of the transaction value underlying the change of control or assignment or novation.	
6.	TCGB (Al Barsha 2, Dubai)	Knowledge Fund Establishment	Taaleem PJSC and Taaleem Management LLC	Thirty years commencing on 1 September 2011, The tenant has a right of automatic renewal every three years up to a total period of 30 years provided that the tenant has made all due payments and is not in breach of the lease	The landlord may terminate upon 90 days' notice for breach by the tenant (if any sum due is unpaid for 30 days, bankruptcy, the tenant assigns the property, the property is abandoned, the tenant defaults on any other obligation in the lease)	The tenant may not assign, or transfer the lease without the prior written consent of the landlord.	Base rent: AED 295,509.00 subject to increase as per schedule B of the lease. Current rent: AED 368,386 per annum
(3)	**Musataha Agreement**						
7.	Raha International School Khalifa (Khalifa City Abu Dhabi)	Government of Abu Dhabi represented by the department of Urban Planning and Municipalities (as Owner)	Raha International School Khalifa-a (as Musataha Right holder)	Thirty years commencing on 15 of May 2019 Musataha right holder shall notify the owner in writing of its desire to renew or not to renew six months prior to the end of the term	The owner may terminate the agreement automatically if the Musataha holder is in breach (non-payment of due amounts sixty days after due date, bankruptcy).	The Musataha right holder shall have the right to assign the right of Musataha to third parties as long as the assignee is a citizen.	AED 0.75 per ft^2, a total of AED 282,830

Related Party Transactions

The Group is and has been a party to various agreements and other arrangements with related parties comprising the Company, the Group's Shareholders, directors and certain of its other subsidiaries. The most significant of these transactions are described below. For details of the impact of related party transactions on the Group's financial position and financial results as at and for the years ended 31 August 2020, 2021 and 2022, please refer to note 22 of the 2022 Consolidated Financial Statements and note 22 of the 2021 Consolidated Financial Statements.

The Group's most significant related party transactions and arrangements include the following:

Emirates Islamic Bank (EIB)

EIB is a shareholder of the Company and received AED 4,500,000 in cash dividends from the Group during the year ended 31 August 2022.

For the year ended 31 August 2022, the Group obtained AED 160,000,000 in bank facilities from EIB and made payment of bank facilities to the value of AED 24,523,098. Moreover, the Group incurred AED 7,927,585 in finance costs on profit bearing financings with EIB during the year ended 31 August 2022. The outstanding balance of facilities and financing obtained by the Group from EIB amounted to AED 332,422,210 as at 31 August 2022.

As at 31 August 2022, the Group held AED 185,455,112 in bank balances and AED 40,066,000 in Wakala deposits with EIB. Additionally, during the year ended 31 August 2022, the Group earned AED 488,553 in profit from Wakala deposits with EIB.

See "*Material Agreements - Facility agreement with Emirates Islamic Bank PJSC"* for more detail regarding the Group's financing arrangements with Emirates Islamic Bank.

National Bonds Corporation

National Bonds Corporation is a shareholder of the Company and received AED 15,552,012 in cash dividends from the Group during the year ended 31 August 2022.

As at 31 August 2022, the Group held AED 16,340,250 in Sukuk deposits with National Bonds Corporation and received AED 435,263 in profit from the relevant Sukuk deposits during the year ended 31 August 2022.

Knowledge Fund Establishment (KFE)

The KFE is an indirect shareholder of the Company through Al Mal Direct Equity II Limited and received AED 12,273,612 in cash dividends from the Group during the year ended 31 August 2022.

The Group operates and manages a number of schools owned by the KFE, including Dubai School Barsha, Dubai School Mirdif and Dubai School Nad Al Sheba. The Group has also entered into a development lease agreement with the KFE on 17 January 2022, whereby Taaleem Management LLC leases land owned by KFE that is located on plot 3430443 in Al Wasl, Dubai, for the purpose of the construction, development and operation of a school on such land. See "*Material Agreements*" for more detail regarding the Group's development lease and operation and management agreements with the KFE.

During the year ended 31 August 2022, the Company made rental payments of AED 369,386 to the KFE in connection with the Company's lease of the land of The Children's Garden in Al Barsha from the KFE, which is in turn subleased to a third-party operator.

Compensation to key management personnel

During the year ended 31 August 2022, the total value of compensation from the Group to its Board of Directors and key management personnel amounted to AED 18,294,962, which comprised of the following: (i) short-term employee benefits: AED 12,665,148; (ii) provision for employees' end of service benefits: AED 283,345; (iii) tuition fee discounts: AED 296,469; (iv) executive committee and audit committee compensation: AED 1,375,000; and (v) Board remuneration, compensation and other benefits: AED 3,675,000.

The Group offers certain scholarships and discounts, if specific criteria is met, such as: (i) 10% sibling discount for third child or more; (ii) 10% discount for any staff members of Emirates, Fly Dubai, DNATA that cannot be combined with any other discount; (iii) bespoke discount requests from parents suffering financial hardship; (iv) scholarship discounts awarded at the Principal's discretion, in agreement with central office, for high achievements in arts, academics, influence and sport; (v) MBR offering a 50% discount to MBR students as per the agreement with The Knowledge Fund (for JBS, AAG and UIS schools); and (vi) staff fee discounts in accordance with the human resources policy (ranging between

25% and 100%). While the Group no longer accepts applications for new enrolments under the MBR programme, which has been discontinued by the Government the Group has 161 students enrolled in the MBR programme as of August 2022, which will be honoured until Grade 12 of these students.

The Group provides tuition fee discounts of: (i) up to 75% of the tuition fee amounts for the first two children of members of the Group's board of directors; and (ii) up to 10% of the tuition fee amounts for further children of such board members. The Group's senior managers are provided with tuition fee discounts that are in line with the Group's standard employee discount policy, amounting to discounts of between 25% and 100%.

Fourth Section: Notice of Constitutive General Assembly

The notice set out below is relevant for all Subscribers which have been allocated Offer Shares. It calls for convening the Constitutive General Assembly meeting at the date, time and place set out in the notice. All Subscribers are entitled to attend and vote at such meeting. Any voting rights of any Subscriber attending the General Assembly meeting shall correspond to the number of Offer Shares such Subscriber receives following the allotment process.

Notice of Constitutive General Assembly meeting

Dear Sir or Madam,

Thank you for applying to purchase shares in Taaleem Holdings PJSC (a public joint stock company under conversion in the Emirate of Dubai, United Arab Emirates) (the "**Company**").

This is to notify you that in accordance with Article 131 of Federal Law by Decree No. 32 of 2021 on Commercial Companies (as amended from time to time), the Founders' Committee of the Company is pleased to invite you to attend the first meeting of the constitutive general assembly (the "**Constitutive General Assembly**") of the Company which will be held electronically without physical attendance of the shareholders at 9:00 a.m. on 23 November 2022

If the required quorum for the first meeting is not present, a second meeting will be held on 28 November 2022 electronically without physical attendance of the shareholders at 9:00 a.m.

The Constitutive General Assembly is valid with the attendance of shareholders or their representatives holding 50% (fifty per cent) or more of the Shares of the Company and the assembly will be chaired by the person elected by the assembly from amongst the Founders.

The DFM will send an SMS to all Subscribers who have been allocated Offer Shares to allow them to attend the Constitutive General Assembly meeting and to vote on any proposed resolutions.

The agenda of the Constitutive General Assembly is as follows:

- Reviewing and ratifying the Founders' Committee's report in respect of the conversion of the Company and its related expenses.
- Approving the Memorandum of Association and Articles of Association of the Company with the amendment of article 5 of each of the Memorandum of Association and Articles of Association to reflect the capital the Company post-closing of the Offering.
- Approving the appointment of the first Board for three years as per Article 19 of the Articles of Association of the Company.
- Approving the appointment of the Company's auditor.
- Announcing the incorporation of the Company.
- Approving the remuneration of members of the Board who serve on any board committee or who perform work in excess of their regular duties as members of the Board.

The Founders and all persons to whom Offer Shares have been allocated may attend the Constitutive General Assembly electronically or through an authorized representative. Each shareholder shall have a number of votes equal to the number of Shares that they own. If a representative of the shareholder attends the Constitutive General Assembly, he/she must bring along a written proxy authorising his/her attendance on behalf of that shareholder (attached is a sample proxy). It should be noted that if the proxy holder is not a shareholder, then the proxy needs to be notarized and the proxy holder should not be one of the Company's Board members; and the proxy holder should not be representing Shares for more than one shareholder of a value that exceeds 5% of the share capital of the Company.

Any change in the dates above will be announced through the local newspapers following receipt of approval from the Securities and Commodities Authority of the United Arab Emirates.

All persons attending the Constitutive General Assembly electronically will be required to present proof of identification (i.e., Emirates ID or passport). If Subscribers are attending through an authorized representative, the respective authorised representative will be required to present: (i) the original allocation letter or SMS confirming the allocation of Offer Shares; (ii) a certified copy of their respective Subscriber's passport; (iii) their original passport; and (iv) the notarized power of attorney.

Yours faithfully,

Founders' Committee

Form of Proxy

Proxy for Attending and Voting at the Constitutive General Assembly meeting of Taaleem Holdings PJSC (under conversion)

We/I, the undersigned………………., hereby appoint and authorize pursuant to this proxy, Mr./Mrs./Ms. ………… (the "**Attorney**"), to attend the Constitutive General Assembly of Taaleem Holdings PJSC (under conversion) on my/our behalf. The Attorney shall have the right to vote on all matters discussed in the meeting whether the meeting was held on its original date or postponed to any other date. The Attorney shall also have the right to make all decisions and sign all documents in this regard.

Signature:

Name:

Date:

Fifth Section: Other details

The Company’s proposed management structure

Company’s Board structure

Upon Listing, the Board shall be established and is expected to consist of 9 (nine) Directors, all of whom are Non-Executive Directors and 8 (eight) of whom are independent Non-Executive Directors.

The management expertise and experience of each of the Directors is set out below:

Khalid Ahmed Humaid Matar Altayer - Chairman

Khalid Al Tayer is the Managing Director at Al Tayer Insignia. Al Tayer Insignia is the retail subdivision of Al Tayer Group, a multi-division conglomerate based in the UAE. Al Tayer Insignia represents over 60 luxury, lifestyle, beauty and hospitality brands.

Prior to joining Al Tayer Group as Group General Manager in 2005, he worked at McKinsey & Co. and Emirates Financial Services. In 2000, he co-founded Makook.com, an internet start-up which provided an online auction platform to the UAE market. The platform was recognised at the Dubai Internet City E-Biz Challenge.

In addition to his current roles, he serves on the Board of Directors of the Retail Business Group at the Dubai Chamber.

He graduated with a Bachelor of Science in Entrepreneurship, Corporate Finance and Economics from Babson College, USA in 1999.

Adel Mohammed Saleh Alzarouni – Vice Chairman

Managing Partner and founder of Rivoli Group, one of the largest Middle East luxury retailers with over 400 outlets in the United Arab Emirates, Bahrain, Qatar, Kuwait and Oman with over 2,000 employees.

His experiences in varying roles throughout the region have enabled him to add value as a board member in several public and private joint stock companies. Board member of Rivoli Group, National General Insurance Company Vice Chairman, one of the largest insurance companies in the United Arab Emirates.

Adel is the founder, Vice Chairman and Chairman of Executive Committee of Taaleem. Adel is also Vice Chairman of Emirates Golf Federation, Secretary General of Arab Golf Federation. Board Member of UAE National Olympic Committee.

Adel holds a Bachelor of Science degree in Finance from the University of Central Florida, United States.

H.E. Helal Saeed Salem Saeed Almarri

His Excellency Helal Saeed Almarri is the Director General of the Dubai Department of Economy and Tourism. He is a member of the Executive Council of Dubai, a member of the Board of Directors of the Investment Corporation of Dubai and also the Director General of the Dubai World Trade Centre Authority (DWTCA).

Almarri was recently appointed as chairman of Dubai Financial Market and also serves as a member of the Supreme Committee of the Expo 2020 and board member at the Dubai Chamber of Commerce and Industry, Emaar Properties PJSC and Taaleem PJSC.

Almarri's responsibilities span enhancing Dubai's positioning as the preferred destination for investment, business and leisure and for developing and strengthening the Emirate's economy.

Helal Almarri holds a Master of Business Administration (MBA) degree from the London Business School (LBS). Almarri is a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and previously worked at consulting firms, McKinsey and KPMG.

Amer Saad Mohammed Fawzi Alkhayyat

Amer Al Khayyat has a Masters (Hons) degree from Stanford University United States, BSc (Hons) in Civil Engineering from Imperial College, United Kingdom.

Mr Amer Al Khayyat is Managing Director at AKI (Al Khayyat Investments), as a Managing Director he has played a key role in its transportation solutions, real estate development. AKI is a family owned diversified company operating in multi-sectors which includes Retail, Health Care, Contracting, Fitness, Environmental Services, Automotive and Investments.

Further, Amer Al Khayyat is a Board member at SIC, Managing Director AKM, Vice Chairman Realty Capital and Vice Chairman at Transmak.

Ahmad Saed Mohd Fawzi Al Khayyat

After graduating with a BSc in Monetary Economics from the London School of Economics, Ahmad Al Khayyat went to Yale University where he completed his postgraduate degree in International & Development Economics in 1994.

Ahmad Al Khayyat is the Managing Director of Al Khayyat Investments, a diversified family business based in Dubai. During 2006 he co-founded Transmak, a construction equipment leasing company, and continues to serve on its board as a director. Ahmad Al Khayyat was the founding member of Taaleem, and continues to be a board member and executive committee member of the group since its inception and to date. Ahmad Al Khayyat is president of Sun In Motion, a startup in the solar energy sector he founded in 2017. Prior to this he worked as an associate with McKinsey & Company based in Cologne and Dubai until 2003.

He is a member of the YPO since 2014 and a Fellow of the Aspen Institute.

Eyad Ismail Sabti Mashal

Eyad has 25 years of experience in investment and finance fields. Currently, he is the Chief Investment Officer of National Bonds Corporation; a multi-asset class investment company with multiple geographical allocations. Previously, he was the Managing Director and Head of MENA Investments at Al-Rashed Group; one of the large conglomerates in KSA with a very sizable investment portfolio. Eyad's focus was primarily on private and public equity markets. Eyad represented the Group on the board of several companies private and public including higher education, pharmaceutical, food, banks and industrial companies. Prior to that he was an Executive Director at Bank Julius Baer based in Dubai where he launched and managed the Onyx MENA Fund one of the first dedicated opportunistic MENA hedge funds. In addition, he advised clients on global asset allocation and product selection. Earlier, he was the head of Asset Management of Atlas Investment Group in Jordan and the head of MENA asset management of the Arab Bank Group based in Dubai.

Throughout his career, Eyad structured and managed several investment funds including a long only fund (Arab Bank MENA Fund), a hedge fund (Onyx MENA Fund), a private equity fund (the Jordan Fund) and a direct real estate fund. He is a Chartered Financial Analyst (CFA) and a member of the CFA institute since 1999. Eyad received his MBA and B.Sc. with honours in Accounting and Business Administration from the University of Jordan.

Mohammed Abdulla A Rahman Alshaibani

Mohammed Abdulla Al Shaibani heads the family office of Easa Saleh Al Gurg Group, a UAE based conglomerate with 27 companies representing over 370 international brands.

Prior to that Mohammed was with Investment Corporation of Dubai (ICD), the investment arm of the Government of Dubai, where he covered real estate investments in the UAE and globally.

He serves as a board member of the Knowledge Fund Establishment in addition to being a member of the investment committee of National Bonds Corporation.

Mohammed holds a Bachelor of Science in Finance from Bentley University in the United States and a Master of Business Administration (MBA) from London Business School in the United Kingdom.

H.E. Abdulla Mohd Abdulla Mohd Alawar

Abdulla is currently the Chief Executive Officer of Dubai Government's Knowledge Fund Establishment.

Formerly, Al Awar was the Chief Executive Officer of the Dubai International Financial Centre Authority in 2009. Throughout his 8-year tenure in DIFC, starting in 2004, Al Awar held multiple executive positions, capitalizing on his exceptional skills in the areas of Strategic planning, Management operations and financial supervision to help develop the Dubai International Financial Centre to be a global financial Centre.

In 2013, Al Awar was appointed the CEO of the Dubai Islamic Economy Development Centre. From its inception, the Centre was responsible to implement the insightful vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President and Prime Minister, Ruler of Dubai for making Dubai the global capital of the Islamic Economy sectors. The Centre partnered with all the competent entities in the public and private sectors in implementing the strategy of "Dubai: The Capital of Islamic Economy" by innovating initiatives that contribute to the development of the economic diversification in Dubai such as Islamic finance, the Halal products industry and the Islamic lifestyle sectors.

Al Awar is a Board Member of Emaar Development PJSC and the Emirates International Accreditation Centre. He is also a member of the Oversight Committee of the ENBD REIT. He has previously also served as a member of several committees and councils in Dubai including the Economic Committee of the Executive Council of the Emirate of Dubai, the Dubai Free Zones Council, Borse Dubai and the Investment Committee of the ENBD REIT.

Abdulla holds a Bachelor's Degree of Science in Business Administration from the University of Colorado at Boulder in the United States. He is also a graduate of the Mohammed Bin Rashid Program for Leadership Development, a Dubai Government-run Executive Education program for executives in the public and private sectors in Dubai, which was conducted in the affiliation with Cranfield University in the UK, IMO and INSEAD.

Rehab Mohamed Hussain Lootah

Ms. Lootah is the Deputy Group Chief Executive Officer - National Bonds. Ms. Lootah has over 20 years of experience in the financial industry and UAE government sector and prior to joining National Bonds Corporation P.5.C as Deputy Group Chief Executive Officer, she was the Chief Executive Officer for Mawarid Consultancy and Senior Vice President SME & Retail Business for Mawarid Finance under the Mawarid Group. Additionally, she was the board member of Mawarid Technology as well. Over the years, has created a leading legacy of multiple successful commercial and social projects as well as commercial ventures including the 'Tamaiaz Award' and 'Entrepreneurs Forum (EF)'. She has been the recipient of numerous prestigious awards including UAE President H.H Sheikh Khalifa Bin Zayed Award, and is also the world's first woman recipient of the CIMA certification in Islamic Finance.

Ms. Lootah is a Certified Shariah Advisor and Auditor. She holds a Bachelor of Science in Engineering from UAE University, UAE and an MBA from Stratford University, United States. Moreover, she holds a post graduate diploma in Islamic Finance from the Institute of Islamic Banking and Insurance, United Kingdom.

Executive Management

In addition to the members of the Board, the day-to-day management of the Company's operations, effective from the date of Listing, is expected to be conducted by the following executive management team.

Name	Year of birth	Nationality	Position	Year appointed
Alan David Williamson	1970	UK	Chief Executive Officer	2019
Arnaud Emmanuel Jean Marie Prudhomme	1961	France	Chief Financial Officer	2017
Samuel Truman	1978	UK	Chief Operating Officer	2008

The management expertise and experience of each of the executive management team is set out below.

Alan David Williamson

Alan graduated from Glasgow University with an Honours degree in History (with Economics and Russian Language) and attended the Harvard Graduate School of Education during his tenure as a School Principal in the United Kingdom. He has led several schools as Principal in the UK and international sector. Alan was previously CEO of a premium schools' group in Dubai, and before that, the Head of a large Futures Trust learning community in the UK.

He brings with him a wealth of experience, as a teacher, headmaster and principal of groups of schools. Alan is a strong communicator who fundamentally understands that the profitability and success of an education company is intrinsically linked to happy and flourishing schools where the welfare of students is the number one priority, and where staff are the most prized asset. As well as being passionate about teaching and learning, Alan has previously also been actively involved in school leadership related to Special Educational Needs and Inclusion.

In his current role as CEO at Taaleem, he supervises the strategic direction of the company.

Alan has a significant and impressive impact and evidenced based skillset in system wide improvement, incorporating skills, competency and knowledge in:

- Financial business acumen
- Leadership and professional development, including mentoring and coaching in the education industry
- Leading large organisations through transformational change
- Accountability principles and practices in relation to schools and corporate organisations
- Leading schools and corporate organisations through quality assurance, self-evaluation, strategic thinking & best value education and financial reviews

- International education, curriculum, benchmarks and review procedures
- High level strategic planning
- School improvement including Her Majesty's Inspection in the UK context
- School improvement in the UAE including moving groups of schools to 'Outstanding'
- Project management, including school start up projects
- School improvement and 'best value' operation in Public Private Partnership including the Charter Schools programme in the UAE (Abu Dhabi).

Arnaud Emmanuel Jean Marie Prudhomme

Arnaud has over 25 years' Leadership experience, in his native France, and internationally including CFO roles based in the UK with world-wide responsibilities and a stint in Japan. He has held Senior Corporate roles with EBRD (London+ global), AXA's investment management arm (London + global), a Family Office in Abu Dhabi before joining Taaleem in December 2017. Arnaud has been a director of several operational companies and has worked at board level for a long time. He has broad financial management experience, incorporating skills, competency, and knowledge in:

- Contributing to strategy, and executing the financial side of it
- Improving profitability of businesses, business lines and products
- Restructuring platforms
- M&A transactions
- Project and change management – people, tools, and processes
- Budgeting and planning
- Leading big and small teams of staff and nurturing talent
- International best financial practices

Arnaud holds a Master's degree in History from La Sorbonne University, France and a Master's degree in Finance, Accounting, Management and Law from Sciences Po, France.

Samuel Truman

Sam is a member of the Royal Institution of Chartered Surveyors (RICS), the world's leading professional body for promoting the highest professional standards in the development and management of land, real estate, construction, and infrastructure. Sam also holds a master's degree (Distinction) in Commercial Management and Quantity Surveying from Heriot-Watt University.

He has over 15 years' experience working in the international private school development sector. As COO of Taaleem, Sam is currently responsible delivering operational excellence and efficiency across Taaleem's portfolio of schools. He is also responsible for driving growth and value creation initiatives for the group. In addition to this role, he oversees all marketing and admissions activities for the group ensuring that they are aligned in their strategies and goals.

He is a member of the Taaleem's Senior Executive Board (SEB) that promotes operational excellence and develop future growth strategies. The SEB also determines and develops, effective and efficient operational policies, provides leadership support and ensures the accountability of all schools within the group.

He is passionate about design and delivering outstanding, future proof, energy efficient and eco-friendly learning environments. As a Chartered Quantity Surveyor (CQS), his responsibilities include, preparing feasibility studies and controlling project cost. He has an enviable record of designing and delivering multimillion-dollar, multifaceted, fast track projects both on time and within budget.

Prior to joining Taaleem, Sam spent 10 years with one of the world's largest educational suppliers. Here he successfully developed their reach, supply, and distribution chains across the GCC, the Far East and Central Asia. He was recognised for many significant successes; one of which was the successful execution of multiple contracts awarded by the US Aid Department for the supply of essential educational supplies to locations across Iraq to aid the reconstruction of government schools. In addition, he also secured a number of major contract awards from the Asian Development Bank for educational projects.

Group Structure Chart

The Group's structure chart is appended to this Prospectus at Annex (5).

Employment positions held by the prospective Board members within any of the Company's subsidiaries and/or other joint stock companies in the UAE:

None of the prospective Board members hold any employment positions with the Company's subsidiaries.

Employment positions held by the above-mentioned members of the executive management of the Company within any of the Company's subsidiaries and/or other joint stock companies in the UAE:

The above-mentioned members of the executive management of the Company are employed by the following subsidiaries:

Name	Legal Entity
Alan David Williamson	Taaleem Management LLC
Arnaud Emmanuel Jean Marie Prudhomme	Taaleem Management LLC
Samuel Truman	Taaleem Management LLC

Conditions of eligibility and election of the Board:

Board members will be elected by a General Assembly Meeting by cumulative voting through secret ballot (the "**Cumulative Voting Procedure**"). However, the first appointment of the Directors listed in the Fifth Section was made by the Founders.

Director's competencies and responsibilities:

The principal duties of the Board are to provide the Company's strategic leadership, to determine the fundamental management policies of the Company and to oversee the performance of the Company's business. The Board is the principal decision-making body for all matters that are significant to the Company, whether in terms of their strategic, financial or reputational implications. The Board has final authority to decide on all issues save for those which are specifically reserved to the General Meeting of Shareholders by law or by the Company's Articles of Association.

The key responsibilities of the Board include:

- determining the Company's strategy, budget and structure;
- approving the fundamental policies of the Company;

- implementing and overseeing appropriate financial reporting procedures, risk management policies and other internal and financial controls;
- proposing the issuance of new shares and any restructuring of the Company;
- appointing executive management;
- determining the remuneration policies of the Company and ensuring the independence of Directors and that potential conflicts of interest are managed; and
- calling Shareholder meetings and ensuring appropriate communication with Shareholders.

Members of the Board are appointed by the Shareholders for three-year terms. Board members may serve any number of consecutive terms.

All members of the Board will be formally appointed at the constitutive general assembly of the Company (the "**Constitutive General Assembly**") which will be held on 23 November 2022, electronically without physical attendance of the shareholders at 09:00 a.m.

The business address of each of the Directors is Taaleem Holdings PJSC, Office No. 105, Century Plaza, Jumeirah Beach Road, P.O. Box 76691, Dubai, UAE.

Board Committees

On and following Listing, the Board intends to operate and constitute an Audit Committee, a Nomination and Remuneration Committee. The Chairman is not permitted to be a member of any of these Committees. If necessary, the Board may establish additional committees as appropriate.

The table below sets forth the expected membership on each of the committees of the Board on and following Listing.

Director	Audit Committee	Nomination and Remuneration Committee
Chairman	Rehab Mohamed Hussain Lootah	Eyad Ismail Sabti Mashal
Member	Dr. Ziad Azzam	Rehab Mohamed Hussain Lootah
Member	Amer Saad Mohammed Fawzi Alkhayyat	H.E. Abdulla Mohd Abdulla Mohd Alawar

A high-level overview of the mandate of each of these committees, as at Listing, is set out below.

Audit Committee

On and following Listing, the Audit Committee intends to give due consideration to the applicable laws and regulations of the UAE, the SCA and the DFM, including the provisions of the Governance Rules.

From an audit perspective, the Audit Committee intends to assist the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Company's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the relationship with the external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Company's internal audit function.

The ultimate responsibility for reviewing and approving the annual report and accounts is expected to remain with the Board. The Audit Committee intends to take appropriate steps to ensure that the Company's external auditors are independent of the Company as required by the Governance Rules and intends to obtain written confirmation from the Company's auditors that they will comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

The Governance Rules require that the Audit Committee must comprise at least three members who are Non-Executive Directors and have knowledge and expertise in financial and accounting matters, and at least two members must be independent. One of the independent members must be appointed as the Chairperson of the Audit Committee. On and following Listing, the members of the Audit Committee are expected to be Rehab Mohamed Hussain Lootah (Chairperson and independent Non-Executive Director), Dr. Ziad Azzam (external expert member) and Amer Saad Mohammed Fawzi Alkhayyat (Non-Executive Director). The Audit Committee is required to meet at least four times a year.

Nomination and Remuneration Committee

On and following Listing, the Nomination and Remuneration Committee intends to assist the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board and, in particular, for monitoring the independent status of the independent Non-Executive Directors. It is also expected to be responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. In addition, the Nomination and Remuneration Committee intends to assist the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of the remuneration policy and determining the individual remuneration and benefits package of each of the Company's Directors and senior management.

The Governance Rules require that the Nomination and Remuneration Committee must comprise of at least three members who are Non-Executive Directors, of whom at least two must be independent. One of the independent members must be appointed as the Chairperson of the Nomination and Remuneration Committee. On and following Listing, the members of the Nomination and Remuneration Committee are expected to be Eyad Ismail Sabti Mashal (Chairman and independent Non-Executive Director), Rehab Mohamed Hussain Lootah (independent Non-Executive Director), and H.E. Abdulla Mohd Abdulla Mohd Alawar (independent Non-Executive Director). The Nomination and Remuneration Committee is required to meet not less than once a year.

Shareholders' rights and responsibilities

The Shareholders' key rights as per the Companies Law and the Articles of Association are as follows:

- The right to dividend distributions, recommend by the Board and approved by the General Assembly.
- The priority right to subscribe for new shares in the case of a share capital increase of the Company and to receive their share of the assets upon liquidation of the Company.
- The right to attend General Assembly Meetings and receive a copy of the Company's financial statements.
- The right to request the nullity of any resolutions passed at the General Assembly and to prosecute the Board members.

- The right to be nominated as a member of the Board.
- The right to appoint the auditors of the Company and determine their remuneration.
- The right to act in any way with respect to the shares, in accordance with the law.
- The limitation of liability of each Shareholder to the payment of the purchased share value, but not for the Company's debts except within the limits of the nominal value of his shares.

Memorandum of Association and Articles of Association

The full text of the Memorandum of Association and Articles of Association of the Company are annexed to the Prospectus in Annex (2).

Legal matters

The following summary is qualified by the relevant provisions of the Company's Memorandum of Association and the Articles of Association and the Companies Law.

- **Conversion**

The Company will be converted from a private joint stock company into a public joint stock company prior to Listing. The Company's Memorandum of Association and Articles of Association referred to in this Prospectus are the Memorandum of Association and the Articles of Association which the Company will adopt upon conversion.

- **Articles of Association**

The Company's Articles of Association describe the rights and obligations associated with the ownership of the Shares in detail.

- **Attending General Assembly and voting rights**

Each Shareholder shall have the right to attend the General Assembly meetings and shall have a number of votes equal to the number of their Shares.

- **National Ownership Requirements**

The participation of UAE nationals, directly or indirectly through entities wholly owned by them, may not be, at any given time, less than 60% (sixty per cent) of the share capital of the Company.

- **Share register**

Upon Listing on the DFM, the Shares will be dematerialised and the share register will be maintained by the DFM.

- **Financial information**

A Shareholder is entitled to request a copy of the annual audited consolidated financial statements of the Company.

- **Financial year**

The financial year of the Company will start on the 1st of September and end on 31st of August of each year. The first financial year of the Company will start upon incorporation of the Company as a public joint stock company and end on 31st of August of the following year.

- **Dividends and liquidation proceeds**

The Company shall pay dividends on Shares in compliance with the regulations and decisions issued by SCA. Eligible Shareholders shall have the sole right to the profits due on those Shares. In the event of liquidation of the Company, each Shareholder shall be entitled to a part of the Company's assets in accordance with Article 223 of the Companies Law.

- **Interim Dividends**

Subject to the shareholders' approval, the Company may distribute interim dividends on a semi-annual or quarterly basis.

- **General Assembly**

The Board may convene a General Assembly whenever it deems necessary. The Shareholders may also require the Board to convene a meeting if it is requested by a number of Shareholders holding not less than 10% (ten per cent.) of the Company's issued share capital. In any event, the General Assembly must convene at least once a year upon an invitation by the Board within the four (4) months following the end of the financial year at the place and the time specified in the invitation to the meeting.

Any resolution adopted by the General Assembly without consideration to the Company's interests in favour of a particular group of shareholders, causing damage to them or providing a private benefit to the members of the Board or to third parties, may be revoked.

The judgment annulling a resolution of a General Assembly shall consequently lead to the resolution being considered as non-existent vis a vis all Shareholders. The Board must publish the annulment judgment in two local daily newspapers published in the Arabic language.

Proceedings for annulment are time barred on the expiry of sixty days from the date of adopting the resolution contested. Initiating the proceedings will not prevent the implementation of the resolution unless the court decides otherwise.

- **Liability of the Board**

The Board shall be liable towards the Company, the Shareholders and third parties for all acts of fraud, abuse of power, violation of the law or the Company's Articles of Association, in addition to mismanagement. The Company shall have the right to initiate proceedings against the members of the Board claiming damages suffered by the Shareholders as a result of the Board's abuse of power, violation of the law or the Company's Articles of Association and mismanagement. A resolution of the General Assembly shall be adopted specifying who shall initiate the proceedings on behalf of the Company.

Any Shareholder may independently initiate proceedings if the Company fails to do so, if the Board's acts have caused a particular damage to the initiating Shareholder. However, he must notify the Company of his intention to initiate proceedings beforehand.

- **Appointment of the Chairman and the Powers of the Chairman**

The Articles of Association provide that the Board shall elect, from amongst their members, a Chairman and a Vice-Chairman. The Chairman shall represent the Company before the courts and shall execute the resolutions adopted by the Board. In the event that there is an equality of votes by the directors, then the Chairman shall have a casting vote.

Independent Auditors

Ernst & Young Middle East (Dubai Branch)
ICD Brookfield Place, Al Mustaqbal Street,
P.O. Box 9267
Dubai, United Arab Emirates

Details of any employee ownership scheme

The Company does not have any employee share ownership schemes.

Acknowledgement issued by the Founders' Committee

The members of the Founders' Committee of **Taaleem Holdings PJSC** (a public joint stock company under conversion in the Emirate of Dubai, UAE), in their joint and several capacity, hereby acknowledge full responsibility with respect to the validity of the data and information contained in this Prospectus. Having exercised the standard of care of a reasonable person, they confirm that there is no material fact or information the lack of which in this Prospectus will make any statement contained therein be misleading or influential in the investment decision of the Subscribers.

They are committed to the issuance and disclosure rules issued by the SCA and undertake to notify the SCA of any material events or changes that may affect the financial position of the Company as of the date of submitting to the SCA the application to offer the Shares for public subscription until the date that the subscription process starts. They also confirm that they applied adequate diligence in concluding agreements that determine the duties and responsibilities of the parties participating in the subscription process according to the best terms available at the contractual date and pursuant to the requirements issued by the SCA.

Upon any change or amendment in the subscription information or conditions, they undertake to notify the SCA immediately and to obtain the approval of the SCA on the advertisements, publication and promotional campaigns that the Company may wish to publish to promote and introduce the subscription.

Upon the completion of the subscription, they undertake to convene the constitutive general assembly on the date, time and place mentioned in this Prospectus and to complete the registration and Listing of the subscribed Shares with the competent bodies within a period not exceeding the time appointed by the SCA.

Annex (1) – Financial Statements

Taaleem Holdings Private Joint Stock Company and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 AUGUST 2022

DIRECTORS' REPORT

The Board of Directors have the pleasure of presenting the annual report and audited consolidated financial statements of Taaleem Holdings Private Joint Stock Company (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 August 2022. The Company operates under the trade name Taaleem Holdings P.S.C. (Private Joint Stock Company) as per the trade license no. 591478 issued by the Department of Economic Development.

Management's responsibilities

The UAE Federal Decree Law no. (32) of 2021 on the Commercial Companies and its amendments requires the management to prepare the consolidated financial statements which present fairly the state of affairs of the Group and the consolidated performance for the financial year.

The accompanying consolidated financial statements are prepared in conformity with the statutory requirements and International Financial Reporting Standards, including the underlying accounting policies, estimates and judgments. All relevant accounting records and information were considered to prepare these consolidated financial statements.

Principal activities and business review

The Group has been licensed to provide educational services.

Until the period ended 31 August 2007, the Company had not commenced commercial operations. With effect from 1 September 2007, the Company acquired 100% shares in Taaleem LLC ("Taaleem LLC") a company incorporated in the Emirate of Dubai and Taaleem Management LLC ("Taaleem Management LLC") a Limited Liability Company incorporated in the Emirate of Dubai. By virtue of this acquisition, the Group acquired five operating Schools in the Emirate of Dubai and one operating School in the Emirate of Abu Dhabi: Dubai British School, Al Mizhar American Academy, Uptown Primary School, The Children's Garden Green Community, Greenfield Community School and Raha International School respectively.

By year ended 31 August 2008, the Group purchased another school building and refurbished it to expand Uptown Primary School to its secondary campus, Uptown High School in the Emirate of Dubai which commenced commercial operations in September 2008.

By 31 August 2009, the Group was involved in the set-up of its 8th campus, a nursery, The Children's Garden, Jumeira ("TCG-J") in the Emirate of Dubai, which started commercial operations in September 2009. In 2017, the Board of Directors of the Company resolved to close TCG-J upon completion of the 2016-17 academic year and twelve months ahead of the lease expiry, mainly due to low demand and limited facilities of the school.

As at 31 August 2010, the Group was involved in the set-up of its 9th campus, Jumeira Baccalaureate School, in the Emirate of Dubai, which started commercial operations in September 2010.

In 2011-12, the Group sold Uptown High School to a third party due to locational disadvantage and limited facilities offered by the campus.

As at 31 August 2012, the Group was involved in the set-up of two new campuses, Uptown School (Phase 1), located on granted land in Mirdif, Dubai and The Children's Garden, Barsha, located in Al Barsha, Dubai. The two campuses commenced commercial operations in September 2012. During 2013, the construction of Uptown School (Phase 2) was completed, following which the Group terminated the long-term lease of Uptown Primary campus and returned the campus back to the lessor.

As at 31 August 2014, the Group was involved in the construction of Uptown School (Phase 3), and Dubai British Foundation, a nursery located in Jumeira Islands, Dubai. Dubai British Foundation commenced commercial operations in September 2014.

As at 31 August 2015, the Group commenced commercial operations of its 11th campus, Dubai British School Jumeirah Park, located in Jumeirah Park, Dubai.

After the completion of the academic year ended 31 August 2019, the Board of Directors of the Company ended the operations of The Children's Garden, Barsha, located in Al Barsha, Dubai.

During the academic year 2018-2019, a management agreement was signed with the education regulator for the emirate of Abu Dhabi, ADEK, to run the operations of four Abu Dhabi based charter schools starting from the academic year 2019-20. During the academic year 2020-21, the management agreement was amended to manage and operate two additional charter schools in Abu Dhabi, UAE commencing from academic year 2021-22.

Taaleem Holdings P.S.C
(Private Joint Stock Company)
T +971 (4) 349 8806, F +971 (4) 349 8807
Century Plaza, First Floor, Jumeirah Beach Road
PO Box 76691, Dubai United Arab Emirates

DIRECTORS' REPORT (continued)

Principal activities and business review (continued)

During the year, the Group entered into a new operating and management agreement with ADEK, (which superseded the original agreement) and incorporates a total of nine schools including the original six plus three new schools commencing from 1 September 2022. In addition, the new agreement extends the term of the operation and management of the previously awarded six Abu Dhabi Charter Schools by 5 years.

In June 2022, Taaleem Management LLC entered into a services agreement with Emirates School Establishment ("ESE") to operate and manage four schools on behalf of the ESE 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). The Schools are commencing operations from academic year 2022-23.

Two new entities were incorporated during the year 2019, which were: Taaleem SPV Limited and Taaleem Holdings Sole Proprietorship LLC.

During the academic year 2018-19, the Group was involved in the construction and set-up of Raha International School Khalifa A ("RIS-KA") in the Emirate of Abu Dhabi. During the year ended 31 August 2020, the construction of Phase I of RIS-KA comprising of the School building for early years students was completed and the School operations for early years students commenced from September 2020 for the academic year 2020-21. The construction of Phase II comprising of the School building for students upto Grade 8 was completed subsequent to the year on 5 September 2021.

During the academic year 2019-20, the Board of Directors of the Company resolved to end the operations of The Children's Garden, Green Community, located in Dubai Investments Park, Dubai after the completion of the academic year ended 31 August 2020.

In March 2021, the Group and The Executive Council ("TEC"), a government entity, entered into an Operations & Management Agreement, whereby, the Group through Taaleem Management LLC will operate and manage two schools of TEC in the Emirates of Dubai - Dubai Schools Al Barsha and Dubai Schools Mirdif, starting from the academic year 2021-22.

In June 2022, the Group, TEC and Knowledge Fund Establishment ("KFE") signed a novation agreement whereby all rights and obligations of TEC under the original agreement were novated to KFE. Further, KFE mandated the Group to manage and operate a new school 'Dubai Schools' Nad Al Sheba from academic year 2022-23.

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.

Results

The results of the Group for the year ended 31 August 2022 are set out in the attached consolidated financial statements.

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 August 2022.

Taaleem Holdings P.S.C
(Private Joint Stock Company)
T +971 (4) 349 8806, F +971 (4) 349 8807
Century Plaza, First Floor, Jumeirah Beach Road
PO Box 76691, Dubai United Arab Emirates

DIRECTORS' REPORT (continued)

Principal activities and business review (continued)

Transactions with related parties

The consolidated financial statements disclose significant related party transactions and balances in note 22. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Subsequent events

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

Auditors

Ernst and Young Middle East (Dubai Branch) ("EY") were appointed as external auditors for the Group for the year ended 31 August 2022. EY have expressed their willingness to continue in the office. A resolution for the appointment of the auditors will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

DocuSigned by:	DocuSigned by: Adel Zarouni
F150E7FE966B4F5................	93AE811342904DE..............
Chairman	Vice Chairman
Date: 30/9/2022	30/9/2022

Taaleem Holdings P.S.C
(Private Joint Stock Company)
T +971 (4) 349 8806, F +971 (4) 349 8807
Century Plaza, First Floor, Jumeirah Beach Road
PO Box 76691, Dubai United Arab Emirates

Building a better working world

Ernst & Young Middle East
(Dubai Branch)
P.O. Box 9267
Ground Floor, ICD Brookfield Place
Al Mustaqbal Street
Dubai International Financial Centre
Dubai
United Arab Emirates

Tel: +971 4 701 0100
+971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TAALEEM HOLDINGS PRIVATE JOINT STOCK COMPANY

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Taaleem Holdings Private Joint Stock Company (the "Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 August 2022, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 August 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants* (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter
The consolidated financial statements of the Group for the year ended 31 August 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 16 November 2021 before the effects of reclassifications as indicated in note 34 to these consolidated financial statements.

Other Information
The Board of Directors are responsible for the other information. The other information comprises the Directors Report and does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TAALEEM HOLDINGS PRIVATE JOINT STOCK COMPANY (continued)

Report on the Audit of the Consolidated Financial Statements

Responsibilities of Management and The Board of Directors for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and in compliance with the applicable provisions of the Articles of Association of the Company and the UAE Federal Decree Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TAALEEM HOLDINGS PRIVATE JOINT STOCK COMPANY (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the year ended 31 August 2022:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and the Articles of Association of the Company;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Company;

v) investment in shares and stocks during the year ended 31 August 2022, if any, are disclosed in note 1 to the consolidated financial statements;

vi) note 22 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 August 2022, any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 August 2022; and

viii) Note 19 reflects the social contributions made during the year.

For Ernst & Young

TS. Hari Gopal

Signed by:
Thodla Hari Gopal
Partner
Registration No. 689

30 September 2022

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2022

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

	Notes	*2022 AED*	*2021 AED*
ASSETS			
Non-current assets			
Property and equipment	8 (i)	**1,160,278,413**	966,340,768
Investment property	8 (ii)	**11,438,599**	-
Intangible assets	7	**41,119,734**	12,081,650
Goodwill	6 b	**239,997,759**	204,932,063
Right-of-use assets	28(i)	**177,130,827**	139,554,303
Net investment in finance lease	28(i)	**3,423,325**	-
Capital advances	10	-	1,466,766
		1,633,388,657	1,324,375,550
Current assets			
Fees and other receivables	10	**83,760,649**	69,242,798
Wakala deposits	11	-	45,131,389
Cash and cash equivalents	12	**243,150,477**	192,993,687
		326,911,126	307,367,874
TOTAL ASSETS		**1,960,299,783**	1,631,743,424
EQUITY AND LIABILITIES			
EQUITY			
Share capital	25	**750,000,000**	750,000,000
Statutory reserve	26	**63,297,202**	53,950,583
Retained earnings		**120,674,141**	114,599,707
TOTAL EQUITY		**933,971,343**	918,550,290
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	13	**304,125,318**	171,553,584
Lease liabilities	28(ii)	**187,000,470**	144,288,560
Deferred income on government grant	15	**46,308,674**	48,745,974
Debentures payable	16	**26,543,685**	4,228,908
Provision for employees' end of service benefits	14	**29,443,351**	19,154,380
		593,421,498	387,971,406

The attached notes 1 to 34 form part of these consolidated financial statements.

	Notes	*2022* *AED*	*2021* *AED*
Current liabilities			
Trade and other payables	16	**123,529,684**	78,550,806
Fees received in advance	17.2	**264,643,267**	213,841,330
Interest bearing loans and borrowings	13	**28,296,892**	24,535,298
Lease liabilities	28(ii)	**13,999,799**	5,856,994
Deferred income on government grant	15	**2,437,300**	2,437,300
		432,906,942	325,221,728
TOTAL LIABILITIES		**1,026,328,440**	713,193,134
TOTAL EQUITY AND LIABILITIES		**1,960,299,783**	1,631,743,424

These consolidated financial statements were approved by the Board of Directors on 30/9/2022 and signed on their behalf by:

DocuSigned by:
F150E7FE966B4F5...
Chairman
30/9/2022

DocuSigned by:
Adel Zarouni
98AE811342904DF...
Vice Chairman
30/9/2022

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 August 2022
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Notes	***2022 AED***	*2021 AED*
REVENUE	17	**623,332,614**	526,837,903
FINANCE AND OTHER INCOME			
Rental income	8 (i),8 (ii)	**911,723**	337,675
Income from deferred government grant	15	**2,437,300**	2,437,300
Finance income	23	**1,747,228**	896,112
Other income	21	**12,141,269**	4,957,854
TOTAL FINANCE AND OTHER INCOME		**17,237,520**	8,628,941
EXPENSES			
Operating costs	18	**(370,307,303)**	(302,252,634)
General and administrative expenses	19	**(95,823,699)**	(76,722,233)
Impairment of goodwill	6	**-**	(3,084,640)
Amortisation of intangible assets	7	**(1,061,916)**	(524,416)
Depreciation on property and equipment	8(i)	**(58,127,333)**	(44,293,686)
Depreciation on investment property	8(ii)	**(237,702)**	-
Amortisation of right-of-use assets	28(i)	**(13,361,870)**	(12,457,693)
Impairment loss on Amlak wakala deposits	9	**-**	(6,964,626)
Finance costs	24	**(18,729,258)**	(10,890,835)
TOTAL EXPENSES		**(557,649,081)**	(457,190,763)
PROFIT FOR THE YEAR		**82,921,053**	78,276,081
Earnings per share Basic and diluted, profit for the year attributable to ordinary equity holders of the Company (in AED per share)	31	**0.11**	0.10

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2022
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Notes	***2022 AED***	*2021 AED*
PROFIT FOR THE YEAR		**82,921,053**	78,276,081
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at Fair value through other comprehensive income (FVOCI) – changes in fair value	9	-	2,879,508
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	2,879,508
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**82,921,053**	81,155,589

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2022
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Share capital AED	*Statutory reserve AED*	*Fair value reserve AED*	*Retained earnings AED*	*Total AED*
As at 1 September 2020	750,000,000	45,560,845	1,615,811	92,718,045	889,894,701
Profit for the year	-	-	-	78,276,081	78,276,081
Other comprehensive income for the year	-	-	2,879,508	-	2,879,508
Total comprehensive income for the year	-	-	2,879,508	78,276,081	81,155,589
Dividends (Note 27)	-	-	-	(52,500,000)	(52,500,000)
Transfer to statutory reserve (Note 26)	-	8,389,738	-	(8,389,738)	-
Fair value reserve on equity investments at FVOCI transferred to retained earnings on disposal	-	-	(4,495,319)	4,495,319	-
As at 31 August 2021	750,000,000	53,950,583	-	114,599,707	918,550,290
As at 1 September 2021	750,000,000	53,950,583	-	114,599,707	918,550,290
Profit for the year	-	-	-	82,921,053	82,921,053
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	82,921,053	82,921,053
Dividends (Note 27)	-	-	-	(67,500,000)	(67,500,000)
Transfer to statutory reserve (Note 26)	-	9,346,619	-	(9,346,619)	-
As at 31 August 2022	**750,000,000**	**63,297,202**	-	**120,674,141**	**933,971,343**

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2022

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

	Notes	*2022 AED*	*2021 AED*
OPERATING ACTIVITIES			
Profit for the year		**82,921,053**	78,276,081
Adjustments for:			
Depreciation on property and equipment	8(i)	**58,127,333**	44,293,686
Depreciation on investment property	8(ii)	**237,702**	-
Amortisation of right-of-use assets	28(i)	**13,361,870**	12,457,693
Amortisation of intangible assets	7	**1,061,916**	524,416
Provision for employees' end of service benefits	14	**8,490,458**	7,599,809
Allowance for impairment on fees and other receivables	10	**1,647,170**	1,335,957
Gain on disposal of property and equipment	21.2	**(57,143)**	(78,276)
Impact of modification of right-of-use assets and lease liabilities		**(221,916)**	-
Impairment loss on Amlak wakala deposits	9	**-**	6,964,626
Impairment of goodwill	6	**-**	3,084,640
Loss on derecognition of right-of-use assets		**357,380**	-
Finance income	23	**(1,747,228)**	(896,112)
Finance costs	24	**18,729,258**	10,890,835
Income from deferred government grant	15	**(2,437,300)**	(2,437,300)
Income from unwinding of debentures payable	21.1	**(711,040)**	(711,040)
Operating cash flows before changes in working capital		**179,759,513**	161,305,015
Changes in working capital:			
Change in fees and other receivables		**(9,475,538)**	(22,303,812)
Changes in restricted cash		**(11,650,205)**	114,425
Change in fees received in advance		**50,801,937**	31,439,447
Change in trade and other payables		**(1,057,307)**	37,120,804
Cash flows generated from operations		**208,378,400**	207,675,879
Payment of employees' end of service benefits	14	**(6,879,863)**	(5,624,578)
Net cash flows from operating activities		**201,498,537**	202,051,301
INVESTING ACTIVITIES			
Additions to property and equipment	8	**(86,820,583)**	(135,375,275)
Proceeds from disposal of property and equipment		**57,143**	123,120
Receipts from sub-lessor		**369,386**	-
Changes in Wakala deposits, net		**45,131,389**	(25,129,222)
Prepayment of Amlak Wakala deposits received		**-**	1,946,532
Proceeds from settlement of Amlak Wakala deposits		**-**	20,385,172
Acquisition of subsidiary – net of cash acquired	6(a)	**(164,338,421)**	-
Interest received		**1,662,259**	896,112
Net cash flows used in investing activities		**(203,938,827)**	(137,153,561)
FINANCING ACTIVITIES			
Proceeds from bank borrowings	13	**160,000,000**	90,000,000
Repayment of bank borrowings	13	**(24,523,098)**	(8,446,832)
Payments towards lease liabilities	28	**(13,848,457)**	(12,721,192)
Interest paid		**(7,071,159)**	(2,406,162)
Dividends paid	27	**(67,853,749)**	(52,314,657)
Repayment of debentures		**(5,756,662)**	-
Net cash flows from financing activities		**40,946,875**	14,111,157
NET INCREASE IN CASH AND CASH EQUIVALENTS		**38,506,585**	79,008,897
Cash and cash equivalents at the beginning of the year		**189,479,803**	110,470,906
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	**227,986,388**	189,479,803

Significant non-cash transaction: Refer note 8(i) and 8(ii) for the transfer of building amounting to AED 11,676,301 from property and equipment to investment property.

The attached notes 1 to 34 form part of these 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 under license no. 591478 and registered with the Department of Economic Development, Dubai, United Arab Emirates (UAE) as a Private Joint Stock Company under the UAE Federal Decree Law No. (32) of 2021. The Company operates under the trade name Taaleem Holdings P.S.C. (Private Joint Stock Company). The registered address of the Parent Company is P.O Box 76691, Dubai, United Arab Emirates.

Details of the Company's shareholders and their shareholder percentage is disclosed in Note 25.

Pursuant to the resolution passed in the extra-ordinary general meeting 29 August 2022, the shareholders have approved the conversion of the legal status of the Company from a Private Joint Stock Company to a Public Joint Stock Company by way of raising new capital through an initial public offering. The legal formalities are expected to be completed during the year 2022-23 upon the successful completion of the initial public offering.

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 the beneficial interest of the Group. 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.

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")

The above schools are collectively referred to as the "Schools". The trade licenses of the Schools are legally held by Taaleem Management LLC.

1 STATUS AND PRINCIPAL ACTIVITIES (continued)

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 commencing 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 commencing 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 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 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 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) commencing from academic year 2022-23. The Group will act as an agent in relation to the arrangement with ESE.

The Group has not purchased or invested in any shares or stocks during the year ended 31 August 2022 (2021: Nil).

2 BASIS OF PREPARATION

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and the applicable provisions of the Company's Articles of Association and UAE Federal Decree Law No. (32) of 2021.

These consolidated financial statements are prepared under the historical cost basis, except otherwise stated.

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

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies
The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 August 2021, except as follows:

New and amended standards and interpretations issued and effective
The following amendments and interpretations to IFRSs become effective on or after 1 January 2021,but did not have any material impact on the consolidated financial statements of the Group.

- *Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

  The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

  - A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
  - Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
  - Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

- *Covid -19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16 effective for annual periods beginning on or after 1 April 2021)*

  On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

  The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Standards and interpretations issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations issued but not yet effective (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations issued but not yet effective (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. This standard is not applicable to the Group.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES

Revenue from contracts with customers
The Group is in the business of providing educational and educational support services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services and management fees from ADEK below, because it typically controls the goods or services before transferring them to the customer.

The revenue from different contracts with customers is recognised as follows:

- Tuition, fees are recognised over the period of time the services are rendered.
- Re-registration and admission fees for existing students are recognised over the period of time the services are rendered.
- Application fees is recognised in point in time.
- Management fees from ADEK are recognised over the period of time the underlying management services are rendered.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Agency services income
When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

Agency services income includes commission income from transportation services, sale of uniform and canteen sales. Such income is recognised as the underlying sales /or services are delivered /or rendered.

Significant financing component
Generally, the Group receives short-term advances from its customers (fee received in advance). Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less

Contract balances

Trade receivables
A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section *Financial instruments – initial recognition and subsequent measurement.*

Contract liabilities
A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plots of land and buildings 20 to 50 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets for details.

(ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The short- term leases includes leases for corporate office and staff accommodation.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor (continued)
If sub-lease is for major part of the right-of-use assets, then it is classified as finance lease. The right-of-use assets relating to the portion of the head lease that is sublet is derecognised and net investment in the sub-lease is recognised (using the IBR considered for recognition of the head lease). Any difference between the carrying amount of right-of-use assets and the net investment in sub-lease is recorded in the consolidated statement of profit or loss, and the Group continues to recognise the lease liability relating to the head lease. Interest income on sub-lease is recognised in the consolidated statement of profit or loss.

Property and equipment
Construction in progress is stated at cost, net of accumulated impairment losses, if any. Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and capital work-in-progress are not depreciated.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Estimated useful lives of the assets as follows:

	Years
Buildings	20-30
Leasehold improvements and outdoor equipment	10-20
Furniture and fixtures	4-5
Books, office, classroom and IT equipment	3-5
Motor vehicles	4

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognised.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as the expense is incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial period end.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property
Property held for rental or capital appreciation purposes is classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment loss.

Depreciation on asset is calculated using the straight-line method to allocate the cost to its residual value over the estimated useful life of 12 years.

The useful life, depreciation method and residual value method is reviewed periodically to ensure that the method and period of depreciation is consistent with the expected pattern of economic benefits from the asset.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

The Group determines at each reporting date whether there is any objective evidence that the investment property is impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the consolidated statement of profit or loss. The recoverable amount is higher of investment property's fair value less cost to sell and the value in use.

Reversal of impairment losses recognised previously is recorded when there is an indication that the impairment losses recognised for the investment property no longer exist or have reduced.

When the development of investment property commences, it is classified under capital work-in-progress until development is complete, at which time it is transferred to the respective category and depreciated in accordance with the Group's policy.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit of loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

Estimated useful lives of intangibles are as follows:

	Years
Brand and curriculum	5
Student relationships	10 -14
Below market leases	17 -49

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as those measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group has no debt instruments classified as fair value through OCI as at the reporting date.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has no equity instruments classified as fair value through OCI as at the reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group has no financial assets classified as fair value through profit or loss as at the reporting date.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss or OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)
The Group seeks to limit its credit risk with respect to student's fees by regularly monitoring outstanding fees receivable. An established impairment analysis is performed at each reporting date using an expected credit loss rate based on days past due for such receivables (e.g. by student) and taking into consideration the reasonable and supportable information that is available at the reporting date about past events, prevailing and forecasts of future economic conditions.

The Group considers a financial asset in default when contractual payments are past due the credit period as per the invoice. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group does not have financial liabilities classified as fair value through profit or loss as at the reporting date.

Financial liabilities at amortised cost (Loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements at a fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, of quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
For assets excluding goodwill, an assessment is made at each reporting date as to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit of loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 August and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. When the Group disposes of an operation within a cash-generating unit to which goodwill is allocated. The goodwill associated with the operation disposed shall be included in the carrying amount of the operation when determining the gain or loss on disposal and measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Current versus non-current classification
The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)
When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employees' benefits
The Group's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed at each reporting period by a qualified actuary using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses are recognised immediately in consolidated statement of comprehensive income. The Group determines the net interest expense on the obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in consolidated statement of profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Foreign currency translation
The Group's consolidated financial statements are presented in AED, which is the Company's functional currency. For each entity, the Group determines its own functional currency based on the main currency used in the component's business.

i) Transactions and balances
Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

ii) Group companies
On consolidation, the assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their income statements are translated at average month end exchange rate. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Dividend
The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

Cash and cash equivalents
Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and in hand and highly liquid deposits, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of restricted cash as they are considered an integral part of the Group's cash management.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The executive management has overall responsibility for the Group and oversight of the Group's risk management framework and for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's principal financial liabilities comprise of trade and other payables, interest bearing loans and borrowings, debenture payable and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets are fees and other receivables, wakala deposits and bank balances that derived directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, currency risk and liquidity risk.

The Group's management reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk in relation to its interest bearing loans and borrowings which bear interest at variable rates and exposes the Group to cash flow interest rate risk.

The sensitivity analysis below has been determined based on the exposure to interest rates for borrowings at the reporting date. The analysis is prepared assuming that these amounts outstanding at the reporting date were outstanding throughout the year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables held constant, the Group's profit for the year end 31 August 2022 would decrease / increase by AED 1,070 thousand (2021: profit for the year will decrease / increase by AED 643 thousand). There is no direct impact on the Group's equity other than the impact resulting from the effect on the profit for the year.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is primarily exposed to credit risk on its fees, deposits and other receivables, wakala deposits, cash at bank and sukuk deposits as follows:

	2022 AED	*2021 AED*
Fees and other receivables		
(excluding prepayments, capital advances and VAT receivables) (Note 10)	**18,483,458**	23,707,124
Wakala deposits (Note 11 and 12)	**40,066,000**	45,131,389
Cash at banks and sukuk deposits (Note 12)	**202,373,371**	192,698,227
	260,922,829	261,536,740

The Group seeks to limit its credit risk with respect to student's fees by regularly monitoring outstanding fees receivable. An established impairment analysis is performed at each reporting date using an expected credit loss rate based on days past due for such receivables (e.g. by student) and taking into consideration the reasonable and supportable information that is available at the reporting date about past events, prevailing and forecasts of future economic conditions.

The Group limits its credit risk with regard to cash at bank, wakala and sukuk deposits by only dealing with reputable banks. These bank balances and deposits are callable on demand. Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

With respect to credit risk arising from the other financial assets of the Group, including deposits and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Currency risk
Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are predominantly undertaken in AED or United States Dollars (USD) to which AED is currently pegged. As at the reporting date, there were no significant foreign currency denominated monetary assets and liabilities.

Liquidity risk
The Group limits its liquidity risk by ensuring bank facilities are available. The terms of admission of students of the educational entities require fees to be paid either in advance or within the academic term. Trade payables are settled on the basis of credit terms agreed with the respective suppliers.

The Group's terms of invoices generally require amounts to be paid within 30 to 90 days of the date of invoice.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 August, based on contractual payment dates and current market interest rates.

At 31 August 2022

	Less than 3 months AED	***3 to 12 months AED***	***1 to 5 years AED***	***>5 years AED***	***Total AED***
Interest bearing loans and borrowings; including interest	**9,695,596**	**28,729,010**	**244,006,175**	**104,032,163**	**386,462,944**
Debentures payable	**-**	**8,304,716**	**29,245,772**	**-**	**37,550,488**
Lease liabilities	**4,970,682**	**16,504,142**	**104,527,740**	**219,922,151**	**345,924,715**
Trade and other payables	**78,425,407**	**33,500,000**	**-**	**-**	**111,925,407**
Total	**93,091,685**	**87,037,868**	**377,779,687**	**323,954,314**	**881,863,554**

At 31 August 2021

	Less than 3 months AED	*3 to 12 months AED*	*1 to 5 years AED*	*>5 years AED*	*Total AED*
Interest bearing loans and borrowings; including interest	3,849,809	24,453,398	146,737,619	40,630,875	215,671,701
Lease liabilities	3,074,849	10,816,643	80,101,970	130,208,524	224,201,986
Trade and other payables (excluding debentures payable)	77,839,843	-	-	-	77,839,843
Total	84,764,501	35,270,041	226,839,589	170,839,399	517,713,530

Changes in liabilities arising from financing activities

2021-22

	1 September 2021 AED	***Cash flows AED***	***Others AED***	***31 August 2022 AED***
Interest bearing loans and borrowings, net	**196,088,882**	**128,405,743**	**7,927,585**	**332,422,210**
Lease liabilities	**150,145,554**	**(13,848,457)**	**64,703,172**	**201,000,269**
Debentures payable	**4,939,871**	**(5,756,662)**	**38,964,753**	**38,147,962**
Total	**351,174,307**	**108,800,624**	**111,595,510**	**571,570,441**

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Changes in liabilities arising from financing activities (continued)

2020-21

	1 September 2020 AED	*Cash flows AED*	*Others AED*	*31 August 2021 AED*
Interest bearing loans and borrowings, net	114,535,714	77,936,052	3,617,116	196,088,882
Lease liabilities	151,162,983	(12,721,192)	11,703,763	150,145,554
Debentures payable	5,651,035	-	(711,164)	4,939,871
Total	271,349,732	65,214,860	14,609,715	351,174,307

Capital management
The primary objective of the Group's capital management is to ensure that it has adequate capital in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended 31 August 2022 and 31 August 2021. Capital comprises the share capital, statutory reserve and retained earnings and is measured at equity of AED 933,971,343 as at 31 August 2022 (31 August 2021: AED 918,550,290).

Fair value estimation
Financial instruments comprise financial assets and financial liabilities.

Financial assets mainly consist of fee and other receivables, Wakala deposits, bank balance and sukuk deposits. Financial liabilities mainly consist of interest-bearing loans and borrowings, debentures payable, and trade and other payables.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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.

5 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Significant judgment in determining the lease term of contracts with renewal options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to extend the lease term by an additional five to twenty-five years. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy) or terminate.

5 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Property lease classification – Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

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

Estimates and assumptions
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property and equipment, investment property and intangible assets recognised by the Group.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

5 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Provision for expected credit losses of fee receivables
The Group seeks to limit its credit risk with respect to student's fees by regularly monitoring outstanding fees receivable. An established impairment analysis is performed at each reporting date using an expected credit loss rate based on days past due for such receivables (e.g. by student) and taking into consideration the reasonable and supportable information that is available at the reporting date about past events, prevailing and forecasts of future economic conditions.

Useful lives of property and equipment, investment property and intangible assets
The Group's management determine the estimated useful lives of its property and equipment, investment property and intangible assets for calculating depreciation and amortisation respectively. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management review the residual value and useful lives annually and future depreciation charge and amortisation expense would be adjusted where the management believes the useful lives differ from previous estimates.

6 BUSINESS COMBINATION AND GOODWILL

(a) Acquisitions during the year ended 31 August 2022

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 million has been settled and the balance AED 33.5 million will be settled on the first anniversary of the date of acquisition. The balance payable was recognised at its fair value as of the date of acquisition. There were no non-controlling interests arising on this acquisition.

6 BUSINESS COMBINATION AND GOODWILL (continued)

(a) Acquisitions during the year ended 31 August 2022 (continued)

Acquisition of Jebel Ali School (JAS) (continued)

Assets acquired and liabilities assumed:
The fair values of the identifiable assets and liabilities of Jebel Ali School as of the date of acquisition on a provisional basis were as follows:

	AED
Assets	
Land (Note 8(i))	**53,000,000**
Building (Note 8(i))	**132,500,000**
Other property and equipment, net (Note 8(i))	**2,819,398**
Trade and other receivables, net	**6,689,483**
Cash and cash equivalents	**35,661,579**
	230,670,460
Liabilities	
Trade and other payables	**(16,062,573)**
Provision for employees' end of service benefits (Note 14)	**(8,678,376)**
Debentures payable	**(39,195,207)**
	(63,936,156)
Total identifiable net assets at fair value (A)	**166,734,304**
Fair value of purchase consideration (B)	**231,900,000**
Intangible assets recognised on acquisition:	
- Student relationships (Note 7)	**30,100,000**
- Goodwill	**35,065,696**
	65,165,696

Goodwill is entirely allocated to the Jebel Ali School CGU.

From the date of acquisition, Jebel Ali School contributed AED 8,604,172 of net revenue and incurred a loss of AED 15,389,928. If the acquisition had taken place at the beginning of the year, Group's revenue would have been AED 683,200,063 and the profit would have been AED 102,460,761.

Cash outflows on acquisition

	AED
Net cash acquired (included in cash flows from investing activities) (a)	**(35,661,579)**
Cash paid (included in cash flows from investing activities) (b)	**200,000,000**
Transaction costs attributable to acquisition (included in cash flows from operating activities) (c)	**(982,040)**
Net cash outflows on acquisition	**163,356,381**

Transaction costs AED 982,040 were expensed and is included in finance costs.

6 BUSINESS COMBINATION AND GOODWILL (continued)

(b) Goodwill

	2022 *AED*	*2021* *AED*
Acquisition through business combination:		
- Taaleem LLC and Taaleem Management LLC (referred together as "Taaleem acquisition")	**204,932,063**	208,016,703
- Jebel Ali School * [Note 6(a)]	**35,065,696**	-
	239,997,759	208,016,703
Less: impairment loss	-	(3,084,640)
	239,997,759	204,932,063

* Considering that Jebel Ali School was acquired on 26 May 2022, the Group's management has assessed and concluded that the test of impairment of goodwill be performed on an annual basis commencing from 2022-23 onwards.

Taaleem acquisition: While the CGU is defined as the individual school, the Group's management monitors the goodwill for internal management purpose at the operating segment level i.e. the group of Schools (or, group of CGUs) together as they believe that represents the synergies that were anticipated upon the acquisition and accordingly undertakes the test of impairment of goodwill as at each reporting date.

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. The acquisition was a contemporaneous transaction and structured in a manner to manage and operate the acquirees' together, as it was prior to the acquisition. Pursuant to this Agreement, Taaleem LLC and Taaleem Management LLC became wholly owned subsidiaries of the Company.

Annual impairment testing and key assumptions used in value in use calculations and sensitivity to changes in assumptions:
For the purpose of testing impairment of goodwill and other intangible assets, the recoverable amounts for cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by the Board of Directors covering a five-year period. Cash flows beyond the five-year period have been extrapolated using the terminal growth rates stated below. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate (Weighted Average Cost of Capital, i.e. WACC), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margins consistent with historical trends adjusted for expected efficiency, and fee improvements (considering student enrolment and regulatory approvals on fees). The growth rate does not exceed the long-term average growth rate for the markets in which the cash generating units operate. Any reasonably possible changes to the assumptions will not lead to an impairment. The key assumptions used in the value-in-use calculations are as follows:

	2022		*2021*	
	Discount rate (WACC)	***Growth rate***	*Discount rate (WACC)*	*Growth rate*
Taaleem acquisition	**12%**	**2%**	12%	2%

As at the reporting date, the recoverable amount of the group of CGUs tested for impairment was assessed to be AED 945.1 million. There were no impairment identified on the carrying amount of goodwill as at reporting date.

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the above cash-generating units, management believes that no reasonable possible change in any of the above key assumptions will cause the carrying value of the CGU to materially exceed its recoverable amount.

Disposal of an operation within a CGU: During the previous year, the Group had recognised AED 3.1 million as impairment loss on goodwill on the closure of TCG School based on the relative value of the operation disposed of. Such impairment loss would not have arisen had the TCG School continued its operations.

7 INTANGIBLE ASSETS

	Brand and curriculum AED	*Student relationships AED*	*Below market leases AED*	*Total AED*
Cost:				
At 1 September 2020 and 31 August 2021	18,611,546	10,774,162	41,514,292	70,900,000
At 1 September 2021	18,611,546	10,774,162	41,514,292	70,900,000
Acquisition during the year [Note 6(a)]	-	30,100,000	-	30,100,000
As at 31 August 2022	**18,611,546**	**40,874,162**	**41,514,292**	**101,000,000**
Accumulated amortisation:				
At 1 September 2020	18,611,546	10,774,162	28,908,226	58,293,934
Amortisation for the year	-	-	524,416	524,416
At 31 August 2021	18,611,546	10,774,162	29,432,642	58,818,350
Amortisation for the year	-	537,500	524,416	1,061,916
At 31 August 2022	**18,611,546**	**11,311,662**	**29,957,058**	**59,880,266**
Net carrying value:				
At 31 August 2022	**-**	**29,562,500**	**11,557,234**	**41,119,734**
At 31 August 2021	-	-	12,081,650	12,081,650

Taaleem acquisition: The intangible assets recognised on such acquisition were as follows:

a. Brand and curriculum: The individual schools managed and operated by Taaleem LLC, though not registered for trademark, are protected by the rules of the school licensing authority, the Ministry of Education and the respective trade licensing authority in the UAE, which does not permit any third party to establish a school with the same names. As such this proved to be a deemed legal form of protection, and therefore the brand and curriculum satisfied the recognition criteria for intangible asset. Such brand and curriculum have been fully amortised as at 31 August 2022 and 2021.

b. Student relationships: Taaleem LLC had established relationships with its existing students. These relationships were valuable to the extent that these students remain enrolled in the school and continue to pay tuition fee until the completion of their respective academic programme. Such student relations have been fully amortised as at 31 August 2022 and 2021.

c. Below market leases: Taaleem LLC had recorded school land and buildings which are taken on long term leases. The lease agreements were entered into at rates which were significantly below the equivalent market rates existing as of the acquisition date. Accordingly, below market leases had been recognised as an intangible asset in respect of these lease agreements. As at 31 August 2022, the net carrying value is AED 11,557,234 (2021: AED 12,081,650).

Refer Note 6 (b) for details of test of impairment of goodwill and other intangible assets relating to Taaleem acquisition.

Jebel Ali School acquisition: Student relationships amounting to AED 30,100,000 was recognised on such acquisition [Note 6(a)]. Refer Note 6 (b) for test of impairment of intangible assets relating to Jebel Ali School acquisition.

8 (i) PROPERTY AND EQUIPMENT

	Land AED	*Buildings AED*	*Leasehold improvements and outdoor equipment AED*	*Furniture and fixtures AED*	*Books, office classroom and IT equipment AED*	*Motor vehicles AED*	*Capital work-in-progress AED*	*Total AED*
Cost:								
At 1 September 2020	148,298,121	848,978,718	50,484,379	42,643,030	106,733,620	1,097,200	31,788,728	1,230,023,796
Additions	-	-	1,569,787	3,175,723	10,388,436	409,964	153,724,626	169,268,536
Disposals and write offs	-	-	(56,000)	-	-	(340,443)	-	(396,443)
At 31 August 2021	148,298,121	848,978,718	51,998,166	45,818,753	117,122,056	1,166,721	185,513,354	1,398,895,889
Additions	-	3,973,199	24,261,769	13,600,077	19,996,251	314,678	13,275,907	75,421,881
Acquisition of a subsidiary (Note 6a)	53,000,000	132,500,000	-	7,433,049	4,291,468	140,500	-	197,365,017
Transfers		188,135,000	-	7,928,128	-	-	(196,063,128)	-
Transfer to investment property (Note 8(ii))	-	(17,102,971)	-	-	-	-	-	(17,102,971)
Disposals and write offs	-	-	-	-	(4,641,162)	-	-	(4,641,162)
At 31 August 2022	**201,298,121**	**1,156,483,946**	**76,259,935**	**74,780,007**	**136,768,613**	**1,621,899**	**2,726,133**	**1,649,938,654**
Accumulated depreciation:								
At 1 September 2020	-	238,879,606	17,654,747	36,028,403	95,109,612	884,663	-	388,557,031
Charge for the year	-	29,152,185	3,722,200	2,796,170	8,474,394	148,737	-	44,293,686
Disposals and write offs	-	-	-	-	-	(295,596)	-	(295,596)
At 31 August 2021	-	**268,031,791**	**21,376,947**	**38,824,573**	**103,584,006**	**737,804**	-	**432,555,121**
Charge for the year	-	36,416,824	4,601,745	6,118,060	10,780,655	210,049	-	58,127,333
Acquisition of a subsidiary (Note 6a)	-	-	-	5,395,553	3,509,566	140,500	-	9,045,619
Transfer to investment property (Note 8(ii))	-	(5,426,670)	-	-	-	-	-	(5,426,670)
Disposals and write offs	-	-	-	-	(4,641,162)	-	-	(4,641,162)
At 31 August 2022	-	**299,021,945**	**25,978,692**	**50,338,186**	**113,233,065**	**1,088,353**	-	**489,660,241**
Net carrying value:								
At 31 August 2022	**201,298,121**	**857,462,001**	**50,281,243**	**24,441,821**	**23,535,548**	**533,546**	**2,726,133**	**1,160,278,413**
At 31 August 2021	148,298,121	580,946,927	30,621,219	6,994,180	13,538,050	428,917	185,513,354	966,340,768

8 (i) PROPERTY AND EQUIPMENT (continued)

(a) Land comprises of a granted land in Mirdif, Dubai in addition to five freehold plots of land which are located in Jumeirah Islands, Jumeirah Park, Al Thanayah fourth, Emirates Hills and Dubai Studio City respectively. All these plots of land (except Dubai Studio City) are legally held in the name of Taaleem Management LLC for the beneficial interest of Taaleem LLC. Land in Dubai Studio City is legally held by Taaleem LLC.

(b) Buildings mainly include the costs of construction, extension and refurbishment of five school buildings namely AAG, RIS, GIS, RIS-KA (phase 1) and the Group, which are constructed on leasehold land. School buildings of UIS (phases 1, 2 and 3) are constructed on granted land. DBF school building, DBS-JP school building and Dubai Studio City staff residential building are constructed on acquired freehold land. JBS building is leased. All these land leases except for RIS and JBS are in the name of Taaleem Management LLC held on behalf of Taaleem LLC. The Group's management is of the opinion that these leases will be renewed for the foreseeable future.

(c) On 9 May 2011, Taaleem LLC received a grant in the form of a parcel of land from the Government of Dubai for construction of a school ("UIS"). The grant was conditional and stated that Taaleem LLC had to start construction of a kindergarten section within one year from the receipt of the granted land and start construction of primary, intermediary and secondary schools within three years of the receipt date of the granted land. At 31 August 2012, Taaleem LLC had completed construction of a kindergarten section ("UIS phase 1"), which became operational from September 2012. Further at 31 August 2012, the Board of Directors had reasonable assurance that other conditions attached to the granted land would be met and therefore recognised the fair value of the granted land as deferred income. The valuation of this granted land was obtained from an independent firm of surveyors and property consultants who valued it in accordance with Royal Institute of Chartered Surveyors ("RICS") appraisal and valuation manual. As per the independent valuer's report, the market value of the land amounted to AED 100 million. The independent valuer further stated in their report that in accordance with the property laws, the transfer of granted land to private title (to obtain a title deed with freehold status for the plot of land) can attract a fee of 30% of the market value of the land. Considering the title to the land was granted and taking into consideration the then prevailing laws in UAE, the Board of Directors had resolved to record the granted land at 70% of its market value in that year reflective of the price at which the granted land would have been transacted at market rates between a willing buyer and seller.

On 31 August 2014, the construction of UIS phase 3 that includes remaining parts of the intermediary and secondary section was completed which became operational in September 2014. Thereby, all conditions attached to conditional grant of the land have been met (Note 15).

(d) During 2014, Taaleem LLC acquired a freehold plot of land in Dubai Studio City, in the Emirate of Dubai for AED 24.2 million, the consideration of which was settled by one-time payment. The sale purchase agreement ("SPA") was signed between Taaleem LLC and seller on 14 August 2014, however the title deed was received post year-end on 22 September 2014. Following the completion of design, Taaleem LLC, commenced construction of a residential tower for staff accommodation on this freehold plot. The construction of the residential tower was completed in 2016 and is now being used as staff accommodation. During 2022, the Group's management has earned a rental income of AED 394,371 (2021: AED 337,675) from leasing a few retail outlets which are part of the building used for staff accommodation.

(e) Capital work-in-progress represents cost primarily incurred towards construction of schools in UAE.

(f) In 2021, borrowing costs amounting to AED 1,210,954 have been capitalised as a part of qualifying assets during the year (Note 13).

(g) Impairment testing of property and equipment – at CGU level

The CGU is defined as the individual school managed and operated by the Group.

Management identifies indicators of impairment at CGU level based on the following key parameters:

- School profitability and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA);
- School maturity; and
- Cash flow forecast at each school level.

8 (i) PROPERTY AND EQUIPMENT (continued)

(g) Impairment testing of property and equipment – at CGU level (continued)

Where indicators existed, the recoverable amount of the CGU is determined using cash flow projections based on the financial budgets approved by the Board of Directors. As at the reporting date, the recoverable amount of one of the CGU tested for impairment was assessed to be AED 14.9 million based on the fair value less cost of disposal which is the higher than the value in use. The fair value is determined based on level 3 inputs.

Key assumptions used in the recoverable amount calculations are as follows:

Management believes that the calculation of the recoverable amount for the cash-generating unit that was subject to the test of impairment is most sensitive to the following assumptions:

- Discount rate;
- Net yield rate of 9%;
- Growth in revenue; and
- Direct costs.

Discount rate
It represents the current assessment of risks specific to the Group taking into consideration the time value of money. A single discount rate is used on the basis that risks specific to the cash-generating unit is reflected in determining the cash flows. Management uses a discount rate of 10%.

Revenue
The growth rate is based on management's best estimate with regard to industry and market growth rates. This considers the historical performance of the school, its maturity of operations and regulator rating of the school. This includes two components (a) growth in student enrollment over the forecast period is 2% per annum; and (b) increase in fees expected over the forecast period is 1% per annum.

Direct costs
Direct costs primarily include salary costs and other administrative expenses directly related to the CGUs operations. The recoverable amount calculation takes into account such costs based on historic trends, contractual agreements (taking into consideration expected cost savings as a result of committed restructuring initiatives duly approved by the Board of Directors) and the estimated inflation to be incurred during the forecasted period.

Management has evaluated its future cash flows and believes that the likelihood of the carrying value of the CGUs exceeding their recoverable amounts is remote.

Sensitivity to changes in key assumptions
Estimating discounted future cash flows requires making judgements about long-term forecasts of future revenues and costs related to the CGU. These forecasts are uncertain as they require assumptions about future market conditions.

The implications of changes to the key assumptions are illustrated below:
Discount rate: an increase in discount rate by 0.5% would result in an impairment of the CGU amounting to AED 597 thousand , with all other variables remaining constant.

Revenue growth: a decrease in the assumptions used in relation of revenue growth by 0.5% over the projection period would result in an impairment of the CGU amounting to AED 209 thousand, with all other variables remaining constant.

Direct costs: an increase in the assumptions used in relation of direct costs by 0.5% over the projection period would result in an impairment of the CGU amounting to AED 1,780 thousand, with all other variables remaining constant.

Management has adequately evaluated its future cash flows and believes that the likelihood of the carrying value of the CGU exceeding their recoverable amounts is remote.

8 (ii) INVESTMENT PROPERTY

	2022 *AED*
Cost:	
Transferred from property and equipment (Note 8(i))	17,102,971
As at end of the year	**17,102,971**
Accumulated depreciation:	
Transferred from property and equipment (Note 8(i))	5,426,670
Charge for the year	237,702
As at end of the year	**5,664,372**
Net carrying value:	
31 August	**11,438,599**

Following items are recognised in consolidated statement of profit or loss relating to investment property:

	2021 *AED*
Rental income	**517,352**

Rental income and depreciation charge on the investment property are included as separate line items in the consolidated statement of profit or loss.

The Group has no significant restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

9 AMLAK WAKALA DEPOSITS AND EQUITY INVESTMENTS AT FVOCI

The Group had entered into a Master Wakala Agreement with Amlak Finance PJSC ("Amlak") in early 2007. Under the terms of the Master Wakala Agreement, the Group would place corporate wakala deposits with Amlak from time to time. The term of these wakala deposits would vary between 1, 3 and 6 months.

Amlak underwent various restructurings and on 25 November 2014 when the agreement was signed by all the parties, the previously recognised non-current deposit had been de-recognised and two separate financial instruments had been recognised.

In March 2021, the Group signed a settlement agreement with Amlak and received a total cash consideration of AED 20.36 million as a full settlement for both the financial instruments.

Amlak wakala deposits at amortised cost

	2021 *AED*
Amortised cost as at 1 September 2020	
Current portion of Amlak wakala deposit	1,726,137
Non-current portion of Amlak wakala deposit	23,299,759
	25,025,896
Prepayment received during the year	(1,946,532)
Impairment loss for the year	(6,964,626)
Amortised cost as at the settlement date	16,114,738
Proceeds received on settlement	(16,114,738)

9 AMLAK WAKALA DEPOSITS AND EQUITY INVESTMENTS AT FVOCI (continued)

Amlak wakala deposits classified as equity investments at FVOCI

	2021 *AED*
Fair value as at 1 September 2020	1,251,393
Change in fair value for the year directly recognised in OCI	2,879,508
Fair value as at the settlement date	4,130,901
Proceeds received on settlement	(4,130,901)

10 FEES AND OTHER RECEIVABLES

	2022 *AED*	*2021* *AED*
Fees receivables	**6,788,302**	5,937,581
Less: allowance for impairment of fees and other receivable	**(2,771,762)**	(3,684,961)
Net fees receivable	**4,016,540**	2,252,620
Prepayments*	**33,879,589**	29,787,560
VAT receivables	**31,397,602**	15,748,114
Deposits and advances	**14,466,918**	22,921,270
	83,760,649	70,709,564
Less: Capital advances presented as non-current	**-**	(1,466,766)
	83,760,649	69,242,798

As at 31 August 2022, fees and other receivable with a nominal value of AED 2,771,762 (31 August 2021: AED 3,684,961) were impaired. Movements in the allowance for impairment of fees and other receivable were as follows:

	2022 *AED*	*2021* *AED*
Balance at the beginning of the year	**3,684,961**	4,305,930
Charge for the year (Note 19)	**1,647,170**	1,335,957
On acquisition	**17,353**	-
Written off	**(2,577,722)**	(1,956,926)
Balance at the end of the year	**2,771,762**	3,684,961

Set out below is the information about the credit risk exposure on the Group's fees receivable using a provision matrix:

31 August 2022

	Current	*0-365 Days*	*>365 Days*	*Total*
Expected credit loss rate	-	**29%**	**100%**	**41%**
Estimated total gross carrying	-	**5,663,710**	**1,124,592**	**6,788,302**
Expected credit loss	-	**1,647,170**	**1,124,592**	**2,771,762**
Net receivables	**-**	**4,016,540**	**-**	**4,016,540**

10 FEES AND OTHER RECEIVABLES (continued)

31 August 2021

	Current	*0-365 Days*	*>365 Days*	*Total*
Expected credit loss rate	-	44%	100%	62%
Estimated total gross carrying	-	4,015,791	1,921,790	5,937,581
Expected credit loss	-	1,763,171	1,921,790	3,684,961
Net receivables	-	2,252,620	-	2,252,620

*Prepayments include AED 25.5 million (2021: AED 20.3 million) paid towards staff accommodation including advance house rent allowance.

11 WAKALA DEPOSITS

	2022 AED	*2021 AED*
Wakala deposits	**40,066,000**	45,131,389
Less: Wakala deposits – original maturity less than 3 months (Note 12)	**(40,066,000)**	-
	-	45,131,389

2022 and 2021 : Wakala deposits are placed with a local bank carrying profit mark-up rates ranging: 0.30% to 0.80% per annum.

12 CASH AND CASH EQUIVALENTS

	2022 AED	*2021 AED*
Cash in hand	**711,106**	295,460
Cash at banks	**186,033,121**	184,635,347
Sukuk deposits	**16,340,250**	8,062,880
Wakala deposits (Note 11)	**40,066,000**	-
	243,150,477	192,993,687
(Less): Restricted cash*	**(15,164,089)**	(3,513,884)
Cash and cash equivalents for the purpose of consolidated statement of cash flows	**227,986,388**	189,479,803

Sukuk deposits are placed with a financial institution in UAE. Such deposits carry a profit mark-up rate ranging from 1.75% to 2% per annum (2021: 1.75% to 2% per annum) with original maturity of 3 years. These deposits are classified as cash and cash equivalent 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.

*The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include AED 15,164,089 (2021: AED 3,513,884) which are held by one of the subsidiaries of the Company (i.e. Taaleem Sole Proprietorship LLC). These bank balances are held for the restricted purpose of managing the operations of the ADEK charter schools and therefore not available for use by the Group.

13 INTEREST BEARING LOANS AND BORROWINGS

	2022 AED	*2021 AED*
As at beginning of the year	**196,088,882**	114,535,714
Add: finance costs charged for the year [Note 22(a) and 24]	**7,927,585**	3,617,116
Add: loans drawn down	**160,000,000**	90,000,000
Less: finance costs paid for the year	**(7,071,159)**	(3,617,116)
Less: loans repaid during the year	**(24,523,098)**	(8,446,832)
As at the end of the year	**332,422,210**	196,088,882
Less: Current portion	**(28,296,892)**	(24,535,298)
Non-current portion	**304,125,318**	171,553,584

The financing 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 (2021: 3 months EIBOR plus a profit mark-up per annum).

In 2021, borrowing costs amounting to AED 1,210,954 have been capitalised as a part of qualifying assets during the year (Note 8(i)). The weighted average rate used to capitalise such borrowing costs was 3 months EIBOR plus a profit mark-up per annum.

Current interest-bearing loans and borrowings:

	Maturity	*2022 AED*	*2021 AED*
Islamic facility 1	February-2027	**9,928,564**	11,410,298
Islamic facility 2	November-2029	**17,500,000**	13,125,000
Islamic facility 3	July-2032	**868,328**	-
Total Current interest-bearing loans and borrowings		**28,296,892**	24,535,298

Non-current interest-bearing loans and borrowings:

	Maturity	*2022 AED*	*2021 AED*
Islamic facility 1	February-2027	**34,750,000**	44,678,571
Islamic facility 2	November-2029	**109,375,318**	126,875,000
Islamic facility 3	July-2032	**160,000,000**	-
Total Non-current interest-bearing loans and borrowings		**304,125,318**	171,553,571

All loans and borrowings are obtained in AED.

The above loans and borrowings are secured by:

(a) Movable Asset Security Agreement.

(b) 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.S.C., Taaleem LLC and Taaleem Management LLC

- Plot No. 91, Al Hebaih Second, Dubai (Dubai Studio City building) for AED 88.2 million in favor of the bank.
- Plot No. 382 (25 1-4293), Mirdif, Dubai (Uptown School Mirdif) for AED 100 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.
  Note: (in case of any request for release over mortgage of property Plot No. 91, Al Hebaih Second, Dubai is subject to enhancement of the mortgage value of property located at plot no. 6648 (394-4046) located at Al Thanayah fourth, Dubai (Dubai British School, Dubai) from AED 40 million to AED 128 million).

13 INTEREST BEARING LOANS AND BORROWINGS (continued)

(c) Plot No. 3923 (676-2451), Al Hebiah Third, Dubai (Jebel Ali School) for AED 205.7 million covering Ijarah III facility.
(d) 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.
(e) Assignment of lease agreement of Greenfield International School on plot no. 73 (598-0249), Dubai Investment Park, Dubai, acknowledged and approved by Dubai Investment Park Development Co. LLC, covering facilities of Taaleem Management LLC.
(f) Assignment of all receivables, cash flows, school fees from the Schools under the Taaleem Holdings P.S.C. group entities, in favor of the respective bank (each obligor / co obligor to assign entire receivables / cash flows from all Schools for facilities availed / to be availed by itself or any group entity which has availed or in future avail facilities from the bank).
(g) Assignment of insurance over RIS-KA covering the Ijara (II) facility, in favor of the bank and in an amount acceptable to the bank.
(h) Assignment of receivables / revenues / school fees of Jebel Ali School (JAS) and comprehensive all the risk insurance over property located in Plot No. 3923 (676-2451) Al Hebiah third.
(i) Assignment of cash flows under POA / Wakala contract between Taaleem Holdings P.S.C. and Taaleem SPV Ltd. (or any other entity which hold assets financed by the bank) in favor of the bank.
(j) Negative pledge on Taaleem LLC shares that Taaleem Holdings P.S.C. will not sell or encumber without prior written permission of the bank during the tenor of the facility.

The Group is required under the above facilities to comply with the following financial covenants:

a) To maintain minimum DSCR of 1.4x at all times;
b) Maximum net debt / EBITDA of 4x; and
c) Maintain gearing ratio maximum of 1x at all times.

14 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2022 *AED*	*2021* *AED*
As at beginning of the year	**19,154,380**	17,179,149
On acquisition (Note 6a)	**8,678,376**	-
Add: provision for the year (Note 20)	**8,490,458**	7,599,809
Less: payments made during the year	**(6,879,863)**	(5,624,578)
As at the end of the year	**29,443,351**	19,154,380

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

15 DEFERRED INCOME ON GOVERNMENT GRANT

	2022 *AED*	*2021* *AED*
At beginning of the year	**51,183,274**	53,620,574
Less: transferred to profit or loss	**(2,437,300)**	(2,437,300)
As at the end of the year	**48,745,974**	51,183,274
Less: Current portion of deferred income on government grant	**(2,437,300)**	(2,437,300)
Non-current portion of deferred income on government grant	**46,308,674**	48,745,974

The allocated amount of deferred income pertaining to granted land for UIS phases 1, 2 and 3 has been computed based on student capacity of UIS (phases 1, 2 and 3). This allocated amount is amortised over useful life of the building constructed for UIS (Note 8 (c)).

16 TRADE AND OTHER PAYABLES

	2022 AED	*2021 AED*
Trade payables	**87,945,728**	34,632,630
Accruals and provisions	**23,979,679**	29,987,996
Retention payable	**-**	12,865,468
Debentures payable	**38,147,962**	4,939,871
Dividends payable	**-**	353,749
	150,073,369	82,779,714
Less: Long-term debentures payable	**(26,543,685)**	(4,228,908)
	123,529,684	78,550,806

Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.

Debentures payable:
Debentures payable include the following:

a. Debentures payable relates to proceeds on issuance of priority student seats offered at all the Taaleem Schools for third party corporates, whereby, each debenture is amortised over 15 years. As at 31 August 2022, the debentures payable amounted to AED 4.2 million (2021: AED 4.9 million).

b. During the year, the Group acquired non-interest-bearing debentures as part of acquisition of Jebel Ali School (Note 6a) of AED 43.3 million. The fair value on the date of acquisition was determined to be AED 39 million which is payable to the debenture holders (i.e. students and corporates) over the period of 5 years. As at 31 August 2022, the debentures payable pertaining to Jebel Ali School amounted to AED 33.9 million.

17.1 REVENUE

	2022 AED	*2021 AED*
Gross tuition fees	**618,773,526**	528,020,199
(Less): Discounts	**(13,380,574)**	(13,311,494)
Net tuition fees	**605,392,952**	514,708,705
Management fees*	**6,985,012**	5,235,292
Application fees (on initial admission)	**1,544,101**	1,005,341
Other operating income (Note 21.1)	**9,410,549**	5,888,565
	623,332,614	526,837,903

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

	2022 AED	*2021 AED*
Timing of revenue recognition		
Services transferred over time	**621,788,513**	525,832,562
Services transferred at a point in time	**1,544,101**	1,005,341
Total revenue from contracts with customers	**623,332,614**	526,837,903

The revenue is entirely earned in UAE.

Nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies are disclosed in Note 3.

*Management fee is earned from ADEK for the management of six charter schools (2021: four schools) in Abu Dhabi, UAE under the service agreement. Management fee includes fixed management fee of AED 2,000,000 (2021: AED 2,000,000) and variable management fee of AED 4,985,012 (2021: AED 3,235,292).

17.2 CONTRACT BALANCES

	2022 AED	*2021 AED*
Fees receivable (Note 10)	**4,016,540**	2,252,620
Fees received in advance	**264,643,267**	213,841,330

The amount of revenue recognised from fees received in advance at the beginning of the year is AED 213,841,330 (2021: AED 182,401,883).

18 OPERATING COSTS

	2022 AED	*2021 AED*
Staff costs and other benefits (Note 20)	**349,680,416**	286,121,497
School supplies	**9,980,582**	5,160,745
Lease rent and service charges	**3,572,210**	4,969,807
Bank charges	**3,790,920**	2,849,678
Others	**3,283,175**	3,150,907
	370,307,303	302,252,634

19 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 AED	*2021 AED*
Staff costs and other benefits (Note 20)	**20,119,935**	15,562,709
Water and electricity charges	**15,414,046**	14,668,278
Repairs and maintenance	**16,039,753**	11,773,716
Janitorial and security	**11,187,854**	9,465,137
Legal and professional	**10,153,707**	5,663,498
Marketing and advertisement	**5,376,175**	4,726,356
Board remuneration, compensation and other benefits (Note 22)	**3,675,000**	3,000,000
Travel and communication	**1,265,737**	1,573,663
Printing and stationery	**2,264,025**	1,450,866
Impairment loss on fees receivables (Note 10)	**1,647,170**	1,335,957
Office rent	**528,093**	490,461
Others (events, insurance, bank charges, penalties)	**8,152,204**	7,011,592
	95,823,699	76,722,233

The Group has not made any social contribution for the years ended 31 August 2022 and 2021.

20 STAFF COSTS AND OTHER BENEFITS

	2022 *AED*	*2021* *AED*
Salary and allowances	**279,391,050**	227,673,024
Staff accommodation	**54,600,506**	43,166,512
Staff - discount on tuition fees	**27,318,337**	23,244,861
Employees' end of service benefits (Note 14)	**8,490,458**	7,599,809
	369,800,351	301,684,206
Staff costs are included in:		
Operating costs (Note 18)	**349,680,416**	286,121,497
General and administrative expenses (Note 19)	**20,119,935**	15,562,709
	369,800,351	301,684,206

21.1 OTHER OPERATING INCOME

	2022 *AED*	*2021* *AED*
Income - sports activity	**5,913,078**	4,173,273
Debenture income	**711,040**	711,040
Transport income	**699,041**	413,440
Income from conferences	**178,083**	377,683
Commission - uniforms	**1,618,192**	102,818
Commission - cafeteria	**291,115**	110,311
	9,410,549	5,888,565

21.2 OTHER INCOME

	2022 *AED*	*2021* *AED*
Bad debt recoveries	**1,013,339**	1,907,782
Gain on disposal of property and equipment	**57,143**	78,276
Miscellaneous income	**11,070,787**	2,971,796
	12,141,269	4,957,854

22 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties includes the Group'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

The aggregate value of significant transactions entered with related parties during the year is as follows:

Entity with significant influence over the Group:	***2022 AED***	*2021 AED*
Emirates Islamic Bank ("EIB")		
Profit from wakala deposits (Note 23)	**488,553**	228,622
Finance costs (Note 24)	**(7,927,585)**	(3,617,116)
Bank borrowings obtained (Note 13)	**160,000,000**	90,000,000
Transaction cost incurred on borrowings	**(912,500)**	-
Repayments of bank borrowings (Note 13)	**(24,523,098)**	(8,446,832)
Cash dividends paid	**(4,500,000)**	(3,500,000)
National Bonds Corporation ("NBC")		
Profit from sukuk deposits (Note 23)	**435,263**	62,880
Cash dividends paid	**(15,552,012)**	(10,266,242)
Knowledge Fund ("KF")		
Rent payment	**369,386**	369,386
Cash dividends paid	**(12,273,612)**	(11,375,910)
Tuition fees received from Board of Directors, net of discounts	**59,138**	115,410

Compensation to key management personnel

	2022 AED	*2021 AED*
Short-term employee benefits	**12,665,148**	12,170,501
Provision for employees' end of service benefits	**283,345**	276,362
Tuition fee discounts	**296,469**	329,756
Executive Committee and Audit Committee compensation	**1,375,000**	1,253,682
Board remuneration, compensation and other benefits (Note 19)	**3,675,000**	3,000,000
	18,294,962	17,030,301

(b) Related party balances

Due from related parties

	2022 AED	*2021 AED*
Emirates Islamic Bank		
Bank balances (Note 12)	**185,455,112**	181,802,848
Wakala deposits (Note 11 and 12)	**40,066,000**	45,131,389
	225,521,112	226,934,237

22 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related party balances (continued)

	2022 AED	*2021 AED*
National Bonds Corporation		
Sukuk deposits (Note 12)	**16,340,250**	8,062,880
Emirates Islamic Bank		
Loans and borrowings from a related party (Note 13)	**(332,422,210)**	(196,088,882)
Knowledge Fund		
Trade (payables) / receivables	**(101,966)**	38,478

Terms and conditions of transactions with related parties

Except for the interest-bearing loans and borrowings (secured), wakala and sukuk deposits (unsecured), other outstanding balances at the year-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 year ended 31 August 2022, the Group has not recognised any provision for expected credit losses relating to amounts owed by the related parties (2021: Nil).

23 FINANCE INCOME

	2022 AED	*2021 AED*
Profit from wakala and sukuk deposits (Note 22(a))	**923,816**	291,502
Recovery of finance costs from bank	**823,412**	-
Profit from Amlak wakala deposits	-	604,610
	1,747,228	896,112

24 FINANCE COSTS

	2022 AED	*2021 AED*
Finance costs on lease liabilities (Note 28(ii))	**9,921,572**	8,484,673
Finance costs on interest bearing loans and borrowings (Note 13 and 22 (a))	**7,927,585**	2,406,162
Unwinding of liability towards debentures payable	**480,586**	-
Unwinding impact of deferred payment for acquisition	**399,515**	-
	18,729,258	10,890,835

In 2021, borrowing costs amounting to AED 1,210,954 have been capitalised as a part of qualifying assets during the year (Note 8(i)).

25 SHARE CAPITAL

	2022 *AED*	*2021* *AED*
Authorised, issued and fully paid up capital:		
750,000,000 ordinary shares of AED 1 each (2021: 750,000,000 ordinary shares of AED 1 each)	**750,000,000**	750,000,000

The ownership of the Company is as follows:

Name of shareholder	*2022* *% shareholding*	*2021* *% shareholding*
National Bonds Corporation PJSC	**23.04%**	23.04%
Al Mal Direct Equity II Limited held by Knowledge Fund	**18.18%**	18.18%
Al Mal Capital PSC	**10.17%**	10.17%
Other shareholders	**48.61%**	48.61%

26 STATUTORY RESERVE

In accordance with the U.A.E. Federal Decree Law No. (32) of 2021, the Company and its subsidiaries have established a statutory reserve by appropriation of 10% of profit for each year until the reserve reached 50% of the share capital. This reserve is not available for distribution except in circumstances stipulated by the Law.

27 DIVIDENDS

During the shareholders meeting dated 13 December 2021, the shareholders approved a dividend of AED 0.09 per share amounting to AED 67,500,000 (2021: Dividend of AED 0.07 per share amounting to AED 52,500,000). Of this, dividend amounting to AED 67,500,000, along with the dividend payable of AED 353,749 as at 31 August 2021, was paid (2021: an amount of AED 52,314,657 was paid).

28 LEASES

The Group leases land and buildings. Lease terms and rental calculations vary between different lease agreements. The leases typically run between 20 to 50 years.

i. Right-of-use assets

	2022 *AED*	*2021* *AED*
At the beginning of the year	**139,554,303**	148,792,906
Additional lease asset	**54,360,319**	-
Impact on lease modification during the year	**643,197**	3,219,090
Derecognition of right-of-use assets*	**(4,065,122)**	-
Amortisation charge for the year	**(13,361,870)**	(12,457,693)
At the end of the year	**177,130,827**	139,554,303

* Net Investment in finance lease recognised as of the date of derecognition of the head lease amounted to AED 3,707,742 and the loss on derecognition of right-of-use recognised amounting AED 357,380. As at 31 August 2022, the carrying value of net investment in finance lease amounting AED 3,423,325 (2021: AED Nil).

28 LEASES (continued)

ii. Lease liabilities

	2022 AED	*2021 AED*
At the beginning of the year	**150,145,554**	151,162,983
Additional lease liability	**54,360,319**	-
Finance costs on lease liabilities (Note 24)	**9,921,572**	8,484,673
Impact on lease modification during the year	**421,281**	3,219,090
Less: payments made against lease liabilities	**(13,848,457)**	(12,721,192)
At the end of the year	**201,000,269**	150,145,554
Less: current portion of lease liabilities	**(13,999,799)**	(5,856,994)
Non-current portion	**187,000,470**	144,288,560

iii. Amounts recognised in the consolidated statement of profit or loss

	2022 AED	*2021 AED*
Amortisation of right-of-use assets	**13,361,870**	12,457,693
Finance cost on lease liabilities (Note 24)	**9,921,572**	8,484,673
Expense relating to short term leases and low value assets (recognition exemption under IFRS 16)*	**58,700,809**	48,626,780
	81,984,251	69,569,146

* Expense relating to short term leases and low value assets recorded in the consolidated statement of profit or loss are as under:

	2022 AED	*2021 AED*
Staff Accommodation (Note 20)	**54,600,506**	43,166,512
Lease Rent and Service Charges (Note 18)	**3,572,210**	4,969,807
Office Rent (Note 19)	**528,093**	490,461
	58,700,809	48,626,780

iv. Amounts recognised in the consolidated statement of cash flows

	2022 AED	*2021 AED*
Total cash outflows for leases (excluding cash outflow relating to recognition exemption for short-term leases and low value assets)	**13,848,457**	12,721,192

29 CONTINGENCIES AND CAPITAL COMMITMENTS

		2022 AED	*2021 AED*
(a)	Capital commitments	**7,537,058**	14,406,075
(b)	Bank guarantee	**169,157,090**	113,053,801

The Group's capital commitments mainly relates to its on-going construction of phase II of RIS-KA in Abu Dhabi, UAE.

Bank guarantee pertains to the advance and performance 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 and for the building of Raha International School – Khalifa City Campus. In addition, new advance and performance guarantees issued by the Group in favor of Emirates Schools Establishment in relation to the management agreement entered by the Group and new performance guarantees issued by the Group in favor of Knowledge Fund Establishment in relation to the construction of Dubai British School, Jumeirah.

30 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 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 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 31 August 2022, all of the business activities and operations of the Group are in the UAE.

Primary segment information
Segmental information is presented below:

Year ended 31 August 2022 (In AED):

	School operations	*Corporate head office*	*Consolidated*
Revenue			
External customers	623,332,614	-	623,332,614
Finance and other income			
Finance income	1,747,228	-	1,747,228
Other income	12,141,269	-	12,141,269
Income from deferred government grant	2,437,300	-	2,437,300
Expenses			
Staff costs	360,131,381	9,668,970	369,800,351
Operating and administrative expenses	94,334,913	1,995,738	96,330,651
Depreciation, impairment and amortisation	72,788,821	-	72,788,821
Finance costs	18,729,258	-	18,729,258
Segmental profit	**93,674,038**	**(11,664,708)**	**82,009,330**

30 SEGMENT INFORMATION (continued)

Primary segment information (continued)

Year ended 31 August 2021 (In AED):

	School operations	*Corporate head office and others*	*Consolidated*
Revenue			
External customers	526,837,903	-	526,837,903
Finance and other income			
Finance income	896,112	-	896,112
Other income	4,957,854	-	4,957,854
Income from deferred government grant	2,437,300	-	2,437,300
Expenses			
Staff costs	292,856,060	8,828,146	301,684,206
Operating and administrative expenses	77,290,661	-	77,290,661
Depreciation, impairment and amortisation	67,325,061	-	67,325,061
Finance costs	10,890,835	-	10,890,835
Segmental profit	86,766,552	(8,828,146)	77,938,406

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 assigned to the "School operations" segment.

Reconciliation of profit	***2022 AED***	*2021 AED*
Segment profit	**82,009,330**	77,938,406
Rental income	**911,723**	337,675
Profit for the year	**82,921,053**	78,276,081

Other segment information
Segment assets and liabilities comprise all assets and liabilities reflected in the consolidated statement of financial position as at 31 August 2022 and 2021. 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.

31 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to the shareholders by weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent (adjusted for the effect of dilution, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 August 2022 and 2021, there were no shares which were dilutive in nature.

31 EARNINGS PER SHARE (continued)

The information necessary to calculate basic and diluted earnings per share is as follows:

	2022 AED	*2021 AED*
Profit for the year attributable to equity holders of the Parent (AED)	**82,921,053**	78,276,081
Weighted average number of shares	**750,000,000**	750,000,000
Attributable to the shareholders:		
Basic and diluted earnings per share (AED per share)	**0.11**	0.10

32 IMPACT OF COVID-19

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and continue to impact the Group's operations. The Group is closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. These contingency measures include amongst others communication plans with students, term fee discounts, waiver on application fees, flexible payment plans, introduction of various online classes facilities and measures to safeguard the welfare of the Group's employees and students at the Group's premises.

The Group has not yet seen a significant impact on the fee collections from the students post COVID-19 and is certain to operate in a similar manner in future years as well. The Group will keep these contingency measures under review as the situation is fast evolving, the effect of the outbreak is by nature subject to significant levels of uncertainty, with full range of possible effects unknown.

33 SUBSEQUENT EVENTS

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

34 COMPARATIVE INFORMATION

Certain material comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements as summarised in the table below:

Particulars	Amount in AED	Classification in previous year ended 31 August 2021	Reclassified
Other operating income	5,888,565	Other income	Revenue
Restricted cash balance	3,513,884	Part of cash and cash equivalents	Netted off from cash and cash equivalents

Such reclassifications do not affect the previously reported consolidated profit or equity.

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Directors' report and consolidated financial statements for the year ended 31 August 2021

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Directors' report and consolidated financial statements for the year ended 31 August 2021

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

DIRECTORS' REPORT

The Board of Directors have the pleasure of presenting the annual report and audited consolidated financial statements of Taaleem Holdings P.S.C. (Private Joint Stock Company) ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 August 2021.

Principal activities and business review

The Group has been licensed to provide educational services.

Until the period ended 31 August 2007, the Company had not commenced commercial operations. With effect from 1 September 2007, the Company acquired 100% shares in Taaleem LLC ("Taaleem LLC") a company incorporated in the Emirate of Dubai and Taaleem Management LLC ("Taaleem Management LLC") a Limited Liability Company incorporated in the Emirate of Dubai. By virtue of this acquisition, the Group acquired five operating Schools in the Emirate of Dubai and one operating School in the Emirate of Abu Dhabi: Dubai British School, Al Mizhar American Academy, Uptown Primary School, The Children's Garden Green Community, Greenfield Community School and Raha International School respectively.

By year ended 31 August 2008, the Group purchased another school building and refurbished it to expand Uptown Primary School to its secondary campus, Uptown High School in the Emirate of Dubai which commenced commercial operations in September 2008.

By 31 August 2009, the Group was involved in the set-up of its 8th campus, a nursery, The Children's Garden, Jumeira ("TCG-J") in the Emirate of Dubai, which started commercial operations in September 2009. In 2017, the Board of Directors of the Company resolved to close TCG-J upon completion of the 2016-17 academic year and twelve months ahead of the lease expiry, mainly due to low demand and limited facilities of the school.

As at 31 August 2010, the Group was involved in the set-up of its 9th campus, Jumeira Baccalaureate School, in the Emirate of Dubai, which started commercial operations in September 2010.

In 2011-12, the Group sold Uptown High School to a third party due to locational disadvantage and limited facilities offered by the campus.

As at 31 August 2012, the Group was involved in the set-up of two new campuses, Uptown School (Phase 1), located on granted land in Mirdif, Dubai and The Children's Garden, Barsha, located in Al Barsha, Dubai. The two campuses commenced commercial operations in September 2012. During 2013, the construction of Uptown School (Phase 2) was completed, following which the Group terminated the long-term lease of Uptown Primary campus and returned the campus back to the lessor.

As at 31 August 2014, the Group was involved in the construction of Uptown School (Phase 3), and Dubai British Foundation, a nursery located in Jumeira Islands, Dubai. Dubai British Foundation commenced commercial operations in September 2014.

As at 31 August 2015, the Group commenced commercial operations of its 11th campus, Dubai British School Jumeirah Park, located in Jumeirah Park, Dubai.

After the completion of the academic year ended 31 August 2019, the Board of Directors of the Company ended the operations of The Children's Garden, Barsha, located in Al Barsha, Dubai.

During the academic year 2018-19, a management agreement was signed with the education regulator for the Emirate of Abu Dhabi, ADEK, to run the operations of four Abu Dhabi based charter schools starting from the academic year 2019-20. During the current year, the management agreement was amended to run the operations of additional two Abu Dhabi based charter schools starting from the academic year 2021-22.

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

DIRECTORS' REPORT (continued)

Principal activities and business review (continued)

Two new entities were incorporated during the year 2019, which were: Taaleem SPV Limited and Taaleem Holdings Sole Proprietorship LLC.

During the academic year 2018-19, the Group was involved in the construction and set-up of Raha International School Khalifa A ("RIS-KA") in the Emirate of Abu Dhabi. During the year ended 31 August 2020, the construction of Phase I of RIS-KA comprising of the School building for early years students was completed and the School operations for early years students commenced from September 2020 for the academic year 2020-21. The construction of Phase II comprising of the School building for students upto Grade 8 was completed subsequent to the year on 5 September 2021.

During the academic year 2019-20, the Board of Directors of the Company resolved to end the operations of The Children's Garden, Green Community, located in Dubai Investments Park, Dubai after the completion of the academic year ended 31 August 2020.

In March 2021, the Group and The Executive Council ("TEC"), a government entity, entered into an Operations & Management Agreement, whereby, the Group through Taaleem Management LLC will operate and manage two schools of TEC in the Emirates of Dubai - Dubai Schools Al Barsha and Dubai Schools Mirdif, starting from the academic year 2021-22.

Results

The results of the Group for the year ended 31 August 2021 are set out on page 9 of the consolidated financial statements.

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 August 2021.

Transactions with related parties

The consolidated financial statements disclose related party transactions and balances in note 22. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Auditors

KPMG Lower Gulf Limited ("KPMG") were appointed as external auditors for the Group for the year ended 31 August 2021. KPMG have expressed their willingness to continue in the office. A resolution for the appointment of the auditors will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

....	....
Chairman	Vice Chairman

Date: 15 NOV 2021

KPMG Lower Gulf Limited
The Offices 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent Auditors' Report

To the Shareholders of Taaleem Holdings P.S.C. (Private Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Taaleem Holdings P.S.C. (Private Joint Stock Company) ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 August 2021, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 August 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which is set out on pages 1 and 2.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 August 2021:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 1 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 August 2021;

vi) note 22 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 August 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 August 2021.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates
Date: 16 NOV 2021

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Consolidated statement of financial position

	Note	As at 31 August 2021 AED	2020 AED
ASSETS			
Non-current assets			
Goodwill	6	**204,932,063**	208,016,703
Other intangible assets	7	**12,081,650**	12,606,066
Property and equipment	8	**966,340,768**	841,466,765
Right-of-use assets	28(i)	**139,554,303**	148,792,906
Capital advances	10	**1,466,766**	25,909,000
Amlak equity investments at FVOCI	9	-	1,251,393
Amlak wakala deposit	9	-	23,299,759
		1,324,375,550	1,261,342,592
Current assets			
Fees and other receivables	10	**69,242,798**	50,439,071
Amlak wakala deposit	9	-	1,726,137
Wakala deposits	11	**45,131,389**	20,002,167
Cash and cash equivalents	12	**192,993,687**	114,099,215
		307,367,874	186,266,590
TOTAL ASSETS		**1,631,743,424**	1,447,609,182
EQUITY AND LIABILITIES			
EQUITY			
Share capital	25	**750,000,000**	750,000,000
Statutory reserve	26	**53,950,583**	45,560,845
Fair value reserve	9	-	1,615,811
Retained earnings		**114,599,707**	92,718,045
Total equity		**918,550,290**	889,894,701
LIABILITIES			
Non-current liabilities			
Bank borrowings	13	**171,553,584**	104,607,143
Lease liabilities	28(ii)	**144,288,560**	146,205,278
Provision for employees' end of service benefits	14	**19,154,380**	17,179,149
Deferred income on government grant	15	**48,745,974**	51,183,275
Debentures payable	16	**4,228,908**	4,939,947
		387,971,406	324,114,792

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Consolidated statement of financial position (continued)

	Note	As at 31 August 2021 AED	2020 AED
Current liabilities			
Bank borrowings	13	**24,535,298**	9,928,571
Lease liabilities	28(ii)	**5,856,994**	4,957,705
Trade and other payables	16	**78,550,806**	33,874,231
Deferred income on government grant	15	**2,437,300**	2,437,299
Fees received in advance		**213,841,330**	182,401,883
		325,221,728	233,599,689
TOTAL LIABILITIES		**713,193,134**	557,714,481
TOTAL EQUITY AND LIABILITIES		**1,631,743,424**	1,447,609,182

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operations and consolidated cash flows of the Group as of, and for, the year ended 31 August 2021.

These consolidated financial statements were approved by the Board of Directors on 15 NOV 2021 and signed on their behalf by:

Chairman

Vice Chairman

The notes on pages 13 to 52 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 6.

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Consolidated statement of profit or loss

	Note	Year ended 31 August 2021 AED	2020 AED
Revenue	17	**520,949,338**	480,285,472
Operating costs	18	**(314,710,327)**	(313,826,322)
Operating margin		**206,239,011**	166,459,150
Other income	21	**11,184,094**	5,238,789
General and administrative expenses	19	**(76,722,233)**	(67,256,027)
Impairment of goodwill	6	**(3,084,640)**	-
Amortisation expense of other intangible assets	7	**(524,416)**	(795,036)
Depreciation on property and equipment	8	**(44,293,686)**	(45,032,909)
Impairment loss on Amlak wakala deposit	9	**(6,964,626)**	(5,642,035)
Operating profit		**85,833,504**	52,971,932
Income from government grant	15	**2,437,300**	2,437,299
Finance costs	24	**(10,890,835)**	(10,749,780)
Finance income	23	**896,112**	989,461
Net finance costs		**(9,994,723)**	(9,760,319)
Profit for the year		**78,276,081**	45,648,912

The notes on pages 13 to 52 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 6.

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Consolidated statement of other comprehensive income

	Note	Year ended 31 August 2021 AED	2020 AED
Profit for the year		**78,276,081**	45,648,912
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – change in fair value	9	**2,879,508**	-
Other comprehensive income for the year		**2,879,508**	-
Total comprehensive income for the year		**81,155,589**	45,648,912

The notes on pages 13 to 52 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 6.

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Consolidated statement of changes in equity

	Share capital AED	Statutory reserve AED	Fair value reserve AED	Retained earnings AED	Total AED
At 1 September 2019	750,000,000	39,382,298	1,615,811	124,539,667	915,537,776
Adjustment on initial application of IFRS 16	-	-	-	3,708,013	3,708,013
Adjusted balance as at 1 September 2019	750,000,000	39,382,298	1,615,811	128,247,680	919,245,789
Total comprehensive income for the year					
Profit for the year	-	-	-	45,648,912	45,648,912
Transactions with owners of the Company					
Dividends (Note 27)	-	-	-	(75,000,000)	(75,000,000)
Other movement					
Transfer to statutory reserve (Note 26)	-	6,178,547	-	(6,178,547)	-
At 31 August 2020	750,000,000	45,560,845	1,615,811	92,718,045	889,894,701
Total comprehensive income for the year					
Profit for the year	-	-	-	78,276,081	78,276,081
Other comprehensive income for the year			2,879,508	-	2,879,508
Transactions with owners of the Company					
Dividends (Note 27)	-	-	-	(52,500,000)	(52,500,000)
Other movements					
Transfer to statutory reserve (Note 26)	-	8,389,738	-	(8,389,738)	-
Fair value reserve on equity investments at FVOCI transferred to retained earnings on disposal (Note 9)	-	-	(4,495,319)	4,495,319	-
At 31 August 2021	**750,000,000**	**53,950,583**	-	**114,599,707**	**918,550,290**

The notes on pages 13 to 52 form an integral part of these consolidated financial statements.

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Consolidated statement of cash flows

	Note	Year ended 31 August 2021 AED	2020 AED
Operating activities			
Profit for the year		**78,276,081**	45,648,912
Adjustments for:			
Depreciation of property and equipment	8	**44,293,686**	45,032,909
Depreciation of right-of-use assets	18	**12,457,693**	11,865,566
Amortisation of other intangible assets	7	**524,416**	795,036
Provision for employees' end of service benefits	14	**7,599,809**	6,588,010
Allowance for impairment on fees and other receivables	4	**1,335,957**	3,500,085
Gain on disposal of property and equipment	21	**(78,276)**	(10,475)
Impairment loss on Amlak wakala deposit	9	**6,964,626**	5,642,035
Impairment of goodwill	6	**3,084,640**	-
Finance income	23	**(896,112)**	(989,461)
Finance costs	24	**10,890,835**	10,749,780
Amortisation of deferred income on government grant	15	**(2,437,300)**	(2,437,299)
Operating cash flow before payment of employees' end of service benefits and changes in working capital		**162,016,055**	126,385,098
Payment of employees' end of service benefits	14	**(5,624,578)**	(11,601,344)
Change in long-term debentures payable		**(711,040)**	(711,000)
Changes in working capital:			
Change in fees and other receivables (excluding allowance for impairment in fees and other receivables)		**(22,303,812)**	10,966,967
Change in fees received in advance		**31,439,447**	(2,488,339)
Change in trade and other payables (excluding capital creditors and dividends payable)		**37,120,804**	13,944,740
Net cash from operating activities		**201,936,876**	136,496,122
Investing activities			
Purchase of property and equipment (net of capital creditors, capital advances, retention payable)		**(135,375,275)**	(84,628,555)
Proceeds from disposal of property and equipment		**123,120**	10,475
Change in wakala deposits		**(25,129,222)**	31,301,444
Prepayment of Amlak wakala deposit received		**1,946,532**	143,845
Proceeds from settlement of Amlak wakala deposit		**20,385,172**	-
Finance income received		**896,112**	998,459
Net cash used in investing activities		**(137,153,561)**	(52,174,332)
Financing activities			
Proceeds from bank borrowings	13	**90,000,000**	75,631,846
Repayment of bank borrowings	13	**(8,446,832)**	(44,746,132)
Payments made against lease liabilities	28	**(12,721,192)**	(16,766,944)
Finance costs paid	13	**(2,406,162)**	(3,726,154)
Dividends paid	27	**(52,314,657)**	(74,431,136)
Net cash from / (used in) financing activities		**14,111,157**	(64,038,520)
Net increase in cash and cash equivalents		**78,894,472**	20,283,270
Cash and cash equivalents at the beginning of the year	12	**114,099,215**	93,815,945
Cash and cash equivalents at the end of the year	12	**192,993,687**	114,099,215

The notes on pages 13 to 52 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 6.

1 Legal status and activities

Taaleem Holdings P.S.C. (Private Joint Stock Company) ("the Parent Company" or "the Company") was registered with the Department of Economic Development, Dubai, United Arab Emirates on 5 February 2007 as a Private Joint Stock Company under the UAE Federal Law No. (2) of 2015. The Parent Company together with its subsidiaries is collectively referred to as "the Group". The address of the registered office of the Company is P.O Box 76691, Dubai, United Arab Emirates. The principal activities of the Group are providing and investing in educational services.

The Group's shareholding and the principal activities of subsidiaries are:

Name	Percentage of effective holding	Place of incorporation	Principal activities
Taaleem LLC	100%	United Arab Emirates	Involved in setting up several schools.
Taaleem Management LLC	100%	United Arab Emirates	Manage schools throughout the UAE and provide administrative and technical services for structuring, developing and managing schools.
Taaleem SPV Limited*	100%	United Arab Emirates	Special purpose vehicle providing and investing in educational services.
Taaleem Holdings Sole Proprietorship LLC**	100%	United Arab Emirates	Investment in educational and commercial enterprises and management.

* Owned by two shareholders of the Parent Company for the beneficial interest of the Group.

** 100% owned by Taaleem SPV Limited.

1 Legal status and activities (continued)

Taaleem LLC is involved in the set-up of the following schools:

(a) Dubai British School ("DBS")
(b) American Academy For Girls ("AAG")
(c) The Children's Garden Kindergarten ("TCG")
(d) Raha International School ("RIS")
(e) Greenfield International School ("GIS")
(f) Jumeira Baccalaureate School ("JBS")
(g) Uptown International School ("UIS")
(h) The Children's Garden Kindergarten, Barsha ("TCGB")
(i) Dubai British Foundation Kindergarten ("DBF")
(j) Dubai British School Jumeirah Park ("DBS-JP")
(k) Raha International School Khalifa-A ("RIS-KA")

The above schools are collectively referred to as "the Schools". The trade licenses of the Schools are legally held by Taaleem Management LLC on behalf of Taaleem LLC.

During the academic year 2018-19, the Board of Directors ("BOD") of the Group had resolved to close the operation of TCGB after the completion of the academic year ended 31 August 2019 and proceed with a management agreement with a third party to operate the school.

In 2019, Taaleem Holdings Sole Proprietorship LLC entered into a management agreement with Abu Dhabi Department of Education and Knowledge ("ADEK") to operate and manage four charter schools of ADEK in Abu Dhabi, UAE, commencing from September 2019. During the year ended 31 August 2021, the management agreement was amended to operate and manage two additional charter schools of ADEK in Abu Dhabi, UAE, commencing from September 2021.

During the academic year 2019-20, the BOD of the Group had resolved to close the operation of TCG after the completion of the academic year ended 31 August 2020.

In March 2021 , the Group entered into an Operations & Management Agreement ("the Agreement") with a government entity, The Executive Council ("TEC") to operate and manage 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 upto two additional periods of 7 years each. The land and the Schools building is leased by TEC and not recharged to the Group. The Group will be responsible for any maintenance required during the agreement period. The Group does not expect major repairs to be necessary during the agreement period. The Agreement is in the nature of Service Concession Agreement.

The Group has not purchased or invested in any shares during the year ended 31 August 2021 (2020: Nil).

2 Acquisition of subsidiaries and goodwill

On 1 September 2007, the Group entered into a sale and purchase agreement ("the Agreement") with Taaleem LLC and Taaleem Management LLC, whereby, all the shares of Taaleem LLC and Taaleem Management LLC were transferred to the Group for a total consideration of AED 304.2 million and AED 65.8 million respectively. Pursuant to this Agreement, Taaleem LLC and Taaleem Management LLC became wholly owned subsidiaries of the Group. The Group had recognised the fair values of total assets, total liabilities and contingent liabilities acquired through the acquisition of Taaleem LLC and Taaleem Management LLC. The goodwill is attributable to the synergies expected from the business combination. In determining the following intangibles separately, the management had taken the fair value adjustments as at the date of acquisition. The intangibles are attributable to:

(a) Brand and curriculum

The individual schools of Taaleem LLC, though not registered for trademark, are protected by the rules of the school licensing authority, the Ministry of Education and the respective trade licensing authority in the UAE which does not permit any third party to establish a school with the same names. As such this proves to be deemed legal form of protection, and therefore the brand name satisfies the recognition criteria for intangible asset. Accordingly, the Group recognised brand and curriculum as an intangible asset. Also refer to Note 7.

(b) Student relationships

Taaleem LLC has established relationships with its existing students. These relationships are valuable to the extent that these students remain enrolled in the school and continue to pay tuition fee until the completion of their respective program. Accordingly, student relationship has been recognised as an intangible asset. Also refer to Note 7.

(c) Below market leases

Taaleem LLC has school land and buildings which are taken on long term leases. The lease agreements were entered into at rates which were significantly below the equivalent market rates existing as of the acquisition date. Accordingly, below market leases has been recognised as an intangible asset in respect of these lease agreements. Also refer to Note 7.

3 Summary of significant accounting policies

The Group has consistently applied the accounting policies to all years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. These consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

3 Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

These consolidated financial statements are prepared under the historical cost convention basis except for financial assets measured at fair value through other comprehensive income.

The preparation of consolidated financial statements in conformity with 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 consolidated financial statements are disclosed in Note 5.

As at 31 August 2021, the Group has net current asset position after excluding fees received in advance of AED 206,944,948 (2020: AED 135,068,784). Hence, these consolidated financial statements have been prepared on a going concern basis.

3.1.1 Application of new and revised International Financial Reporting Standards

Effective 1 September 2020, following new / amended IFRS have become effective and have been applied in preparing these consolidated financial statements:

	Effective date
Covid-19 Related Rent Concessions (Amendment to IFRS 16)	1 June 2020
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
Definition to Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Definition of Business (Amendments to IFRS 3)	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020

The application of these revised IFRS has not had any significant impact on the amounts reported for the current and prior year but may affect the accounting for future transactions or arrangements.

3.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3 Summary of significant accounting policies (continued)

3.2 Consolidation (continued)

(a) Subsidiaries (continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3 Summary of significant accounting policies (continued)

3.2 Consolidation (continued)

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group is measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss.

(c) Group companies

There are no group companies that have a functional currency different from the Company's presentation currency.

3.4 Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and impairment losses, if any. Historical costs includes expenditure that is directly attributable to the acquisition of items and bringing the asset to a working condition for its intended use.

3 Summary of significant accounting policies (continued)

3.4 Property and equipment (continued)

(a) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

(b) Depreciation

Land is not depreciated. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of property and equipment that are accounted for separately. The estimated useful lives are as follows:

	Years
Buildings	30
Leasehold improvements and outdoor equipment	10-20
Furniture and fixtures	4-5
Books, office, classroom and IT equipment	3-5
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount and are recognised within 'other income' in profit or loss.

Capital work in progress

Capital work in progress is stated at cost. When the asset is ready for intended use, capital work in progress is transferred to an appropriate category of property and equipment and depreciated in accordance with the Group's policy. Interest costs on borrowings to finance the construction of property and equipment are capitalised, during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset. The borrowing costs capitalised are those relating to funds borrowed specifically for the asset in question.

3 Summary of significant accounting policies (continued)

3.5 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Parent Company interests in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generation Units "CGUs", or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Other intangible assets

Intangible assets acquired are measured and recognised initially at cost. Intangible assets acquired in a business combination are recognised at the fair value as at the date of acquisition. Following initial recognition, intangible assets with finite useful lives are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

3 Summary of significant accounting policies (continued)

3.5 Intangible assets (continued)

(b) Other intangible assets (continued)

Intangible assets with finite lives are amortised on a straight-line basis over the estimated useful lives as follows:

	Years
Brand and curriculum	5
Student relationships	10
Below market leases	17-49

3.6 Impairment of non-financial assets

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

3.7 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.8 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3 Summary of significant accounting policies (continued)

3.9 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.10 Provision for employees' end of service benefits

A provision is made for the full amount of the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the reporting date. The provision relating to end of service benefits is disclosed as a non-current liability in the consolidated statement of financial position.

3.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense in profit or loss.

3.12 Finance income

Finance income is recognised on a time proportion basis using the effective interest rate method.

3 Summary of significant accounting policies (continued)

3.13 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3 Summary of significant accounting policies (continued)

3.13 Leases (continued)

The Group as a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Summary of significant accounting policies (continued)

3.14 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

3.15 Government grant

(a) Conditional grant

Conditional government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in profit or loss on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

(b) Unconditional grant

Unconditional government grants related to an asset is recognised in profit or loss when the grant becomes receivable.

3.16 Financial instruments

Recognition and initial measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

3 Summary of significant accounting policies (continued)

3.16 Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / profit or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income / profit, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3 Summary of significant accounting policies (continued)

3.16 Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income / profit calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment

The Group recognises loss allowances for ECLs on financial assets at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-months ECLs:

- cash at banks and certain related parties for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for fees receivables and Amlak wakala deposit and are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

3 Summary of significant accounting policies (continued)

3.16 Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

Impairment (continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets are carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For financial assets carried at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions, whereby, it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3 Summary of significant accounting policies (continued)

3.16 Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Fair value

The fair value of the Group's financial assets and liabilities approximates their carrying amounts.

3.17 Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Revenue is recognised in profit or loss to the extent that it is probably that the economic benefits will flow to the School and the revenue and costs, if applicable, can be measured reliably.

Rendering of services

The Group is principally engaged in providing educational services bundled with stationeries which is consumable for one School year. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognised when the service is rendered.

3 Summary of significant accounting policies (continued)

3.17 Revenue from contracts with customers (continued)

Rendering of services (continued)

The total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on education authority's approved fees and negotiated prices at which the Group sells the services in separate transactions.

Management fees

Management fees are recognised when the relevant services have been rendered and the amount of revenue can be measured reliably.

Revenue from contracts with customers shall be segregated from revenue from other sources (i.e. finance income).

3.18 New standards, amendments and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 September 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

	Effective date
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 September 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37)	1 September 2021
Annual improvements to IFRS Standards 2018-2020	1 September 2021
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 September 2021
Classification of Liabilities as Current and Non-current (Amendments to IAS 1)	1 September 2022
Sale or Contribution of Assets between Investor and its Associates or Joint Venture (Amendments to IFRS 10 and 28)	Effective date deferred indefinitely

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's management.

(a) Market risk

(i) Foreign exchange risk

Currency risk arises on service income and recognised assets or liabilities that are primarily denominated in a currency that is not entity's functional currency. The Group has no significant exposure to this risk as the majority of its transactions are either in AED or United States Dollars ("USD") to which the AED is pegged.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual instrument or its issuers or factors affecting all the instruments traded in the market. Hence, the Group has no exposure to price risk as there is no price sensitive financial instruments.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from wakala and sukuk deposits and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At 31 August 2021, if interest rates on bank borrowings had been 1% higher or lower with all other variables held constant, profit for the year would have been lower or higher by AED 1,960,989 (2020: AED 1,143,357).

At 31 August 2021, if interest rates on wakala and sukuk deposits had been 1% higher or lower with all other variables held constant, profit for the year would have been higher or lower by AED 531,943 (2020: AED 600,050).

(b) Credit risk

Credit risk is the risk that the counterparty will cause a financial loss to the Group by failing to discharge an obligation.

Credit risk arises from fees and other receivables (excluding prepayments), Amlak wakala deposit, wakala deposits and cash and cash equivalents. The exposure to credit risk on fees and other receivables, Amlak wakala deposit, wakala deposits and cash and cash equivalents are monitored on an ongoing basis by the management and these are considered recoverable by the Group's management and impairment is booked whenever recoverability is doubtful.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Board of Directors of the Group constantly review and assesses the credit as well as business risk of having such a significant exposure to a single client. The Group establishes an allowance for impairment using the ECL approach.

The Group is exposed to credit risk on the following balances:

	2021 AED	2020 AED
Fees and other receivables (excluding prepayments)	**40,922,004**	49,652,219
Amlak wakala deposit	**-**	25,025,896
Wakala deposits	**45,131,389**	20,002,167
Cash at banks and sukuk deposits	**192,698,227**	113,907,280
	278,751,620	208,587,562

Impairment losses

Impairment losses on financial assets recognised in profit or loss were as follows:

	2021 AED	2020 AED
Impairment loss on fees and other receivables (including direct write-off of fees receivables)	**1,335,957**	3,500,085
Impairment loss on Amlak wakala deposit (refer to Note 9)	**6,964,626**	5,642,035
	8,300,583	9,142,120

Fees and other receivables

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group does not hold any collateral as security. The carrying values of fees and other receivables approximate to their fair values. The other classes within fees and other receivables are neither passed due and nor impaired.

Expected Credit Loss (ECL) assessment for customers as at 31 August 2021

The Group uses an allowance matrix to measure the ECLs of fees receivables from customers.

Loss rates are calculated using "roll rate" method based on the profitability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately to exposures in different segments based on common credit risks characteristics.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

Expected Credit Loss (ECL) assessment for customers as at 31 August 2021 (continued)

The following table provides the information above the exposure to credit risk and ECLs for fees receivables:

	Gross AED	Loss allowance AED
As at 31 August 2021		
Less than one year	**4,015,789**	**(1,763,169)**
More than one year	**1,921,792**	**(1,921,792)**
	5,937,581	**(3,684,961)**
As at 31 August 2020		
Less than one year	5,627,997	(3,809,053)
More than one year	496,877	(496,877)
	6,124,874	(4,305,930)

The movement in the Group's allowance for impairment of fees receivables is as follows:

	2021 AED	2020 AED
At 1 September	**4,305,930**	1,602,442
Add: charge for the year (Note 19)	**1,335,957**	3,500,085
Less: written-off during the year	**(1,956,926)**	(796,597)
At 31 August	**3,684,961**	4,305,930

Cash and cash equivalents and wakala deposits

Cash and cash equivalents and wakala deposits comprise of balances and deposits held with reputable local banks and financial institutions. The credit ratings of the major counterparties are given below:

Counterparty	Rating	2021 AED	Rating	2020 AED
Banks and financial institutions				
A	A1	**237,829,616**	A1	133,909,447
B*	-	**-**	unrated	26,277,289
		237,829,616		160,186,736

** Represents Amlak wakala deposit – debt and equity portions*

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group maintains flexibility in funding by keeping adequate cash and bank balances.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount AED	Contractual cash flows AED	Less than 1 year AED	Between 1 and 5 years AED	More than 5 years AED
As at 31 August 2021					
Trade and other payables (excluding debentures)	**77,839,843**	**(77,839,843)**	**(77,839,843)**	-	-
Bank borrowings	**196,088,882**	**(215,671,701)**	**(28,303,207)**	**(187,368,494)**	-
Lease liabilities	**150,145,554**	**(222,733,751)**	**(13,891,491)**	**(84,588,123)**	**(124,254,137)**
	424,074,279	**(516,245,295)**	**(120,034,541)**	**(271,956,617)**	**(124,254,137)**
As at 31 August 2020					
Trade and other payables (excluding debentures)	33,163,143	(33,163,143)	(33,163,143)	-	-
Bank borrowings	114,535,714	(131,743,161)	(12,395,270)	(119,347,891)	-
Lease liabilities	151,162,983	(231,201,391)	(12,800,973)	(68,893,281)	(149,507,137)
	298,861,840	(396,107,695)	(58,359,386)	(188,241,172)	(149,507,137)

4.2 Capital risk management

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt represents total borrowings, including 'current and non-current borrowings' less cash and cash equivalents as shown in the consolidated statement of financial position. Total capital is calculated as 'net equity' as shown in the consolidated statement of financial position.

4 Financial risk management (continued)

4.2 Capital risk management (continued)

	2021 **AED**	2020 AED
Bank borrowings (Note 13)	**196,088,882**	114,535,714
Cash and bank balances including wakala deposits (Notes 11 and 12)	**(238,125,076)**	(134,101,382)
Net debt	**-**	-
Total equity	**918,550,290**	889,894,701
Total capital	**918,550,290**	889,894,701
Gearing ratio	n/a	n/a

4.3 Fair value estimation

At 31 August 2021 and 2020, the carrying value of the Group's financial assets and financial liabilities approximates their fair value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets that are measured at fair value:

	Level 1 AED	**Level 2 AED**	**Level 3 AED**	**Total AED**
Assets				
Equity investments at FVOCI				
Equity investments at FVOCI / Amlak CCI portion at 31 August 2021	-	-	-	-
Equity investments at FVOCI / Amlak CCI portion at 31 August 2020	-	-	1,251,393	1,251,393

4 Financial risk management (continued)

4.3 Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

5 Critical accounting estimates

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

(a) Impairment losses on goodwill

The Group determines whether goodwill is impaired at least on an annual basis and whenever indicators of impairment exist. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating a value in use requires the management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 6).

(b) Impairment on financial assets

In determining whether impairment losses should be recognised on the Group's financial assets, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. The Group uses an allowance matrix to measure the ECLs.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast GDP.

6 Goodwill

	2021 AED	2020 AED
Acquisition through business combination:		
- Taaleem LLC	**140,552,271**	140,552,271
- Taaleem Management LLC	**67,464,432**	67,464,432
	208,016,703	208,016,703
Less: impairment loss	**(3,084,640)**	-
	204,932,063	208,016,703

Goodwill on acquisition of Taaleem LLC and Taaleem Management LLC represents the excess consideration over the fair value of acquired assets and liabilities including identifiable assets and liabilities. The identifiable assets represent future economic benefits from assets that are not capable of being individually identified and separately recognised.

The Group has recognised AED 3.08 million impairment loss on goodwill on the closure of TCG during the year ended 31 August 2021.

For the purpose of testing goodwill impairment, the recoverable amounts for cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a five-year period. Cash flows beyond the five-year period have been extrapolated using the terminal growth rates stated below. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate (Weighted Average Cost of Capital, i.e. WACC), gross margins consistent with historical trends adjusted for expected efficiency and price improvement and growth rates based on management's expectations for market development. The growth rate does not exceed the long-term average growth rate for the markets in which the cash generating units operate. Any reasonably possible changes to the assumptions will not lead to an impairment. The key assumptions used in the value-in-use calculations are as follows:

	2021		2020	
	Discount rate (WACC)	**Growth rate**	Discount rate (WACC)	Growth rate
Taaleem LLC	**12%**	**2%**	12%	2%
Taaleem Management LLC	**12%**	**2%**	12%	2%

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the above cash-generating units, management believes that no reasonable possible change in any of the above key assumptions will cause the carrying value of the CGU to materially exceed its recoverable amount.

7 Other intangible assets

	Brand and curriculum AED	Student relationships AED	Below market leases AED	Total AED
Cost				
At 1 September 2019 / 31 August 2020	18,611,546	10,774,162	41,514,292	70,900,000
At 1 September 2020 / 31 August 2021	**18,611,546**	**10,774,162**	**41,514,292**	**70,900,000**
Accumulated amortisation				
At 1 September 2019	18,611,546	10,774,162	28,113,190	57,498,898
Amortisation for the year	-	-	795,036	795,036
At 31 August 2020	18,611,546	10,774,162	28,908,226	58,293,934
Amortisation for the year	-	-	524,416	524,416
At 31 August 2021	**18,611,546**	**10,774,162**	**29,432,642**	**58,818,350**
Net book value				
At 31 August 2021	-	-	**12,081,650**	**12,081,650**
At 31 August 2020	-	-	12,606,066	12,606,066

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 August 2021

8 Property and equipment

	Land AED	Buildings AED	Leasehold improvements and outdoor equipment AED	Furniture and fixtures AED	Books, office, classroom and IT equipment AED	Motor vehicles AED	Capital work in progress AED	Total AED
Cost								
At 1 September 2019	148,298,121	836,820,683	43,771,902	40,094,161	100,800,762	1,149,630	6,100,722	1,177,035,981
Additions	-	-	7,897,071	4,126,315	8,850,128	-	37,846,041	58,719,555
Transfer from capital work in progress	-	12,158,035	-	-	-	-	(12,158,035)	-
Disposals and write-offs	-	-	(1,184,594)	(1,577,446)	(2,917,270)	(52,430)	-	(5,731,740)
At 31 August 2020	148,298,121	848,978,718	50,484,379	42,643,030	106,733,620	1,097,200	31,788,728	1,230,023,796
Additions	-	-	1,569,787	3,175,723	10,388,436	409,964	153,724,626	169,268,536
Disposals and write-offs	-	-	(56,000)	-	-	(340,443)	-	(396,443)
At 31 August 2021	**148,298,121**	**848,978,718**	**51,998,166**	**45,818,753**	**117,122,056**	**1,166,721**	**185,513,354**	**1,398,895,889**
Accumulated depreciation								
At 1 September 2019	-	210,150,745	14,943,380	34,041,572	89,330,080	790,085	-	349,255,862
Charge for the year	-	28,728,861	3,895,961	3,564,277	8,696,802	147,008	-	45,032,909
Disposals and write-offs	-	-	(1,184,594)	(1,577,446)	(2,917,270)	(52,430)	-	(5,731,740)
At 31 August 2020	-	238,879,606	17,654,747	36,028,403	95,109,612	884,663	-	388,557,031
Charge for the year	-	29,152,185	3,722,200	2,796,170	8,474,394	148,737	-	44,293,686
Disposals and write-offs	-	-	-	-	-	(295,596)	-	(295,596)
At 31 August 2021	**-**	**268,031,791**	**21,376,947**	**38,824,573**	**103,584,006**	**737,804**	**-**	**432,555,121**
Net book value								
At 31 August 2021	**148,298,121**	**580,946,927**	**30,621,219**	**6,994,180**	**13,538,050**	**428,917**	**185,513,354**	**966,340,768**
At 31 August 2020	148,298,121	610,099,112	32,829,632	6,614,627	11,624,008	212,537	31,788,728	841,466,765

8 Property and equipment (continued)

(a) Land comprises of a granted land in Mirdif, Dubai in addition to five freehold plots of land which are located in Jumeirah Islands, Jumeirah Park, Al Thanayah fourth, Emirates Hills and Dubai Studio City respectively. All these plots of land (except Dubai Studio City) are legally held in the name of Taaleem Management LLC for the beneficial interest of Taaleem LLC. Land in Dubai Studio City is legally held by Taaleem LLC.

(b) Buildings mainly include the costs of construction, extension and refurbishment of five school buildings namely AAG, RIS, GIS, RIS-KA (phase 1) and TCGB, which are constructed on leasehold land. School buildings of UIS (phases 1, 2 and 3) are constructed on granted land. DBF school building, DBS-JP school building and Dubai Studio City staff residential building is constructed on acquired freehold land. JBS building is leased. All these land leases except for RIS and JBS are in the name of Taaleem Management LLC held on behalf of Taaleem LLC. The management of Taaleem LLC is of the opinion that these leases will be renewed for the foreseeable future.

(c) As at 31 August 2021, capital work-in-progress mainly comprises costs relates to the construction costs of phase II of RIS-KA in Abu Dhabi, UAE. Also refer to Note 31.

(d) On 9 May 2011, Taaleem LLC received a grant in the form of a parcel of land from the Government of Dubai for construction of a school ("UIS"). The grant was conditional and stated that Taaleem LLC had to start construction of a kindergarten section within one year from the receipt of the granted land and start construction of primary, intermediary and secondary schools within three years of the receipt date of the granted land. At 31 August 2012, Taaleem LLC had completed construction of a kindergarten section ("UIS phase 1"), which became operational from September 2012. Further at 31 August 2012, Taaleem LLC's Board of Directors had reasonable assurance that other conditions attached to the granted land would be met and therefore recognised the fair value of the granted land as deferred income. The valuation of this granted land was obtained from an independent firm of surveyors and property consultants who valued it in accordance with Royal Institute of Chartered Surveyors ("RICS") appraisal and valuation manual, issued by RICS. As per the independent valuers report the market value of the land amounted to AED 100 million. The independent valuer further stated in their report that in accordance with the property laws, the transfer of granted land to private title (to obtain a title deed with freehold status for the plot of land) can attract a fee of 30% of the market value of the land. Hence, on a prudent basis, the Board of Directors of Taaleem LLC had resolved to record the granted land at 70% of its market value in that year, and the balance 30% would be recorded as and when Taaleem LLC decides to obtain private title to the granted land in future.

(e) On 31 August 2014, the construction of UIS phase 3 that includes remaining parts of the intermediary and secondary section was completed which became operational in September 2014. Thereby, all conditions attached to conditional grant of the land have been met (Note 15).

8 Property and equipment (continued)

(f) During 2014, Taaleem LLC acquired a freehold plot of land in Dubai Studio City, in the Emirate of Dubai for AED 24.2 million, the consideration of which was settled by one-time payment. The sale purchase agreement ("SPA") was signed between Taaleem LLC and seller on 14 August 2014, however the title deed was received post year-end on 22 September 2014. Following the completion of design, Taaleem LLC, commenced construction of a residential tower for staff accommodation on this freehold plot. The construction of the residential tower was completed in 2016 and is now being used as staff accommodation.

9 Amlak wakala deposit and equity investments at FVOCI

The Group had entered into a Master Wakala Agreement with Amlak Finance PJSC ("Amlak") in early 2007. Under the terms of the Master Wakala Agreement, the Group would place corporate wakala deposits with Amlak from time to time. The term of these wakala deposits would vary between 1, 3 and 6 months.

Amlak underwent various restructurings and on 25 November 2014 when the agreement was signed by all the parties, the previously recognised non-current deposit had been de-recognised and two financial instruments had been recognised. The carrying value of the instruments at the time of initial recognition has been determined in proportion of the fair value of the new instruments. In 2014, fair value adjustment of AED 1,615,811 was transferred to fair value reserve.

In March 2021, the Group signed a settlement agreement with Amlak and received a total cash consideration of AED 20.36 million as a full settlement for both financial instruments.

Amlak wakala deposit at amortised cost

	2021 AED	2020 AED
Amortised cost as at 1 September		
Current portion of Amlak wakala deposit	**1,726,137**	4,674,165
Non-current portion of Amlak wakala deposit	**23,299,759**	26,146,609
	25,025,896	30,820,774
Prepayment received during the year	**(1,946,532)**	(152,843)
Impairment loss for the year	**(6,964,626)**	(5,642,035)
Amortised cost as at 31 August	**16,114,738**	25,025,896
Proceeds received on settlement	**(16,114,738)**	-

9 Amlak wakala deposit and equity investments at FVOCI (continued)

Amlak wakala deposit classified as equity investments at FVOCI

	2021 AED	2020 AED
Fair value as at 1 September	**1,251,393**	1,251,393
Change in fair value for the year directly recognised in OCI	**2,879,508**	-
Fair value as at 31 August	**4,130,901**	1,251,393
Proceeds received on settlement	**(4,130,901)**	-

10 Fees and other receivables

	2021 AED	2020 AED
Fees receivables	**5,937,581**	6,124,874
Less: allowance for impairment of fees receivables (Note 4)	**(3,684,961)**	(4,305,930)
	2,252,620	1,818,944
Prepayments*	**29,787,560**	26,695,852
Deposits and advances	**38,669,384**	46,822,363
Other receivables	**-**	1,010,912
	70,709,564	76,348,071
Less: Capital advances presented as non-current**	**(1,466,766)**	(25,909,000)
	69,242,798	50,439,071

The carrying amounts of the Group's fees and other receivables are denominated in AED. The creation and release of the allowance for impaired receivables have been included in 'general and administrative expenses' in profit or loss.

*Prepayments includes AED 20.3 million (2020: AED 16.7 million) paid towards staff accommodation including advance house rent allowance.

**Capital advances pertains to amounts paid by the Group to a contractor for the construction of phase II of RIS-KA in Abu Dhabi, UAE.

11 Wakala deposits

	2021 AED	2020 AED
Wakala deposits	**45,131,389**	60,005,000
Less: Wakala deposits - maturity less than 3 months (Note 12)	**-**	(40,002,833)
	45,131,389	20,002,167

Wakala deposits are placed with a local bank carrying profit mark-up rates ranging from 0.30% to 0.80% per annum (2020: 0.35% to 1.15% per annum).

12 Cash and cash equivalents

	2021 AED	2020 AED
Cash in hand	**295,460**	191,935
Cash at banks	**184,635,347**	73,904,447
Sukuk deposits	**8,062,880**	-
Wakala deposits (Note 11)	**-**	40,002,833
	192,993,687	114,099,215

Sukuk deposits are placed with a local financial institution carrying a profit mark-up rates ranging from 1.75% to 2% per annum and redeemable any time after 30 days from deposit date without penalty.

13 Bank borrowings

	2021 AED	2020 AED
At 1 September	**114,535,714**	84,346,564
Add: finance cost charged for the year (Note 22(a))	**3,617,116**	3,637,755
Add: loan drawdown	**90,000,000**	75,631,846
Less: finance costs paid for the year	**(3,617,116)**	(4,334,319)
Less: repaid during the year	**(8,446,832)**	(44,746,132)
At 31 August	**196,088,882**	114,535,714
Less: Current portion of bank borrowings	**(24,535,298)**	(9,928,571)
Non-current portion of bank borrowings	**171,553,584**	104,607,143

The financing carried a profit payable on a quarterly basis at the rate of 3 months Emirates Inter Bank Offer Rate (EIBOR) subject to a floor of 1.85% profit mark-up in 2021 (2020: 1.85%).

Borrowing costs amounting to AED 2,406,162 (2020: AED 3,029,590) was assigned as finance costs to profit or loss and borrowing costs amounting to AED 1,210,954 (2020: AED 608,165) have been capitalised as a part of qualifying assets during the year.

The carrying amount of current borrowings approximates their fair value at the reporting date. Non-current borrowings are at market linked variable interest rates and therefore the carrying amounts of non-current borrowings approximate their fair value at the reporting date.

The above borrowings are secured by:

(a) Movable Asset Security Agreement;

(b) First rank legal mortgage over property at plot No. 91, AI Hebaih Second, Dubai (Dubai Studio City building) for AED 88.2 million in favor of the bank;

(c) Assignment of insurance over property at plot No. 91, AI Hebaih Second, Dubai in favor of the bank;

(d) First rank legal mortgage over property located at plot No. 382 (25 1-4293), Mirdif, Dubai (Uptown School Mirdif) for AED 100 million in favor of the bank;

13 Bank borrowings (continued)

(e) Assignment of insurance over building for Uptown Mirdif School at plot no. 382 (251-4293), Mirdif, Dubai in favor of the bank;

(f) Assignment of lease agreement of Greenfield International School on plot no. 598-249, Dubai Investment Park, Dubai, acknowledged and approved by Dubai Investment Park Development Co. LLC, covering facilities of Taaleem Management LLC;

(g) First rank legal mortgage over plot no. 6648 (394-4046) located at Al Thanayah fourth, Dubai (Dubai British School, Dubai) for AED 40 million in favor of the bank;

(h) Assignment of insurance over the building at Dubai British School Plot No. 6648 (394-4046) located at Al Thanayah fourth, Dubai covering mortgage value;

(i) Assignment of insurance over the building at Greenfields International School Plot No. 598-249 Dubai Investment Park, Dubai in favor of the bank;

(j) Assignment of all receivables, cash flows, school fees from all Schools under the Taaleem Holding PSC group entities, in favor of the bank (each obligor / co obligor to assign entire receivables / cash flows from all Schools for facilities availed / to be availed by itself or any group entity which has availed or in future avail facilities from the bank);

(k) Assignment of insurance over RIS-KA covering the Ijara (II) facility, in favor of the bank by January 2021 and in an amount acceptable to the bank:

(l) Assignment of all receivables, cash flows and school fees from RIS-KA covering the Ijara (II) Facility and in favor of the bank (once school is completed and operational);

(m) Assignment of cash flows under POA / Wakala contract between Taaleem Holdings PSC and Taaleem SPV Ltd. (or any other entity which hold assets financed by the bank) in favor of the bank;

(n) Negative pledge on Taaleem LLC shares that Taaleem Holdings P.S.C. will not sell or encumber without prior written permission of the bank during the tenor of the facility; and

(o) Cross collateralisation of all securities including mortgage properties covering all facilities of Taaleem LLC, Taaleem Management LLC and Taaleem Holdings P.S.C. until full and final settlement of all facilities / exposure.

The Group is required under the above facilities to comply with the following financial covenants:

a) To maintain minimum DSCR of 1.3x at all times;
b) Maximum net debt / EBITDA of 4x; and
c) Maintain gearing ratio maximum of 1x at all times.

As at the reporting date, the Group is in compliance with the above-mentioned covenants.

14 Provision for employees' end of service benefits

	2021 AED	2020 AED
At 1 September	**17,179,149**	22,192,483
Add: provision for the year (Note 20)	**7,599,809**	6,588,010
Less: payments made during the year	**(5,624,578)**	(11,601,344)
At 31 August	**19,154,380**	17,179,149

The Group provides end-of-service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, which is calculated in accordance with UAE Labour Law.

15 Deferred income on government grant

	2021 AED	2020 AED
At 1 September	**53,620,574**	56,057,873
Less: transferred to profit or loss	**(2,437,300)**	(2,437,299)
At 31 August	**51,183,274**	53,620,574
Less: Current portion of deferred income on government grant	**(2,437,300)**	(2,437,299)
Non-current portion of deferred income on government grant	**48,745,974**	51,183,275

The allocated amount of deferred income pertaining to granted land for UIS phases 1, 2 and 3 has been computed based on student capacity of UIS (phases 1, 2 and 3). This allocated amount is amortised over useful life of the building constructed for UIS (Note 8(d)).

16 Trade and other payables

	2021 AED	2020 AED
Trade payables	**34,632,630**	25,295,960
Accruals and provisions	**29,987,996**	3,827,872
Retention payable	**12,865,468**	3,470,447
Corporate debentures payable	**4,939,871**	5,651,035
Dividends payable	**353,749**	568,864
	82,779,714	38,814,178
Less: Long-term debentures payable	**(4,228,908)**	(4,939,947)
	78,550,806	33,874,231

Corporate debentures payable relate to proceeds on issuance of priority student seats offered at all the Schools for third party corporates, whereby, each debenture is amortised over 15 years.

17 Revenue

	2021 AED	2020 AED
Gross term fees	**528,020,199**	515,109,230
Discounts*	**(13,311,494)**	(37,304,982)
Net term fees	**514,708,705**	477,804,248
Management fee**	**5,235,292**	2,000,000
Application fees	**1,005,341**	481,224
	520,949,338	480,285,472

Nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies are disclosed in Note 3.

*Discounts in the previous year included AED 26.97 million COVID-19 hardship discount.

**Management fee is earned from ADEK for the management of the four charter schools in Abu Dhabi, UAE under the service agreement.

18 Operating costs

	2021 AED	2020 AED
Staff costs (Note 20)	**286,121,497**	283,240,622
Depreciation of right-of-use assets (Note 28(i))	**12,457,693**	11,865,566
School supplies	**5,160,745**	4,931,108
Lease rent and service charges	**4,969,807**	6,563,488
Bank charges	**2,849,678**	2,495,141
Other	**3,150,907**	4,730,397
	314,710,327	313,826,322

19 General and administrative expenses

	2021 AED	2020 AED
Staff costs (Note 20)	**15,562,709**	15,852,519
Water and electricity charges	**14,668,278**	12,714,660
Repairs and maintenance	**11,773,716**	10,206,679
Janitorial and security	**9,465,137**	8,241,936
Legal and professional	**5,663,498**	4,272,760
Marketing and advertisement	**4,726,356**	4,100,061
Board remuneration and compensation (Note 22)	**3,000,000**	3,000,000
Travel and communication	**1,573,663**	1,189,730
Printing and stationery	**1,450,866**	1,352,465
Impairment loss on fees receivables (Note 4)	**1,335,957**	3,500,085
Office rent	**490,461**	523,018
Others (events, insurance, bank charges, penalties)	**7,011,592**	2,302,114
	76,722,233	67,256,027

20 Staff costs

	2021 AED	2020 AED
Salary and allowances	**227,673,024**	224,758,718
Staff accommodation	**43,166,512**	45,407,541
Staff - discount on tuition fees	**23,244,861**	22,368,872
Employees' end of service benefits (Note 14)	**7,599,809**	6,558,010
	301,684,206	299,093,141
Staff costs are included in:		
Operating costs (Note 18)	**286,121,497**	283,240,622
General and administrative expenses (Note 19)	**15,562,709**	15,852,519
	301,684,206	299,093,141

21 Other income

	2021 AED	2020 AED
Income - sports activity	**4,173,273**	2,206,486
Bad debt recoveries	**1,907,782**	-
Debenture income	**711,040**	711,000
Transport income	**413,440**	626,438
Income from conferences	**377,683**	207,840
Rental income from shops at Dubai Studio City	**337,675**	370,945
Commission - uniforms	**102,818**	900,265
Commission - cafeteria	**110,311**	205,340
Gain on disposal of property and equipment	**78,276**	10,475
Miscellaneous income	**2,971,796**	-
	11,184,094	5,238,789

22 Related party transactions and balances

Related parties include the Group's shareholders, directors and other businesses, which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence (hereinafter referred to as "affiliates") and key management personnel.

(a) Related party transactions

The aggregate value of transactions entered with related parties during the year is as per the terms mutually agreed between the related parties, is as follows:

	2021 AED	2020 AED
Profit from wakala deposits (Note 23)	**228,622**	813,664
Profit from sukuk deposits (Note 23)	**62,880**	-
Finance costs (Note 13)	**3,617,116**	3,637,755
Bank borrowings obtained (Note 13)	**90,000,000**	75,631,846
Repayments of bank borrowings (Note 13)	**8,446,832**	44,746,132
Dividends (Note 27)	**52,500,000**	75,000,000

	2021 AED	2020 AED
Compensation to key management personnel		
Short-term employee benefits	**12,170,501**	11,029,297
Provision for employees' end of service benefits	**276,362**	349,476
Tuition fee discounts	**329,756**	385,070
Executive Committee and Audit Committee compensation	**1,253,682**	1,044,167
Board remuneration, compensation and other benefits (Note 19)	**3,000,000**	3,000,000

22 Related party transactions and balances (continued)

(b) Related party balances

	2021 AED	2020 AED
Due from related parties		
Emirates Islamic Bank		
Bank balance (Note 12)	**181,802,848**	73,410,186
Wakala deposits (Note 11)	**45,131,389**	60,005,000
	226,934,237	133,415,186
National Bonds Corporation		
Sukuk deposits (Note 12)	**8,062,880**	-
	8,062,880	-
Borrowings from a related party		
Emirates Islamic Bank (Note 13)	**196,088,882**	114,535,714

23 Finance income

	2021 AED	2020 AED
Profit from Amlak wakala deposit	**604,610**	175,797
Profit from wakala and sukuk deposits (Note 22(a))	**291,502**	813,664
	896,112	989,461

24 Finance costs

	2021 AED	2020 AED
Finance costs on borrowings (Note 13)	**2,406,162**	3,029,590
Finance costs on lease liabilities (Note 28(ii))	**8,484,673**	7,720,190
	10,890,835	10,749,780

25 Share capital

	2021 AED	2020 AED
Issued and fully paid up capital:		
750,000,000 ordinary shares of AED 1 each (2020: 750,000,000 ordinary shares of AED 1 each)	**750,000,000**	750,000,000

26 Statutory reserve

In accordance with the Group and its entities, Articles of Association and the UAE Federal Law No. (2) of 2015, a minimum of 10% of net profit of the Group entities is required to be allocated every year to a statutory reserve, which is not distributable. Such allocations may be ceased when the statutory reserve equals to half of the paid-up share capital of the respective group entities. Accordingly, an amount of AED 8,389,738 (2020: AED 6,178,547) has been transferred to statutory reserve in the current year.

27 Dividends

During the shareholders meeting dated 13 December 2020, the shareholders approved a dividend of AED 0.07 per share amounting to AED 52,500,000 (2020: AED 75,000,000), of which divided amounting to AED 52,314,657 was paid (2020: an amount of AED 74,859,091 was paid).

28 Leases

The Group leases land and buildings. Lease terms and rental calculations vary significantly between different lease agreements. The leases typically run between 20 to 50 years.

i. Right-of-use assets

	2021 AED	2020 AED
At 1 September	**148,792,906**	160,658,472
Impact on lease modification during the year	**3,219,090**	-
Depreciation charge for the year (Note 18)	**(12,457,693)**	(11,865,566)
At 31 August	**139,554,303**	148,792,906

ii. Lease liabilities

	2021 AED	2020 AED
At 1 September	**151,162,983**	160,209,737
Finance cost on lease liabilities (Note 24)	**8,484,673**	7,720,190
Impact on lease modification during the year	**3,219,090**	-
Less: payments made against lease liabilities	**(12,721,192)**	(16,766,944)
At 31 August	**150,145,554**	151,162,983
Less: current portion of lease liabilities	**(5,856,994)**	(4,957,705)
Non-current portion	**144,288,560**	146,205,278

28 Leases (continued)

iii. Amounts recognised in the consolidated statement of profit or loss

	2021 AED	2020 AED
Depreciation expense on right-of-use assets (Note 18)	**12,457,693**	11,865,566
Finance cost on lease liabilities (Note 24)	**8,484,673**	7,720,190
Expense relating to short-term leases and low value assets (recognition exemption under IFRS 16)	**48,626,780**	52,494,047
	69,569,146	72,079,803

iv. Amounts recognised in the consolidated statement of cash flows

	2021 AED	2020 AED
Total cash outflow for leases (excluding cash outflow relating to recognition exemption for short-term leases and low value assets)	**12,721,192**	16,766,944

29 Contingencies and capital commitments

		2021 AED	2020 AED
(a)	Capital commitments	**14,406,075**	108,563,150
(b)	Bank guarantee	**113,053,801**	77,435,579

The Group's capital commitments mainly relates to its on-going construction of phase II of RIS-KA in Abu Dhabi, UAE. Also refer to Note 31.

Bank guarantee pertains to the advance and performance guarantee issued by the Group in favour of ADEK in relation to the management agreement entered by the Group with ADEK and performance guarantee in favour of ADEK for the building of school by the Group in Abu Dhabi, UAE.

30 Impact of COVID-19

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and continue to impact the Group's operations. The Group is closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. These contingency measures include amongst others communication plans with students, term fee discounts, waiver on application fees, flexible payment plans, introduction of various online classes facilities and measures to safeguard the welfare of the Group's employees and students at the Group's premises.

The Group has not yet seen a significant impact on the fee collections from the students post COVID-19 and is certain to operate in a similar manner in future years as well. The Group will keep these contingency measures under review as the situation is fast evolving, the effect of the outbreak is by nature subject to significant levels of uncertainty, with full range of possible effects unknown.

31 Subsequent event

On 5 September 2021, the construction of phase II of RIS-KA was completed and the school operations for students from Grade 4 to Grade 8 commenced thereafter for the academic year 2021-22.

32 Comparative information

Certain comparative figures have been regrouped / reclassified to conform to the presentation adopted in these consolidated financial statements. Such reclassifications do not affect the previously reported profit or net assets.

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Directors' report and consolidated financial statements for the year ended 31 August 2020

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Directors' report and consolidated financial statements for the year ended 31 August 2020

DIRECTORS' REPORT

The Board of Directors has the pleasure of presenting the annual report and audited consolidated financial statements of Taaleem Holdings P.S.C. (Private Joint Stock Company) ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 August 2020.

Principal activities and business review

The Group has been licensed to provide educational services.

Until the period ended 31 August 2007, the Company had not commenced commercial operations. With effect from 1 September 2007, the Company acquired 100% shares in Taaleem LLC ("Taaleem LLC") a Company incorporated in the Emirate of Dubai and Taaleem Management LLC ("Taaleem Management LLC") a Limited Liability Company incorporated in the Emirate of Dubai. By virtue of this acquisition, the Group acquired five operating Schools in the Emirate of Dubai and one operating School in the Emirate of Abu Dhabi: Dubai British School, Al Mizhar American Academy, Uptown Primary School, The Children's Garden Green Community, Greenfield Community School and Raha International School respectively.

By year ended 31 August 2008, the Group purchased another school building and refurbished it to expand Uptown Primary School to its secondary campus, Uptown High School in the Emirate of Dubai which commenced commercial operations in September 2008.

By 31 August 2009, the Group was involved in the set up its 8th campus, a nursery, The Children's Garden, Jumeira ("TCG-J") in the Emirate of Dubai, which started commercial operations in September 2009.

In 2017, the Board of Directors of the Company resolved to close TCG-J upon completion of the 2016-17 academic year and twelve months ahead of the lease expiry, mainly due to low demand and limited facilities of the school.

As at 31 August 2010, the Group was involved in the set-up of its 9th campus, Jumeira Baccalaureate School, in the Emirate of Dubai, which started commercial operations in September 2010.

In 2011-12, the Group sold Uptown High School to a third party due to locational disadvantage and limited facilities offered by the campus.

As at 31 August 2012, the Group was involved in the set-up of two new campuses, Uptown School (Phase 1), located on granted land in Mirdif, Dubai and The Children's Garden, Barsha, located in Al Barsha, Dubai. The two campuses commenced commercial operations in September 2012. During 2013, the construction of Uptown School (Phase 2) was completed, following which the Group terminated the long-term lease of Uptown Primary campus and returned the campus back to the lessor.

As at 31 August 2014, the Group was involved in the construction of Uptown School (Phase 3), and Dubai British Foundation, a nursery located in Jumeira Islands, Dubai. Dubai British Foundation commenced commercial operations in September 2014.

DIRECTORS' REPORT (continued)

Principal activities and business review (continued)

As at 31 August 2015, the Group commenced commercial operations of its 11th campus, Dubai British School Jumeirah Park, located in Jumeirah Park, Dubai.

After the completion of the academic year ended 31 August 2019, the Board of Directors of the Company ended the operations of The Children's Garden, Barsha, located in Al Barsha, Dubai.

During the academic year 2018-19, a management agreement was signed with the education regulator for the Emirate of Abu Dhabi, ADEK, to run the operations of four Abu Dhabi based public schools, starting from the academic year 2019-20.

Three new entities were incorporated during the year 2019, which were: Taaleem SPV Limited, Taaleem Holdings Sole Proprietorship LLC and Raha International School Khalifa-A.

During the academic year 2019-20, the Board of Directors of the Company resolved to end the operations of The Children's Garden, Green Community, located in Dubai Investments Park, Dubai after the completion of the academic year ended 31 August 2020.

Results

The results of the Group for the year ended 31 August 2020 are set out on page 9 of the consolidated financial statements.

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 August 2020.

Transactions with related parties

The consolidated financial statements disclose related party transactions and balances in note 22. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Auditors

KPMG were appointed as external auditors for the Group for the year ended 31 August 2020. KPMG have expressed their willingness to continue in office. A resolution for the reappointment of the auditors will be proposed at the forthcoming Annual General Meeting.

....

Chairman Vice Chairman

Date: 15 NOV 2020

KPMG Lower Gulf Limited
The Offices 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent Auditors' Report

To the Shareholders of Taaleem Holdings P.S.C. (Private Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Taaleem Holdings P.S.C. (Private Joint Stock Company) ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 August 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 August 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the Directors' report which is set out on pages 1 and 2.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

v) as disclosed in note 1 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 August 2020;

vi) note 22 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 August 2020 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or in respect of the Company, its Articles of Association, which would materially affect its activities or its financial position as at 31 August 2020.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates
Date: 22 NOV 2020

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Consolidated statement of financial position

	Note	As at 31 August 2020 AED	2019* AED
ASSETS			
Non-current assets			
Goodwill	6	**208,016,703**	208,016,703
Other intangible assets	7	**12,606,066**	13,401,102
Property and equipment	8	**841,466,765**	827,780,119
Right-of-use assets	28	**148,792,906**	-
Capital advances	10	**25,909,000**	-
Amlak equity investments at FVOCI	9	**1,251,393**	1,251,393
Amlak wakala deposit	9	**23,299,759**	26,146,609
		1,261,342,592	1,076,595,926
Current assets			
Fees and other receivables	10	**50,439,071**	65,354,858
Amlak wakala deposit	9	**1,726,137**	4,674,165
Wakala deposits	11	**20,002,167**	51,303,611
Cash and cash equivalents	12	**114,099,215**	93,815,945
		186,266,590	215,148,579
TOTAL ASSETS		**1,447,609,182**	1,291,744,505
EQUITY AND LIABILITIES			
EQUITY			
Share capital	25	**750,000,000**	750,000,000
Statutory reserve	26	**45,560,845**	39,382,298
Fair value reserve	9	**1,615,811**	1,615,811
Retained earnings		**92,718,045**	124,539,667
Total equity		**889,894,701**	915,537,776
LIABILITIES			
Non-current liabilities			
Borrowings	13	**104,607,143**	45,600,000
Lease liabilities	28	**146,205,278**	-
Provision for employees' end of service benefits	14	**17,179,149**	22,192,483
Deferred income on government grant	15	**51,183,275**	53,620,574
Debentures payable	16	**4,939,947**	5,650,947
		324,114,792	127,064,004

Consolidated statement of financial position (continued)

	Note	As at 31 August 2020 AED	2019* AED
Current liabilities			
Borrowings	13	**9,928,571**	38,746,564
Lease liabilities	28	**4,957,705**	-
Trade and other payables	16	**33,874,231**	23,068,640
Deferred income on government grant	15	**2,437,299**	2,437,299
Fees received in advance		**182,401,883**	184,890,222
		233,599,689	249,142,725
TOTAL LIABILITIES		**557,714,481**	376,206,729
TOTAL EQUITY AND LIABILITIES		**1,447,609,182**	1,291,744,505

*Refer to note 3.1.1.1.

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operations and consolidated cash flows of the Group as of, and for, the year ended 31 August 2020.

These consolidated financial statements were approved by the Board of Directors on 15 NOV 2020 and signed on their behalf by:

....
Chairman

....
Vice Chairman

The notes on pages 12 to 52 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 6.

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Consolidated statement of comprehensive income

	Note	Year ended 31 August 2020 AED	2019* AED
Revenue	17	**480,285,472**	511,956,809
Operating costs	18	**(313,826,322)**	(312,374,403)
Operating margin		**166,459,150**	199,582,406
Other income	21	**5,238,789**	11,263,213
General and administrative expenses	19	**(67,256,027)**	(70,696,160)
Depreciation on property and equipment	8	**(45,032,909)**	(44,508,250)
Amortisation expense of other intangible assets	7	**(795,036)**	(3,180,531)
Impairment loss on Amlak wakala deposit	9	**(5,642,035)**	(7,996,352)
Operating profit		**52,971,932**	84,464,326
Income from government grant	15	**2,437,299**	2,437,299
Finance costs	24	**(10,749,780)**	(5,204,855)
Finance income	23	**989,461**	3,518,636
Net finance costs		**(9,760,319)**	(1,686,219)
Profit for the year		**45,648,912**	85,215,406
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**45,648,912**	85,215,406

*Refer to note 3.1.1.1.

The notes on pages 12 to 52 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 6.

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Consolidated statement of changes in equity

	Share capital AED	Statutory reserve AED	Fair value reserve AED	Retained earnings AED	Total AED
At 1 September 2018	750,000,000	30,000,431	1,615,811	132,856,801	914,473,043
Adjustment on initial application of IFRS 9 (Note 3)	-	-	-	(1,650,673)	(1,650,673)
Adjusted balance as at 1 September 2018	750,000,000	30,000,431	1,615,811	131,206,128	912,822,370
Total comprehensive income for the year	-	-	-	85,215,406	85,215,406
Transfer to statutory reserve (Note 26)	-	9,381,867	-	(9,381,867)	-
Dividends (Note 27)	-	-	-	(82,500,000)	(82,500,000)
As at 31 August 2019	750,000,000	39,382,298	1,615,811	124,539,667	915,537,776
Adjustment on initial application of IFRS 16 (Note 3)*	-	-	-	3,708,013	3,708,013
Adjusted balance as at 1 September 2019	750,000,000	39,382,298	1,615,811	128,247,680	919,245,789
Total comprehensive income for the year	-	-	-	45,648,912	45,648,912
Transfer to statutory reserve (Note 26)	-	6,178,547	-	(6,178,547)	-
Dividends (Note 27)	-	-	-	(75,000,000)	(75,000,000)
As at 31 August 2020	**750,000,000**	**45,560,845**	**1,615,811**	**92,718,045**	**889,894,701**

*Refer to note 3.1.1.1.

The notes on pages 12 to 52 form an integral part of these consolidated financial statements.

Taaleem Holdings P.S.C. (Private Joint Stock Company) and its subsidiaries

Consolidated statement of cash flows

	Note	Year ended 31 August 2020 AED	2019* AED
Operating activities			
Profit for the year		**45,648,912**	85,215,406
Adjustments for:			
Depreciation of property and equipment	8	**45,032,909**	44,508,250
Depreciation of right-of-use assets	18	**11,865,566**	-
Amortisation of other intangible assets	7	**795,036**	3,180,531
Provision for employees' end of service benefits	14	**6,588,010**	8,490,395
Provision for impairment on fee and other receivables	4	**3,500,085**	900,000
(Gain) / loss on disposal of property and equipment	21	**(10,475)**	18,116
Impairment loss on Amlak wakala deposit	9	**5,642,035**	7,996,352
Finance income	23	**(989,461)**	(3,518,636)
Finance costs	24	**10,749,780**	5,204,855
Amortisation of deferred income on government grant	15	**(2,437,299)**	(2,437,299)
Operating cash flow before payment of employees' end of service benefits and changes in working capital		**126,385,098**	149,557,970
Payment of employees' end of service benefits	14	**(11,601,344)**	(8,324,359)
Change in long-term debentures payable		**(711,000)**	(711,088)
Changes in working capital:			
Change in fees and other receivables (excluding provision for impairment in fees and other receivables)		**10,966,967**	(19,839,893)
Change in fees received in advance		**(2,488,339)**	990,590
Change in trade and other payables (excluding capital creditors and dividends payable)		**13,944,740**	(8,965,984)
Net cash from operating activities		**136,496,122**	112,707,236
Investing activities			
Purchase of property and equipment (net of capital creditors, capital advances, retention payable)		**(84,628,555)**	(34,278,281)
Proceeds from disposal of property and equipment		**10,475**	35,409
Change in wakala deposits		**31,301,444**	54,978,278
Prepayment of Amlak wakala deposit received		**143,845**	-
Finance income received		**998,459**	3,939,227
Net cash (used in) / from investing activities		**(52,174,332)**	24,674,633
Financing activities			
Proceeds from borrowings	13	**75,631,846**	-
Repayment of borrowings	13	**(44,746,132)**	(48,050,000)
Payments made against lease liabilities	28	**(16,766,944)**	-
Finance costs paid	13	**(3,726,154)**	(5,702,938)
Dividends paid	27	**(74,431,136)**	(82,600,000)
Net cash used in financing activities		**(64,038,520)**	(136,352,938)
Net increase in cash and cash equivalents		**20,283,270**	1,028,931
Cash and cash equivalents at the beginning of the year	12	**93,815,945**	92,787,014
Cash and cash equivalents at the end of the year	12	**114,099,215**	93,815,945

*Refer to note 3.1.1.1.

The notes on pages 12 to 52 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 6.

1 Legal status and activities

Taaleem Holdings P.S.C. (Private Joint Stock Company) ("the Parent Company" or "the Company") was registered with the Department of Economic Development, Dubai, United Arab Emirates on 5 February 2007 as a Private Joint Stock Company under the UAE Federal Law No. (2) of 2015. The Parent Company together with its subsidiaries is collectively referred to as "the Group". The address of the registered office of the Company is P.O Box 76691, Dubai, United Arab Emirates. The principal activities of the Group are providing and investing in educational services.

The Group's shareholding and the principal activities of subsidiaries are:

Name	Percentage of effective holding	Place of incorporation	Principal Activities
Taaleem LLC	100%	United Arab Emirates	Involved in setting up several schools.
Taaleem Management LLC	100%	United Arab Emirates	Manage schools throughout the UAE and provide administrative and technical services for structuring, developing and managing schools.
Taaleem SPV Limited*	100%	United Arab Emirates	Special purpose vehicle providing and investing in educational services.
Taaleem Holdings Sole Proprietorship LLC**	100%	United Arab Emirates	Investment in educational and commercial enterprises and management.
Raha International School Khalifa A***	100%	United Arab Emirates	Providing education to kindergartens, preliminary (intermediate) education, public elementary education and secondary education.

* Owned by two shareholders of the Parent Company for the beneficial interest of the Group.

** 100% owned by Taaleem SPV Limited.

*** 100% owned by Taaleem Holdings Sole Proprietorship LLC.

1 Legal status and activities (continued)

Taaleem LLC is involved in the set-up of the following schools:

(a) Dubai British School ("DBS")
(b) Al Mizhar American Academy ("AAM")
(c) The Children's Garden Kindergarten ("TCG")
(d) Raha International School ("RIS")
(e) Greenfield Community School ("GCS")
(f) Jumeira Baccalaureate School ("JBS")
(g) Uptown School ("UTS")
(h) The Children's Garden Kindergarten, Barsha ("TCGB")
(i) Dubai British Foundation Kindergarten ("DBF")
(j) Dubai British School Jumeirah Park ("DBS-JP")

The above schools are collectively referred to as "the Schools". These Schools commenced operations in earlier years. The trade licenses of the Schools are legally held by Taaleem Management LLC on behalf of Taaleem LLC.

During the academic year 2018-19, the Board of Directors ("BOD") of the Group had resolved to close the operation of TCGB after the completion of the academic year ended 31 August 2019 and proceed with a management agreement with a third party to operate the school.

In 2019, Taaleem Holdings Sole Proprietorship LLC entered into a management agreement with Abu Dhabi Department of Education and Knowledge ("ADEK") to operate and manage the four charter schools of ADEK in Abu Dhabi, UAE, commencing from September 2019.

During the academic year 2019-20, the BOD of the Group has resolved to close the operation of TCG after the completion of the academic year ended 31 August 2020.

The Group has not purchased or invested in any shares during the year ended 31 August 2020 (2019: Nil).

2 Acquisition of subsidiaries and goodwill

On 1 September 2007, the Group entered into a sale and purchase agreement (the "Agreement") with Taaleem LLC and Taaleem Management LLC, whereby, all the shares of Taaleem LLC and Taaleem Management LLC were transferred to the Group for a total consideration of AED 304.2 million and AED 65.8 million respectively. Pursuant to this Agreement, Taaleem LLC and Taaleem Management LLC became wholly owned subsidiaries of the Group. The Group had recognised the fair values of total assets, total liabilities and contingent liabilities acquired through the acquisition of Taaleem LLC and Taaleem Management LLC. The goodwill is attributable to the synergies expected from the business combination. In determining the following intangibles separately, the management had taken the fair value adjustments as at the date of acquisition. The intangibles are attributable to:

2 Acquisition of subsidiaries and goodwill (continued)

(a) Brand and curriculum

The individual schools of Taaleem LLC, though not registered for trademark, are protected by the rules of the school licensing authority, the Ministry of Education and the respective trade licensing authority in UAE which does not permit any third party to establish a school with the same names. As such this proves to be deemed legal form of protection, and therefore the brand name satisfies the recognition criteria for intangible asset. Accordingly, the Group recognised brand and curriculum as an intangible asset. Also refer to Note 7.

(b) Student relationships

Taaleem LLC has established relationships with its existing students. These relationships are valuable to the extent that these students remain enrolled in the school and continue to pay tuition fee until the completion of their respective program. Accordingly, student relationship has been recognised as an intangible asset. Also refer to Note 7.

(c) Below market leases

Taaleem LLC has school land and buildings which are taken on long term leases. The lease agreements were entered into at rates which were significantly below the equivalent market rates existing as of the acquisition date. Accordingly, below market leases has been recognised as an intangible asset in respect of these lease agreements. Also refer to Note 7.

3 Summary of significant accounting policies

Except for the changes in accounting policy for leases (refer Note 3.1.1.1 below) as a result of adoption of IFRS 16 *Leases*, the Group has consistently applied the accounting policies to all years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. These consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements are prepared under the historical cost convention basis except for financial assets measured at fair value through other comprehensive income.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

3 Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

As at 31 August 2020, the Group has net current asset position after excluding fees received in advance of AED 135,068,784 (2019: AED 150,896,076). Hence, these consolidated financial statements have been prepared on a going concern basis.

3.1.1 Changes in accounting policies and disclosures

3.1.1.1 IFRS 16 Leases

The Group has initially applied IFRS 16, *Leases* from 1 September 2019.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application, if any, is recognised in retained earnings at 1 September 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the change in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease under IFRS 16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 September 2019.

As a lessee

Previously, the Group classified all its leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

3 Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

3.1.1 Changes in accounting policies and disclosures (continued)

3.1.1.1 IFRS 16 Leases (continued)

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 September 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all its leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there's no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below:

3 Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

3.1.1 Changes in accounting policies and disclosures (continued)

3.1.1.1 IFRS 16 Leases (continued)

Impact on transition (continued)

	1 September 2019 AED
Right-of-use assets	160,658,472
Other receivables	(731,566)
Other payables	3,990,844
Lease liabilities	(160,209,737)
Retained earnings	(3,708,013)

When measuring lease liabilities for leases, the Group discounted lease payments using its incremental borrowing rate at 1 September 2019. The weighted average rate applied is 5.5%.

	1 September 2019 AED
Operating lease commitments as at 31 August 2019 under IAS 17	300,757,493
Less: discounting impact using the incremental borrowing rate at 1 September 2019	(88,053,709)
Present value of the operating lease commitments as at 1 September 2019	212,703,784
Less: Recognition exemption for short-term leases and low-value assets at transition	(52,494,047)
Lease liabilities recognised at 1 September 2019	160,209,737

3.11.2. Other standards

Effective 1 September 2019, following new / amended IFRS have become effective and have been applied in preparing these consolidated financial statements:

- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayments Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interest in Associates and Joint Venture (Amendments to IAS 28)
- Plan, Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Annual Improvement to IFRSs 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

The application of these revised IFRS has not had any significant impact on the amounts reported for the current and prior year but may affect the accounting for future transactions or arrangements.

3 Summary of significant accounting policies (continued)

3.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3 Summary of significant accounting policies (continued)

3.2 Consolidation (continued)

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group is measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss.

(c) Group companies

There are no group companies that have a functional currency different from the Group's presentation currency.

3.4 Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and impairment losses, if any. Historical costs includes expenditure that is directly attributable to the acquisition of items and bringing the asset to a working condition for its intended use.

3 Summary of significant accounting policies (continued)

3.4 Property and equipment (continued)

(a) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

(b) Depreciation

Land is not depreciated. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of property and equipment that are accounted for separately. The estimated useful lives are as follows:

	Years
Buildings	30
Leasehold improvements and outdoor equipment	10-20
Furniture and fixtures	4-5
Books, office, classroom and IT equipment	3-5
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount and are recognised within 'other income' in profit or loss.

Capital work in progress

Capital work in progress is stated at cost. When the asset is ready for intended use, capital work in progress is transferred to an appropriate category of property and equipment and depreciated in accordance with the Group's policy. Interest costs on borrowings to finance the construction of property and equipment are capitalised, during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset. The borrowing costs capitalised are those relating to funds borrowed specifically for the asset in question.

3 Summary of significant accounting policies (continued)

3.5 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Parent Company interests in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generation Units "CGUs", or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Other intangible assets

Intangible assets acquired are measured and recognised initially at cost. Intangible assets acquired in a business combination are recognised at the fair value as at the date of acquisition. Following initial recognition, intangible assets with finite useful lives are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

3 Summary of significant accounting policies (continued)

3.5 Intangible assets (continued)

(b) Other intangible assets (continued)

Intangible assets with finite lives are amortised on a straight-line basis over the estimated useful lives as follows:

	Years
Brand and curriculum	5
Student relationships	10
Below market leases	17-49

3.6 Impairment of non-financial assets

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

3.7 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.8 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3 Summary of significant accounting policies (continued)

3.9 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.10 Provision for employees' end of service benefits

A provision is made for the full amount of the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the reporting date. The provision relating to end of service benefits is disclosed as a non-current liability in the consolidated statement of financial position.

3.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense in profit or loss.

3.12 Finance income

Finance income is recognised on a time proportion basis using the effective interest rate method.

3 Summary of significant accounting policies (continued)

3.13 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 September 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3 Summary of significant accounting policies (continued)

3.13 Leases (continued)

Policy applicable from 1 September 2019 (continued)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as lessee – Policy applicable before 1 September 2019

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

3 Summary of significant accounting policies (continued)

3.14 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

3.15 Government grant

(a) Conditional grant

Conditional government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in profit or loss on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

(b) Unconditional grant

Unconditional government grants related to an asset is recognised in profit or loss when the grant becomes receivable.

3.16 Financial instruments

Recognition and initial measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

3 Summary of significant accounting policies (continued)

3.16 Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / profit or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income / profit, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3 Summary of significant accounting policies (continued)

3.16 Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income / profit calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment

The Group recognises loss allowances for ECLs on financial assets at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-months ECLs:

- cash at banks and certain related parties for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for fee receivables and Amlak wakala deposit and are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

3 Summary of significant accounting policies (continued)

3.16 Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

Impairment (continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets are carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For financial assets carried at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions, whereby, it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3 Summary of significant accounting policies (continued)

3.16 Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Fair value

The fair value of the Group's financial assets and liabilities approximates their carrying amounts.

3.17 Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Revenue is recognised in profit or loss to the extent that it is probably that the economic benefits will flow to the School and the revenue and costs, if applicable, can be measured reliably.

Rendering of services

The Group is principally engaged in providing educational services bundled with stationeries which is consumable for one School year. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognised when the service is rendered.

3 Summary of significant accounting policies (continued)

3.17 Revenue from contracts with customers (continued)

Rendering of services (continued)

The total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on education authority's approved fees and negotiated prices at which the Group sells the services in separate transactions.

Management fees

Management fees are recognised when the relevant services have been rendered and the amount of revenue can be measured reliably.

Revenue from contracts with customers shall be segregated from revenue from other sources (i.e. finance income).

3.18 New standards, amendments and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 September 2020 and earlier application is permitted, however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

	Effective date
Amendments to references to conceptual framework in IFRS standards	1 September 2020
Definition of a Business (Amendments to IFRS 3)	1 September 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 September 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 September 2020
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 September 2020

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's management.

(a) Market risk

(i) Foreign exchange risk

Currency risk arises on service income and recognised assets or liabilities that are primarily denominated in a currency that is not entity's functional currency. The Group has no significant exposure to this risk as the majority of its transactions are either in AED or United States Dollars ("USD") to which the AED is pegged.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual instrument or its issuers or factors affecting all the instruments traded in the market. Hence, the Group has no exposure to price risk as there is no price sensitive financial instruments.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank deposits and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At 31 August 2020, if interest rates on bank borrowings had been 1% higher or lower with all other variables held constant, profit for the year would have been lower or higher by AED 1,145,357 (2019: AED 843,465).

At 31 August 2020, if interest rates on wakala deposits had been 1% higher or lower with all other variables held constant, profit for the year would have been higher or lower by AED 600,050 (2019: AED 813,074).

(b) Credit risk

Credit risk is the risk that the counterparty will cause a financial loss to the Group by failing to discharge an obligation.

Credit risk arises from fees and other receivables (excluding prepayments), Amlak wakala deposit, wakala deposits and cash and cash equivalents. The exposure to credit risk on fees and other receivables, Amlak wakala deposit, wakala deposits and cash and cash equivalents are monitored on an ongoing basis by the management and these are considered recoverable by the Group's management.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Board of Directors of the Group constantly review and assesses the credit as well as business risk of having such a significant exposure to a single client. The Group establishes an allowance for impairment using the ECL approach.

The Group is exposed to credit risk on the following balances:

	2020 AED	2019 AED
Fees and other receivables (excluding prepayments)	**49,652,219**	31,340,160
Amlak wakala deposit	**25,025,896**	30,820,774
Wakala deposits	**20,002,167**	51,303,611
Cash at banks	**113,907,280**	93,702,076
	208,587,562	207,166,621

Impairment losses

Impairment losses on financial assets recognised in profit or loss were as follows:

	2020 AED	2019 AED
Impairment loss on fees and other receivables (including direct write off of fee receivables)	**3,500,085**	900,000
Impairment loss on Amlak wakala deposit (refer to Note 9)	**5,642,035**	7,996,352
	9,142,120	8,896,352

Fee receivables

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group does not hold any collateral as security. The carrying values of fees and other receivables approximate to their fair values. The other classes within fees and other receivables are neither passed due and nor impaired.

Expected Credit Loss (ECL) assessment for customers as at 31 August 2020

The Group uses an allowance matrix to measure the ECLs of fee receivables from customers.

Loss rates are calculated using "roll rate" method based on the profitability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately to exposures in different segments based on common credit risks characteristics.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

The following table provides the information above the exposure to credit risk and ECLs for fee receivables:

As at 31 August 2020	**Gross**	**Loss allowance**
Less than one year	**5,627,997**	**(3,809,053)**
More than one year	**496,877**	**(496,877)**
	6,124,874	**(4,305,930)**
As at 31 August 2019		
Less than one year	3,126,680	(1,025,222)
More than one year	577,220	(577,220)
	3,703,900	(1,602,442)

The movement in the Group's provision for impairment of fee receivables is as follows:

	2020 AED	2019 AED
At 1 September	**1,602,442**	3,997,040
Add: charge for the year (Note 19)	**3,500,085**	900,000
Less: written off during the year	**(796,597)**	(3,294,598)
At 31 August	**4,305,930**	1,602,442

Cash and cash equivalents and wakala deposits

Cash and cash equivalents and wakala deposits comprise of balances and deposits held with reputable local banks and financial institutions. The credit ratings of the major counterparties are given below:

Counterparty	**Rating**	**2020 AED**	**Rating**	2019 AED
Banks and financial institutions				
A	A1	**133,909,447**	A1	145,005,687
B*	unrated	**26,277,289**	unrated	32,072,167
		160,186,736		177,077,854

** Represents Amlak wakala deposit – debt and equity portions*

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group maintains flexibility in funding by keeping adequate cash and bank balances.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount AED	Contractual cash flows AED	Less than 1 year AED	Between 1 and 5 years AED	More than 5 years AED
As at 31 August 2020					
Trade and other payables (excluding debentures)	**33,163,143**	**(33,163,143)**	**(33,163,143)**	**-**	**-**
Borrowings	**114,535,714**	**(131,743,161)**	**(12,395,270)**	**(119,347,891)**	**-**
Lease liabilities	**151,162,983**	**(231,201,391)**	**(12,800,973)**	**(68,893,281)**	**(149,507,137)**
	298,861,840	**(396,107,695)**	**(58,359,386)**	**(188,241,172)**	**(149,507,137)**
As at 31 August 2019					
Trade and other payables (excluding debentures)	22,357,552	(22,357,552)	(22,357,552)	-	-
Borrowings	84,346,564	(89,009,591)	(39,678,434)	(49,331,157)	-
	106,704,116	(111,367,143)	(62,035,986)	(49,331,157)	-

4.2 Capital risk management

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt represents total borrowings, including 'current and non-current borrowings' less cash and cash equivalents as shown in the consolidated statement of financial position. Total capital is calculated as 'net equity' as shown in the consolidated statement of financial position.

4 Financial risk management (continued)

4.2 Capital risk management (continued)

	2020 AED	2019 AED
Borrowings (Note 13)	**114,535,714**	84,346,564
Cash and bank balances including wakala deposits (Notes 11 and 12)	**(134,101,382)**	(145,119,556)
Net debt	**-**	-
Total equity	**889,894,701**	915,537,776
Total capital	**889,894,701**	915,537,776
Gearing ratio	n/a	n/a

4.3 Fair value estimation

At 31 August 2020 and 2019, the carrying value of the Group's financial assets and financial liabilities approximates their fair value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets that are measured at fair value:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Assets				
Equity investments at FVOCI				
Equity investments at FVOCI / Amlak CCI portion at 31 August 2020	-	-	**1,251,393**	**1,251,393**
Equity investments at FVOCI / Amlak CCI portion at 31 August 2019	-	-	1,251,393	1,251,393

4 Financial risk management (continued)

4.3 Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

5 Critical accounting estimates

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

(a) Impairment losses on goodwill

The Group determines whether goodwill is impaired at least on an annual basis and whenever indicators of impairment exist. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating a value in use requires the management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 6).

(b) Impairment on financial assets

In determining whether impairment losses should be recognised on the Group's financial assets, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. The Group uses an allowance matrix to measure the ECLs.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast GDP.

6 Goodwill

	2020 AED	2019 AED
Acquisition through business combination:		
- Taaleem LLC	**140,552,271**	140,552,271
- Taaleem Management LLC	**67,464,432**	67,464,432
	208,016,703	208,016,703

Goodwill on acquisition of Taaleem LLC and Taaleem Management LLC represents the excess consideration over the fair value of acquired assets and liabilities including identifiable assets and liabilities. The identifiable assets represent future economic benefits from assets that are not capable of being individually identified and separately recognised.

For the purpose of testing goodwill impairment, the recoverable amounts for cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a five-year period. Cash flows beyond the five-year period have been extrapolated using the terminal growth rates stated below. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate (Weighted Average Cost of Capital, i.e. WACC), gross margins consistent with historical trends adjusted for expected efficiency and price improvement and growth rates based on management's expectations for market development. The growth rate does not exceed the long-term average growth rate for the markets in which the cash generating units operate. Any reasonably possible changes to the assumptions will not lead to an impairment. The key assumptions used in the value-in-use calculations are as follows:

	2020		2019	
	Discount rate (WACC)	**Growth rate**	Discount rate (WACC)	Growth rate
Taaleem LLC	**12%**	**2%**	14%	2%
Taaleem Management LLC	**12%**	**2%**	14%	2%

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the above cash-generating units, management believes that no reasonable possible change in any of the above key assumptions will cause the carrying value of the CGU to materially exceed its recoverable amount.

7 Other intangible assets

	Brand and curriculum AED	Student relationships AED	Below market leases AED	Total AED
Cost				
At 1 September 2019	18,611,546	10,774,162	41,514,292	70,900,000
At 31 August 2020	**18,611,546**	**10,774,162**	**41,514,292**	**70,900,000**
Accumulated amortisation				
At 1 September 2018	18,611,546	10,774,162	24,932,659	54,318,367
Amortisation for the year	-	-	3,180,531	3,180,531
At 31 August 2019	18,611,546	10,774,162	28,113,190	57,498,898
Amortisation for the year (refer to the note below)	-	-	795,036	795,036
At 31 August 2020	**18,611,546**	**10,774,162**	**28,908,226**	**58,293,934**
Net book value				
At 31 August 2020	-	-	**12,606,066**	**12,606,066**
At 31 August 2019	-	-	13,401,102	13,401,102

Land under lease at DBS was acquired by the Group in the previous year, hence the related 'below market leases' was fully amortised to profit or loss.

8 Property and equipment

	Land AED	Buildings AED	Leasehold improvements and outdoor equipment AED	Furniture And Fixtures AED	Books, office, classroom and IT equipment AED	Motor vehicles AED	Capital work in progress AED	Total AED
Cost								
At 1 September 2018	134,109,921	836,820,683	39,867,712	35,818,006	93,900,455	1,108,058	1,938,300	1,143,563,135
Additions	14,188,200	-	3,904,190	4,307,583	7,514,314	201,572	4,162,422	34,278,281
Disposals and write-offs during the year	-	-	-	(31,428)	(614,007)	(160,000)	-	(805,435)
At 31 August 2019	148,298,121	836,820,683	43,771,902	40,094,161	100,800,762	1,149,630	6,100,722	1,177,035,981
Additions	-	-	7,897,071	4,126,315	8,850,128	-	37,846,041	58,719,555
Transfer from capital work in progress	-	12,158,035	-	-	-	-	(12,158,035)	-
Disposals and write-offs during the year	-	-	(1,184,594)	(1,577,446)	(2,917,270)	(52,430)	-	(5,731,740)
At 31 August 2020	**148,298,121**	**848,978,718**	**50,484,379**	**42,643,030**	**106,733,620**	**1,097,200**	**31,788,728**	**1,230,023,796**
Accumulated depreciation								
At 1 September 2018	-	181,457,902	12,038,529	30,257,203	80,944,322	801,566	-	305,499,522
Charge for the year	-	28,692,843	2,904,851	3,799,800	8,962,237	148,519	-	44,508,250
Disposals and write-offs during the year	-	-	-	(15,431)	(576,479)	(160,000)	-	(751,910)
At 31 August 2019	-	210,150,745	14,943,380	34,041,572	89,330,080	790,085	-	349,255,862
Charge for the year	-	27,274,825	5,349,094	3,564,277	8,697,705	147,008	-	45,032,909
Disposals and write-offs during the year	-	-	(1,184,594)	(1,577,446)	(2,917,270)	(52,430)	-	(5,731,740)
At 31 August 2020	**-**	**237,425,570**	**19,107,880**	**36,028,403**	**95,110,515**	**884,663**	**-**	**388,557,031**
Net book value								
At 31 August 2020	**148,298,121**	**611,553,148**	**31,376,499**	**6,614,627**	**11,623,105**	**212,537**	**31,788,728**	**841,466,765**
At 31 August 2019	148,298,121	626,669,938	28,828,522	6,052,589	11,470,682	359,545	6,100,722	827,780,119

8 Property and equipment (continued)

(a) Land comprises of a granted land in Midrif, Dubai in addition to four freehold plots of land which are located in Jumeirah Islands, Jumeirah Park, Al Thanayah fourth and Dubai Studio City respectively. All these plots of land (except Dubai Studio City) are legally held in the name of Taaleem Management LLC for the beneficial interest of the Taaleem LLC. Land in Dubai Studio City is legally held by Taaleem LLC. In 2019, the Group acquired the land in DBS from Emaar Properties PJSC.

(b) Buildings mainly include the costs of construction, extension and refurbishment of five school buildings namely DBS, AAM, RIS, GCS and TCGB, which are constructed on leasehold land. School buildings of UTS (phases 1, 2 and 3) are constructed on granted land. DBF school building, DBS JP school building and Dubai Studio City staff residential building is constructed on acquired freehold land. The other three school buildings namely TCG, TCGJ and JBS are leased. All these land leases except for RIS, TCGJ and JBS are in the name of Taaleem Management LLC held on behalf of Taaleem LLC. The management of Taaleem LLC is of the opinion that these leases will be renewed for the foreseeable future.

(c) On 31 August 2020, capital work in progress includes consultant's and contractor's costs related to proposed Raha International School 2 (Khalifa A) in Abu Dhabi.

(d) On 9 May 2011, Taaleem LLC received a grant in the form of a parcel of land from the Government of Dubai for construction of a school ("UTS"). The grant was conditional and stated that Taaleem LLC had to start construction of a kindergarten section within one year from the receipt of the granted land and start construction of primary, intermediary and secondary schools within three years of the receipt date of the granted land. At 31 August 2012, Taaleem LLC had completed construction of a kindergarten section ("UTS phase 1"), which became operational from September 2012. Further at 31 August 2012, Taaleem LLC's Board of Directors had reasonable assurance that other conditions attached to the granted land would be met and therefore recognised the fair value of the granted land as deferred income. The valuation of this granted land was obtained from an independent firm of surveyors and property consultants who valued it in accordance with Royal Institute of Chartered Surveyors ("RICS") Appraisal and valuation manual, issued by RICS. As per the independent valuers report the market value of the land amounted to AED 100 million. The independent valuer further stated in their report that in accordance with the property laws, the transfer of granted land to private title (to obtain a title deed with free hold status for the plot of land) can attract a fee of 30% of the market value of the land. Hence, on a prudent basis, the Board of Directors of Taaleem LLC had resolved to record the granted land at 70% of its market value in that year, and the balance 30% would be recorded as and when Taaleem LLC decides to obtain private title to the granted land in future.

(e) On 31 August 2014, the construction of UTS phase 3 that includes remaining parts of the intermediary and secondary section was completed which became operational in September 2014. Thereby, all conditions attached to conditional grant of the land have been met (Note 15).

8 Property and equipment (continued)

(f) During 2014, Taaleem LLC acquired a freehold plot of land in Dubai Studio City, in Emirate of Dubai for AED 24.2 million, the consideration of which was settled by one-time payment. The sale purchase agreement ("SPA") was signed between Taaleem LLC and seller on 14 August 2014, however the title deed was received post year-end on 22 September 2014. Following the completion of design, Taaleem LLC, commenced construction of a residential tower for staff accommodation on this freehold plot. The construction of the residential tower was completed in 2016 and is now being used as staff accommodation.

9 Amlak wakala deposit and equity investments at FVOCI

The Group had entered into a Master Wakala Agreement with Amlak Finance PJSC ("Amlak") in early 2007. Under the terms of the Master Wakala Agreement, the Group would place corporate wakala deposits with Amlak from time to time. The term of these wakala deposits would vary between 1, 3 and 6 months.

Amlak underwent various restructurings and on 25 November 2014 when the agreement was signed by all the parties, the previously recognised non-current deposit had been de-recognised and two financial instruments had been recognised. The carrying value of the instruments at the time of initial recognition has been determined in proportion of the fair value of the new instruments. In 2014, fair value adjustment of AED 1,615,811 was transferred to fair value reserve.

Amlak wakala deposit at amortised cost

	2020	2019
	AED	AED
Amortised cost as at 1 September	**30,820,774**	40,888,390
Adjustment on initial application of IFRS 9	**-**	(1,650,673)
Change in cash flow effect (Note 23)	**(8,998)**	(420,591)
Prepayment received during the year	**(143,845)**	-
Impairment loss for the year	**(5,642,035)**	(7,996,352)
Amortised cost 31 August 2020	**25,025,896**	30,820,774
Current portion of Amlak wakala deposit	**1,726,137**	4,674,165
Non-current portion of Amlak wakala deposit	**23,299,759**	26,146,609
	25,025,896	30,820,774

Amlak wakala deposit classified as equity investments at FVOCI

	2020	2019
	AED	AED
Fair value as at 31 August	**1,251,393**	1,251,393

10 Fees and other receivables

	2020 AED	2019 AED
Fee receivables	**6,124,874**	3,703,900
Less: provision for impairment of fee receivables (Note 4)	**(4,305,930)**	(1,602,442)
	1,818,944	2,101,458
Prepayments*	**26,695,852**	34,014,698
Deposits and advances	**46,822,363**	27,667,132
Other receivables	**1,010,912**	1,571,570
	76,348,071	65,354,858
Less: Capital advances presented as non-current**	**(25,909,000)**	-
	50,439,071	65,354,858

The carrying amounts of the Group's fees and other receivables are denominated in AED. The creation and release of the provision for impaired receivables have been included in 'general and administrative expenses' in profit or loss.

*Prepayments includes AED 16.7 million (2019: AED 27.4 million) paid towards staff accommodation including advance house rent allowance.

**Capital advance pertains to amounts paid by the Group to a contractor for the construction of new school building of Raha International School Khalifa A in Abu Dhabi, UAE.

11 Wakala deposits

	2020 AED	2019 AED
Wakala deposits	**60,005,000**	81,307,428
Less: Wakala deposits - maturity less than 3 months (Note 12)	**(40,002,833)**	(30,003,817)
	20,002,167	51,303,611

Wakala deposits are placed with a local bank carrying profit mark-up rates ranging from 0.35% to 1.15% per annum (2019: 2.33% to 3.80% per annum).

12 Cash and cash equivalents

	2020 AED	2019 AED
Cash in hand	**191,935**	113,869
Cash at banks	**73,904,447**	63,698,259
Wakala deposits (Note 11)	**40,002,833**	30,003,817
	114,099,215	93,815,945

13 Bank borrowings

	2020 AED	2019 AED
Opening balance	**84,346,564**	132,894,647
Add: finance cost charged for the year (Note 24)	**3,637,755**	5,204,855
Add: loan drawdown	**75,631,846**	-
Less: finance costs paid for the year	**(4,334,319)**	(5,702,938)
Less: repaid during the year	**(44,746,132)**	(48,050,000)
Closing balance	**114,535,714**	84,346,564
Less: Current portion of bank borrowings	**(9,928,571)**	(38,746,564)
Long-term portion of bank borrowings	**104,607,143**	45,600,000

The financing carried a profit payable on a quarterly basis at the rate of 3 months Emirates Inter Bank Offer Rate (EIBOR) subject to a floor of 1.85% profit mark-up in 2020 (2019: 2.25%).

Finance costs amounting to AED 3,029,590 (2019: AED 5,204,855) was assigned as finance costs to profit or loss and borrowing costs amounting to AED 608,165 (2019: nil) have been capitalised as a part of qualifying assets during the year.

The carrying amount of current borrowings approximates their fair value at the reporting date. Long-term borrowings are at market linked variable interest rates and therefore the carrying amounts of non-current borrowings approximate their fair value at the reporting date.

The above loans are secured by:

(a) Movable Asset Security Agreement;
(b) First rank legal mortgage over property at plot No. 91, AI Hebaih Second, Dubai (Dubai Studio City Building) for AED 88.2 million in favor of the bank;
(c) Assignment of insurance over property at plot No. 91, AI Hebaih Second, Dubai in favor of the bank;
(d) First rank legal mortgage over property located at plot No. 382 (25 1-4293), Mirdif, Dubai (Uptown School Mirdif) for AED 100 million in favor of the bank;
(e) Assignment of Insurance over building for Uptown Mirdif School at plot no. 382 (251-4293), Mirdif, Dubai in favor of the bank;
(f) Assignment of lease agreement of Greenfield International School on plot no. 598-249, Dubai Investment Park, Dubai, acknowledged and approved by Dubai Investment Park Development Co. LLC, covering Facilities of Taaleem Management LLC;
(g) First rank legal mortgage over plot no. 6648 (394-4046) located at AI Thanayah Fourth, Dubai (Dubai British School, Dubai) for AED 40 Million in favor of the bank;
(h) Assignment of insurance over the building at Dubai British School Plot No. 6648 (394-4046) located at Al Thanayah Fourth, Dubai covering mortgage value;
(i) Assignment of insurance over the building at Greenfields International School Plot No. 598-249 Dubai Investment Park, Dubai in favor of the bank;
(j) Assignment of all receivables, cash flows, school fees from all schools under the Taaleem Holding PSC group entities, in favor of the bank (each obligor / co obligor to assign entire receivables / cash flows from all Schools for Facilities availed / to be availed by itself or any group entity which has availed or in future avail Facilities from the bank);

13 Bank borrowings (continued)

(k) Assignment of insurance over Raha International School – Khalifa A Abu Dhabi covering the Ijara (II) Facility, in favor of the bank by January 2021 and in an amount acceptable to the bank:

(l) Assignment of all receivables, cash flows and school fees from Raha International School – Khalifa A Abu Dhabi covering the Ijara (II) Facility and in favor of the bank (once school is completed and operational);

(m) Assignment of cash flows under POA / Wakala contract between Taaleem Holdings PSC and Taaleem SPV Ltd. (or any other entity which hold assets financed by the bank) in favor of the bank;

(n) Negative pledge on Taaleem LLC shares that Taaleem Holdings PSC will not sell or encumber without prior written permission of the bank during the tenor of the facility; and

(o) Cross collaterisation of all securities including mortgage properties covering all facilities of Taaleem LLC, Taaleem Management LLC and Taaleem Holdings PSC until full and final settlement of all facilities / exposure.

The Group is required under the above facility to comply with the following financial covenants:

a) To maintain minimum DSCR of 1.3x at all times;
b) Maximum net debt / EBITDA of 4x; and
c) Maintain gearing ratio maximum of 1x at all times.

As at the reporting date, the Group is in compliance with the above-mentioned covenants.

14 Provision for employees' end of service benefits

	2020 **AED**	2019 AED
At 1 September	**22,192,483**	22,026,447
Add: provision for the year (Note 20)	**6,588,010**	8,490,395
Less: payments made during the year	**(11,601,344)**	(8,324,359)
At 31 August	**17,179,149**	22,192,483

The Group provides end-of-service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, which is calculated in accordance with UAE Labour Law.

15 Deferred income on government grant

	2020 AED	2019 AED
At 1 September	**56,057,873**	58,495,172
Less: transferred to profit or loss	**(2,437,299)**	(2,437,299)
At 31 August	**53,620,574**	56,057,873
Less: Current portion of deferred income on government grant	**(2,437,299)**	(2,437,299)
Non-current portion of deferred income on government grant	**51,183,275**	53,620,574

The allocated amount of deferred income pertaining to granted land for UTS phases 1, 2 and 3 has been computed based on student capacity of UTS (phases 1, 2 and 3). This allocated amount is amortised over useful life of the building constructed for UTS (Note 8(d)).

16 Trade and other payables

	2020 AED	2019 AED
Trade payables	**16,430,546**	8,156,685
Corporate debentures payable	**5,651,035**	6,362,035
Accruals and provisions	**3,827,872**	3,293,819
Retention payable	**3,470,447**	-
Dividends payable (Note 27)	**568,864**	-
Other payables	**8,865,414**	10,907,048
	38,814,178	28,719,587
Less: Long-term debentures payable	**(4,939,947)**	(5,650,947)
	33,874,231	23,068,640

Corporate debentures payable relate to proceeds on issuance of priority student seats offered at all the Schools for third party corporates, whereby, each debenture is amortised over 15 years.

17 Revenue

	2020 AED	2019 AED
Gross term fees	**515,109,230**	519,190,472
Discounts*	**(37,304,982)**	(8,411,163)
Net term fees	**477,804,248**	510,779,309
Management fee**	**2,000,000**	-
Application fees	**481,224**	1,177,500
	480,285,472	511,956,809

17 Revenue (continued)

Nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies are disclosed in Note 3.

*During the current year, discounts include AED 26.97 million towards COVID-19 hardship discount.

**Management fee is earned from ADEK for the management of the four charter schools in Abu Dhabi, UAE under the service agreement. Management fee is fixed per annum, which is earned and recognised on a yearly basis.

18 Operating costs

	2020 AED	2019 AED
Staff costs (Note 20)	283,240,622	283,419,285
Depreciation of right-of-use assets (Note 28(i))	11,865,566	-
Lease rent and service charges	6,563,488	14,884,564
School supplies	4,931,108	5,163,663
Bank charges	2,495,141	2,780,296
Other	4,730,397	6,126,595
	313,826,322	312,374,403

19 General and administrative expenses

	2020 AED	2019 AED
Staff costs (Note 20)	15,852,519	17,805,029
Water and electricity charges	12,714,660	14,136,102
Repairs and maintenance	10,206,679	9,780,331
Janitorial and security	8,241,936	8,608,020
Legal and professional	4,272,760	4,210,469
Marketing and advertisement	4,100,061	5,523,039
Impairment loss on fee receivables (Note 4)	3,500,085	900,000
Board remuneration and compensation (Note 22)	3,000,000	3,000,000
Printing and stationery	1,352,465	1,724,145
Travel and communication	1,189,730	1,437,325
Office rent (Note 28)	523,018	578,873
Others (events, insurance, bank charges)	2,302,114	2,992,827
	67,256,027	70,696,160

20 Staff costs

	2020 AED	2019 AED
Salary and allowances	**224,758,718**	227,618,256
Staff accommodation	**45,407,541**	42,917,640
Staff – discount on tuition fee	**22,368,872**	22,198,023
Employees' end of service benefits (Note 14)	**6,558,010**	8,490,395
	299,093,141	301,224,314
Staff costs are included in:		
Operating costs (Note 18)	**283,240,622**	283,419,285
General and administrative expenses (Note 19)	**15,852,519**	17,805,029
	299,093,141	301,224,314

21 Other income

	2020 AED	2019 AED
Income – sports activity	**2,206,486**	3,483,102
Commission – uniforms	**900,265**	1,215,120
Debenture income	**711,000**	711,088
Transport income	**626,438**	851,439
Rental income from shops at Dubai Studio City	**370,945**	476,437
Income from conferences	**207,840**	688,787
Commission – cafeteria	**205,340**	525,077
Gain / (loss) on disposal of property and equipment	**10,475**	(18,116)
Bad debt recoveries	**-**	2,971,818
Miscellaneous income	**-**	358,461
	5,238,789	11,263,213

22 Related party transactions and balances

Related parties include the Group's shareholders, directors and other businesses, which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence (hereinafter referred to as "affiliates") and key management personnel.

22 Related party transactions and balances (continued)

(a) Related party transactions

The aggregate value of transactions entered with related parties during the year is as per the terms mutually agreed between the related parties, is as follows:

	2020 AED	2019 AED
Profit from wakala deposits (Note 23)	**813,664**	3,118,812
Finance costs	**3,637,755**	5,204,855
Dividends (Note 27)	**75,000,000**	82,500,000

	2020 AED	2019 AED
Compensation to key management personnel		
Short-term employee benefits	**11,029,297**	10,628,158
Provision for employees' end of service benefits	**349,476**	322,882
Tuition fee discounts	**385,070**	425,913
Executive Committee and Audit Committee compensation	**1,044,167**	1,360,000
Board remuneration, compensation and other benefits (Note 19)	**3,000,000**	3,000,000

(b) Related party balances

	2020 AED	2019 AED
Due from a related party		
Emirates Islamic Bank		
Bank balance (Note 12)	**73,410,186**	63,698,259
Wakala deposits (Note 11)	**60,005,000**	81,307,428
	133,415,186	145,005,687
Borrowings from a related party		
Emirates Islamic Bank (Note 13)	**114,535,714**	84,346,564

23 Finance income

	2020 AED	2019 AED
Profit from Amlak wakala deposit (net)*	**175,797**	399,824
Profit from wakala deposits (Note 22)	**813,664**	3,118,812
	989,461	3,518,636

*Profit from Amlak wakala deposit is adjusted for an amount of AED 8,998 (2019: AED 420,591) pertaining to change in cash flow effect relating to Amlak wakala deposit (Note 9).

24 Finance costs

	2020 AED	2019 AED
Finance costs on borrowings (Note 13)	**3,029,590**	5,204,855
Finance costs on lease liabilities (Note 28(ii))	**7,720,190**	-
	10,749,780	5,204,855

25 Share capital

	2020 AED	2019 AED
Issued and fully paid up capital:		
750,000,000 ordinary shares of AED 1 each (2019: 750,000,000 ordinary shares of AED 1 each)	**750,000,000**	750,000,000

26 Statutory reserve

In accordance with the Group and its entities, Articles of Association and the UAE Federal Law No. (2) of 2015, a minimum of 10% of net profit of the Group entities is required to be allocated every year to a statutory reserve, which is not distributable. Such allocations may be ceased when the statutory reserve equals to half of the paid-up share capital of the respective group entities. Accordingly, an amount of AED 6,178,547 (2019: AED 9,381,867) has been transferred to the statutory reserve in the current year.

27 Dividends

During the shareholders meeting dated 15 December 2019, the shareholders approved a dividend of AED 0.10 per share amounting to AED 75,000,000 (2019: AED 82,500,000), of which divided amounting to AED 74,431,136 was paid (2019: an amount of AED 82,600,000 was paid which included unpaid dividend of AED 100,000 relating to year 2018).

28 Leases

The Group leases land and buildings. Lease terms and rental calculations vary significantly between different lease agreements. The leases typically run between 20 to 50 years.

i. Right-of-use assets

	2020 AED
Right-of-use asset on initial application of IFRS 16	**160,658,472**
Depreciation charge for the year (Note 18)	**(11,865,566)**
	148,792,906

28 Leases (continued)

ii. Lease liabilities

	2020 AED
Lease liabilities on initial application of IFRS 16	**160,209,737**
Finance cost on lease liabilities (Note 24)	**7,720,190**
Less: payments made against lease liabilities	**(16,766,944)**
Balance as at 31 August	**151,162,983**
Less: current portion of lease liabilities	**(4,957,705)**
Non-current portion	**146,205,278**

iii. Amounts recognised in profit or loss

	2020 AED
Leases under IFRS 16	
Depreciation expense on right-of-use assets (Note 18)	**11,865,566**
Finance cost on lease liability (Note 24)	**7,720,190**
Expense relating to short-term leases and low value assets (recognition exemption under IFRS 16)	**52,494,047**
	72,079,803

	2019 AED
Operating leases under IAS 17	
Lease expense:	
Staff accommodation (Note 20)	42,917,640
Lease rent and service charges (Note 18)	14,884,564
Office rent (Note 19)	578,873
	58,381,077

iv. Amounts recognised in the consolidated statement of cash flows

	2020 AED
Total cash outflow for leases (excluding cash outflow relating to recognition exemption for short-term leases and low value assets)	**16,766,944**

29 Contingencies and capital commitments

		2020	2019
		AED	AED
(a)	Capital commitments	**108,563,150**	2,733,875
(b)	Bank guarantee	**77,435,579**	27,435,579

The Group's capital commitments mainly relates to its on-going constructions of its new school in Abu Dhabi, UAE.

Bank guarantee pertains to the advance and performance guarantee issued by the Group in favour of ADEK in relation to the management agreement entered by the Group with ADEK and performance guarantee in favour of ADEK for the building of school by the Group in Abu Dhabi, UAE.

30 Impact of COVID-19

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and continue to impact the Group's operations. The Group is closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. These contingency measures include amongst others communication plans with students, term fee discounts, waiver on application fees, flexible payment plans, introduction of various online classes facilities and measures to safeguard the welfare of the Group's employees and students at the Group's premises.

The Group has not yet seen a significant impact on the fee collections from the students post COVID-19 and is certain to operate in a similar manner in future years as well. The Group will keep these contingency measures under review as the situation is fast evolving, the effect of the outbreak is by nature subject to significant levels of uncertainty, with full range of possible effects unknown.

31 Comparative information

Certain comparative figures have been regrouped / reclassified to conform to the presentation adopted in these consolidated financial statements. Such reclassifications do not affect the previously reported profit or net assets.

Annex (2) – Memorandum of Association and Articles of Association

MEMORANDUM OF ASSOCIATION

OF

Taaleem Holdings PJSC
(Public Joint-Stock Company)

(“Company”)

عقد تأسيس

لشركة

تعليم القابضة ش.م.ع
(شركة مساهمة عامة)

("الشركة")

In this day "[Insert day]" of "[Insert month]" of 2022, the Founders Committee, represented by its Chairman and as delegated by the General Assembly of the Company via special resolution resolved to adopt the following Memorandum of Association (“**Memorandum**”):

انه في هذا اليوم "[إدخل اليوم]" من شهر "[إدخل الشهر]" لسنة ٢٠٢٢، قامت لجنة المؤسسين ممثلة برئيسها والمفوضة من الجمعية العمومية للشركة بقرار خاص باعتماد عقد التأسيس ("**عقد التأسيس**") الاتي:

The shareholders of the Company, listed in the share register as at the date of this Memorandum (attached hereto), are referred to herein collectively as the (“**Founders**”)

يشار إلى المساهمين – والمدرج أسمائهم بسجل المساهمين بتاريخ عقد التأسيس (والمرفق طيه) - مجتمعين بـ (**"المؤسسون"**)

Taaleem Holdings P.S.C, is a private joint stock company duly incorporated on 14 February 2007 in the Emirate of Dubai under the trade license number 591478 issued by the Department of Economy and Tourism in Dubai pursuant to its Memorandum and Articles of Association executed at the Dubai Notary Public on 5 February 2007, as amended by the amended and restated Articles of Association notarized by the Dubai Notary Public on 29 June 2017 and as amended by the amended and restated Articles of Association notarized by the Dubai Notary Public on 2 February 2022.

حيث إن **تعليم القابضة** (شركة مساهمة خاصة)، هي شركة مساهمة خاصة مؤسسة بتاريخ ١٤ فبراير ٢٠٠٧ في إمارة دبي، بموجب الرخصة التجارية رقم ٥٩١٤٧٨، مسجلة لدى دائرة الاقتصاد والسياحة في دبي، وبموجب عقد التأسيس والنظام الأساسي المصدق لدى الكاتب العدل في إمارة دبي بتاريخ ٥ فبراير ٢٠٠٧، والذي تم تعديله وإعادة صياغته بموجب النظام الأساسي المعدل والمعاد صياغته المصدق لدى الكاتب العدل بتاريخ ٢٩ يونيو ٢٠١٧، والذي تم تعديله وإعادة صياغته بموجب النظام الأساسي المعدل والمعاد صياغته المصدق لدى الكاتب العدل بتاريخ ٢ فبراير ٢٠٢٢.

Whereas the shareholders in the Company wish to convert its legal form from a private joint stock company to a public joint stock company and the Founders of the Company approved on 29 August 2022 (i) such conversion from a private joint stock company to a public joint stock company, (ii) increase the Company’s capital and (iii) offer part of the Company’s capital to the public.

وحيث أن المساهمون في الشركة يرغبون في تحويل الشكل القانوني من شركة مساهمة خاصة إلى شركة مساهمة عامة، فقد وافق المؤسسون بتاريخ ٢٩ أغسطس ٢٠٢٢على (١) تحويل الشركة من شركة مساهمة خاصة إلى شركة مساهمة عامة؛ و(٢) زيادة رأس مال الشركة و(٣) طرح جزء من رأس مال الشركة للاكتتاب العام.

Accordingly, the Founders, as represented for the purposes of signing this Memorandum of Association by Mr. Khalid Al Tayer, established a public joint stock company subject to the Federal Decree Law No 32 of 2021 on Commercial Companies (as amended) (the “**Law**”).

على إثر ذلك، قام المؤسسون ويمثلهم في التوقيع على عقد التأسيس السيد/ خالد الطاير بتأسيس شركة مساهمة عامة طبقاً لأحكام المرسوم بقانون اتحادي رقم (٣٢) لسنة ٢٠٢١ بشأن الشركات التجارية (كما يتم تعديله) (**"القانون"**).

Article 1

The name of the Company is "**Taaleem Holdings PJSC**" **(**a public joint stock company), (hereinafter referred to as (the "**Company**")).

المادة ١

اسم الشركة هو "**تعليم القابضة ش.م.ع" (شركة مساهمة عامة)،** (ويشار إليها فيما بعد بلفظ ("**الشركة**")).

Article 2

The head office of the Company and its legal place of business shall be in the Emirate of Dubai. The Board of Directors may establish branches, offices and agencies for the Company inside and outside the State.

المادة ٢

مكتب الشركة الرئيسي ومحلها القانوني في إمارة دبي، ويجوز لمجلس الإدارة أن ينشئ لها فروعاً ومكاتب ووكالات في داخل الدولة وخارجها.

Article 3

The fixed term of the Company shall be 100 hundred Gregorian years commencing from the date the Company is registered in the commercial register.

Such term shall be automatically renewed for similar successive terms unless a Special Resolution of the General Assembly is issued to amend the term of the Company or terminate the same.

المادة ٣

المدة المحددة لهذه الشركة هي (١٠٠) مئة سنة ميلادية تبدأ من تاريخ إشهار الشركة في السجل التجاري.

وتجدد هذه المدة بعد ذلك تلقائياً لمدد متعاقبة ومماثلة ما لم يصدر قرار خاص من الجمعية العمومية بتعديل مدة الشركة أو انهائها.

Article 4

4.1 The objects that the Company is established for shall be in compliance with the provisions of the laws and regulations in force in the State and shall be:

a. Investment in Educational Enterprises and Management;

b. Investment in Commercial Enterprises and Management; and

c. Investment in Industrial Enterprises and Management;

4.2 Furthermore, the Company shall be entitled to carry on any other activities incidental to or conducive to the attainment of any of its objects.

4.3 In the course of carrying out its objects, the Company may:

المادة ٤

٤,١ تكون الأغراض التي أسست من أجلها الشركة متفقة مع أحكام القوانين والقرارات المعمول بها داخل الدولة، وهي:

أ. الاستثمار في المشروعات التعليمية وإدارتها؛

ب. الاستثمار في المشروعات التجارية وإدارتها؛ و

ت. الاستثمار في المشروعات الصناعية وإدارتها.

٤,٢ علاوةً على ذلك، يجوز للشركة مزاولة أية أنشطة أخرى تتعلق بأي من أغراضها أو تؤدي إلى تحقيقها.

٤,٣ يجوز للشركة، ضمن مسار القيام بأغراضها:

a. carry on business inside or outside the United Arab Emirates;

أ. ممارسة الأعمال داخل وخارج دولة الإمارات العربية المتحدة؛

b. acquire, own, possess, sell, lease or otherwise dispose of such real estates, assets, equipment and facilities as may be necessary or conducive to the attainment of its principal objects;

ب. الحصول على أو امتلاك أو حيازة أو بيع أو تأجير أو بشكل آخر التصرف بالعقارات، الأصول أو المعدات والتجهيزات كما قد يكون ذلك ضرورياً أو مؤدياً إلى تحقيق أغراضها الرئيسية؛

c. carry on all business related directly or indirectly to the said objects or incidental thereto; and

ت. مزاولة كافة أعمالها التي تتعلق بشكل مباشر أو غير مباشر بالأغراض المذكورة أو المتعلقة بها؛ و

d. attain its objects and exercise its powers either as principal, contractor, sub-contractor or otherwise.

ث. تحقيق أغراضها وممارسة سلطاتها سواءً كأصيل أو مقاول أو مقاول من الباطن أو بأي شكل أخر.

4.4 The Company may not carry on the business of insurance, banking or the investment of funds on behalf of third parties

٤,٤ لا يجوز للشركة أن تزاول أعمال التأمين أو الأعمال المصرفية أو استثمار الأموال نيابةً عن الغير.

4.5 The Company may have an interest, enter into joint ventures, establish, acquire or participate with other entities, establishments or companies in the State or outside the State, in projects, establishments and companies pursing objects and exercising activities similar to its own objects and activities.

٤,٥ ويجوز للشركة أن تكون لها مصلحة أو أن تدخل في مشاريع مشتركة أو تؤسس أو تستحوذ أو تشترك مع الشركات والمؤسسات والجهات داخل الدولة أو خارجها في مشاريع ومؤسسات وشركات تزاول أغراضاً واعملاً شبيهة بأغراضها وأعمالها.

4.6 In fulfillment of its objects above, the Company may, enter into commercial and financial transactions, execute and implement contracts and other obligations, draw, accept and negotiate negotiable instruments, open and operate bank accounts and borrow money for any period of time with or without security on any of all of the assets of the Company, issue guarantees, invest monies and deal with such investments on its own account and generally to institute, participate in or promote commercial and mercantile enterprises and operations of all kinds in relation to or for the purpose of the business of the company, and to do all such other Businesses as may be considered to be incidental to the above objects.

٤,٦ وللشركة في سبيل تحقيق أغراضها المحددة لها السابق ذكرها، أن تقوم بالعمليات التجارية والمالية وإنجاز والتوقيع على العقود والالتزامات الأخرى وسحب وقبول وحسم الأوراق التجارية القابلة للتداول وفتح وإدارة الحسابات البنكية واقتراض الأموال لأية فترة زمنية سواء مقابل ضمانات أو دون ضمانات على أي وجميع موجودات الشركة وإصدار الضمانات واستثمار الأموال والتعامل مع هذه الاستثمارات لحسابها الخاص وعلى وجه العموم إقامة أو الإسهام في أو تطوير الأعمال أو العمليات التجارية من جميع الأشكال المتعلقة بأغراض الشركة أو التي تخدم أغراضها وكذلك القيام بجميع الأعمال التي تكون مرتبطة مع الأغراض المذكورة

4.7 The Company shall not carry out any activity for which a license is required from the competent regulatory authority in or outside the State, unless it obtains such license. A copy of such license should be provided to the Authority and the Competent Authority.

٤,٧ لا يجوز للشركة القيام بأي نشاط يُشترط لمزاولته صدور ترخيص من الجهة الرقابية المشرفة على النشاط بالدولة أو خارج الدولة إلا بعد الحصول على الترخيص من تلك الجهة وتقديم نسخة من هذا التراخيص للهيئة والسلطة المختصة.

Article 5

المادة ٥

The issued capital of the Company has been fixed at an amount of AED 1,035,000,000 (one billion and thirty five million Dirhams) divided into shares, the nominal value of which is 1 (one) Dirham for each share. All the Company's shares are fully paid and are of the same class and are equal in their rights and obligations.

حدد رأس مال الشركة المصدر بمبلغ ١,٠٣٥,٠٠٠,٠٠٠ (مليار وخمسة وثلاثون مليون) درهم موزع على عدد من الأسهم قيمتها الأسمية ١ (واحد) درهم لكل سهم، مدفوعة بالكامل. وتكون جميع أسهم الشركة متساوية مع بعضها البعض من كافة الحقوق.

Article 6

The Founders, duly represented by a signatory to this Memorandum, undertake to do all necessary acts with a view to completing the incorporation of the Company. For this purpose, they have delegated powers to a committee comprising the persons whose names are mentioned below to apply, individually or jointly, for obtaining an authorization for the incorporation of the Company and to take all legal procedures and complete the necessary documents to finalize the incorporation of the Company and introduce such amendments as deemed necessary by the Competent Authorities to this Memorandum or to the Articles of Association of the Company attached hereto and to sign the same before the notary public, if necessary.

المادة ٦

يتعهد المؤسسون الممثلون قانونا في التوقيع على هذا العقد بالقيام بجميع الإجراءات اللازمة لإتمام تأسيس الشركة. ولهذا الغرض وكلوا عنهم اللجنة المكونة من السادة الواردة أسماؤهم أدناه ليقوموا منفردين أو مجتمعين بالتقدم بطلب للترخيص بتأسيس الشركة واتخاذ جميع الإجراءات القانونية وإعداد وتقديم المستندات اللازمة لاكتمال تأسيسها وإدخال التعديلات التي تراها الجهات المختصة لازمة سواء على هذا العقد أو على النظام الأساسي للشركة المرفق به، والتوقيع عليها أمام الكاتب العدل، إن لزم الأمر.

Article 7

The Founders and the Company shall bear all expenses, costs, fees and other charges required to be paid due to its incorporation as a public joint stock company each in proportion to the percentage of shares to be offered for sale by the Founders and the capital increase shares.

المادة ٧

يتحمل المؤسسون والشركة المصروفات والنفقات والأجور والتكاليف الأخرى اللازمة لتأسيسها كشركة مساهمة عامة وذلك نسبة وتناسب مع ما يتم بيعه من أسهم المؤسسين إلى ما يتم طرحه من أسهم في زيادة رأس المال.

Article 8

The Articles of Association attached to this Memorandum shall be deemed an integral part thereof and complementary thereto.

المادة ٨

يعتبر النظام الأساسي المرفق بهذا العقد جزءاً لا يتجزأ منه ومكملاً له.

Article 9

In case of a discrepancy between the Arabic and the English text, the Arabic text shall prevail

المادة ٩

في حال وجود أي تعارض بين النص العربي والنص الإنجليزي، يؤخذ بالنصوص الواردة في النسخة العربية.

Article 10

This Memorandum is made of several copies for submission to the relevant authorities upon application for the licenses necessary for the establishment of the Company. Each Founder

المادة ١٠

حرر هذا العقد من عدة نسخ لتقديمها إلى الجهات المختصة عند طلب التراخيص اللازمة لتأسيس الشركة، ويجوز لكل مؤسس طلب

may apply for a certified copy thereof from the Notary Public.	الحصول على نسخة معتمدة من الكاتب العدل.
The Founders, represented by Mr. Khalid Al Tayer	**المؤسسون،** ويمثلهم في التوقيع على عقد التأسيس السيد/ خالد الطاير
Signature:	**التوقيع:**

____

In his capacity as the Chairman of the Founders' Committee appointed by the Company's general assembly in its meeting of 29 August 2022	بصفته رئيس لجنة المؤسسين والمعينة من قبل الجمعية العمومية للشركة باجتماعها المؤرخ في ٢٩ أغسطس ٢٠٢٢

سجل المساهمين

القيمة الاسمية	عدد الأسهم	النسبة المئوية	الجنسية	الاسم	S. No.
172,800,135	172,800,135	23.04%	الإمارات	شركة الصكوك الوطنية ش.م.ع	1
136,373,465	136,373,465	18.18%	الإمارات	المال دايركت أكويتي ٢ ليميتد	2
76,267,480	76,267,480	10.17%	الإمارات	المال كابيتال (ش.م.خ)	3
72,494,720	72,494,720	9.67%	الإمارات	المجموعة التجارية للاستثمار ذ .م. م	4
62,920,000	62,920,000	8.39%	الإمارات	احمد سعد فوزي الخياط	5
50,000,000	50,000,000	6.67%	الإمارات	مصرف الإمارات الإسلامي	6
35,840,000	35,840,000	4.78%	جزر الكايمن	شركة برايتسون التعليمية المحدودة	7
17,000,000	17,000,000	2.27%	الإمارات	زياد جميل عزام	8
15,211,200	15,211,200	2.03%	الإمارات	وليد احمد سالم خليفة المقرب المهيري	9
10,100,000	10,100,000	1.35%	الإمارات	عادل محمد صالح الزرعوني	10
10,000,000	10,000,000	1.33%	الإمارات	شركة السعود المحدودة	11
10,000,000	10,000,000	1.33%	الإمارات	سعادة محمد ابراهيم عبد الرحمن الشيباني	12
9,999,997	9,999,997	1.33%	الإمارات	هلال سعيد سالم سعيد خلفان المري	13
8,150,000	8,150,000	1.09%	الإمارات	حسن محمد حسن بن الشيخ	14
5,250,000	5,250,000	0.70%	الإمارات	راشد حامد المزروعي للعقارات شركة الشخص الواحد ذ.م.م	15
5,000,000	5,000,000	0.67%	الإمارات	صفيان علي سعيد بن سلوم	16
4,674,000	4,674,000	0.62%	الإمارات	احمد عبد الملك محمد اهلي	17
3,940,000	3,940,000	0.53%	الولايات المتحدة الأمريكية	في لينك مانجمنت	18
3,370,000	3,370,000	0.45%	المملكة العربية السعودية	شركة التعليم المتقدم	19
2,200,000	2,200,000	0.29%	الإمارات	عبد الرحيم احمد عبدالله مرداس	20
2,000,000	2,000,000	0.27%	الإمارات	احمد حسن محمد بن الشيخ	21
2,000,000	2,000,000	0.27%	الهند	كانهايا لال راتي	22
2,000,000	2,000,000	0.27%	الإمارات	عبد المجيد احمد صديقي	23
2,000,000	2,000,000	0.27%	الإمارات	حمد سلطان العويس	24
2,000,000	2,000,000	0.27%	الإمارات	ناصر سلطان احمد محمد لوتاه	25
1,500,000	1,500,000	0.20%	الإمارات	عقل عبد الله محمد فلكناز	26

1,425,000	1,425,000	0.19%	كندا	دكتور محمد مصطفى خميرة	27
1,100,000	1,100,000	0.15%	الإمارات	احمد محمد عبد الرحمان الاشرم الفلاسي	28
1,000,000	1,000,000	0.13%	الإمارات	سعادة محمد عمر علي بن حيدر	29
1000000	1000000	0.13%	الإمارات	جمال سعيد جمعة بن غليطة	30
1,000,000	1,000,000	0.13%	الإمارات	الشيخ مسلم سالم مسلم بن حم العامري	31
1,000,000	1,000,000	0.13%	الإمارات	خليفة حسن عبدالله الدبوس	32
1,000,000	1,000,000	0.13%	الإمارات	ماجنا للاستثمار ذ م م	33
1,000,000	1,000,000	0.13%	الإمارات	عمر محمد عمر بن حيدر	34
700,000	700,000	0.09%	الإمارات	جمال سالم محمد نور القيواني	35
659,092	659,092	0.09%	الإمارات	محمد صالح محمد بن لاحج	36
600,000	600,000	0.08%	الإمارات	ابراهيم فايز حميد الشامسي	37
600,000	600,000	0.08%	الإمارات	خالد محمد عبد الرحمن الأشرم	38
500,000	500,000	0.07%	الإمارات	هشام عبدالله قاسم قاسمي	39
500,000	500,000	0.07%	الإمارات	سعادة أحمد سيف أحمد الضبيع الدرمكي	40
500,000	500,000	0.07%	الإمارات	أحمد علي خليفة بن غليطة	41
500000	500000	0.07%	الإمارات	صالح سعيد احمد لوتاه	42
500,000	500,000	0.07%	الإمارات	عادل عبدالله محمد فلكناز	43
500,000	500,000	0.07%	الإمارات	قاسم ابراهيم احمد صديقي	44
500,000	500,000	0.07%	الإمارات	محمد عبدالله محمد فلكناز	45
500,000	500,000	0.07%	الإمارات	يوسف بخيت محمد عبدالله	46
500,000	500,000	0.07%	الإمارات	عبدالله عبد الرزاق عبدالله عبد الرحيم النضر	47
500,000	500,000	0.07%	الإمارات	طارق محمد عبد الرحمن الأشرم	48
500,000	500,000	0.07%	الإمارات	سعيد محمد. عبد العزيز الملا	49
500,000	500,000	0.07%	الإمارات	أبو بكر عمر عبدالله بالفقيه	50
500,000	500,000	0.07%	الإمارات	خالد راشد ثاني آل ثاني	51
400,000	400,000	0.05%	الإمارات	سيف محمد. سيف بوخزمية السويدي	52
400,000	400,000	0.05%	الإمارات	حمد مبارك محمد. بوعميم	53
350,000	350,000	0.05%	الإمارات	سمير حسين حمدان سجواني	54
337,000	337,000	0.04%	الكويت	احمد الحاج عبد الرسول العيدي	55
337,000	337,000	0.04%	الكويت	شركة الشرق للخدمات التعليمية	56

300000	300000	0.04%	الإمارات	سالم محمد نور القيواني	57
300,000	300,000	0.04%	الإمارات	ادريس محمد طاهر محمد والي	58
300,000	300,000	0.04%	الإمارات	عبد الرحمن محمد عقل علي الزرعوني	59
285,715	285,715	0.04%	الإمارات	خالد محمد ضاحي سعيد المهيري	60
285,714	285,714	0.04%	الإمارات	سعيد محمد ضاحي سعيد المهيري	61
285,714	285,714	0.04%	الإمارات	ضاحي محمد ضاحي سعيد المهيري	62
250,000	250,000	0.03%	الإمارات	حمد حميد عيسى لوتاه	63
250,000	250,000	0.03%	الإمارات	عارف سلطان احمد لوتاه	64
250,000	250,000	0.03%	الإمارات	احمد محمد. سيف بوخزمية السويدي	65
250,000	250,000	0.03%	الإمارات	علي محمد عبيد محمد مطيري	66
250,000	250,000	0.03%	الإمارات	فيصل عقيل محمد نور البستكي	67
250,000	250,000	0.03%	الإمارات	مغير خميس مغير جابر علي الخييلي	68
250,000	250,000	0.03%	الإمارات	عبدالله ابراهيم سعيد لوتاه	69
250,000	250,000	0.03%	الإمارات	فراس عفيف أسد الشامي	70
250,000	250,000	0.03%	الإمارات	مقداد يوسف الشيخ أ. عبد العزيز المبارك	71
250,000	250,000	0.03%	الإمارات	صلاح عبد الكريم عبد الله الحمداني	72
250,000	250,000	0.03%	الإمارات	محمد أمين حسن محمد مباشر المرزوقي	73
250,000	250,000	0.03%	الإمارات	رقية عبد القادر عبدالوهاب المدني	74
250,000	250,000	0.03%	الإمارات	سعيد محمد محمد العوضي	75
250,000	250,000	0.03%	باكستان	عمير ذو الفقار نظامي	76
200,000	200,000	0.03%	الإمارات	عبدالله محمدعقيل علي الزرعوني	77
159,092	159,092	0.02%	الإمارات	جمال صالح محمد بن لاحج	78
142,858	142,858	0.02%	الإمارات	علياء محمد ضاحي المهيري	79
142,857	142,857	0.02%	الإمارات	فاطمة محمد ضاحي المهيري	80
142,857	142,857	0.02%	الإمارات	حمدة محمد ضاحي المهيري	81
142,857	142,857	0.02%	الإمارات	آمنة محمد ضاحي المهيري	82
142,857	142,857	0.02%	الإمارات	مريم محمد ضاحي المهيري	83
142,857	142,857	0.02%	الإمارات	حصة محمد ضاحي المهيري	84
142,857	142,857	0.02%	الإمارات	هند محمد ضاحي المهيري	85
142,857	142,857	0.02%	الإمارات	أمل محمد ضاحي المهيري	86

87	خديجة احمد محمد	الإمارات	0.02%	125,001	125,001
88	فاطمة صالح محمد بن لاحج	الإمارات	0.01%	79,545	79,545
89	عائشة صالح محمد بن لاحج	الإمارات	0.01%	79,545	79,545
90	آمنة صالح محمد بن لاحج	الإمارات	0.01%	79,545	79,545
91	حمدة صالح محمد بن لاحج	الإمارات	0.01%	79,545	79,545
92	سلمى صالح محمد بن لاحج	الإمارات	0.01%	79,545	79,545
93	هند صالح محمد بن لاحج	الإمارات	0.01%	79,545	79,545
94	سماء صالح محمد بن لاحج	الإمارات	0.01%	79,545	79,545
95	ناصر محمد عبد الله العبدول	الإمارات	0.01%	50,000.00	50000
96	عامر سعد محمد الخياط	الأردن	0.00%	10,000.00	10,000
96	مدارس للإدارة المحدودة	الإمارات	0.00%	1	1
97	شركة مدارس للعمليات المحدودة	الإمارات	0.00%	1	1
98	مدارس للاستثمار	الإمارات	0.00%	1	1
			100.00 %	**750,000,000**	**750,000,000**

The Articles of Association
of
Taaleem Holdings PJSC

(Public Joint-Stock Company)

النظام الأساسي

تعليم القابضة ش.م.ع

(شركة مساهمة عامة)

PART ONE
ESTABLISHING THE COMPANY

الباب الأول
في تأسيس الشركة

Taaleem Holdings P.S.C, is a private joint stock company duly incorporated on 14 February 2007 in the Emirate of Dubai under the trade license number 591478 issued by the Department of Economy and Tourism in Dubai pursuant to its Memorandum and Articles of Association executed at the Dubai Notary Public on 5 February 2007, as amended by the amended and restated Articles of Association notarized by the Dubai Notary Public on 29 June 2017 and as amended by the amended and restated Articles of Association notarized by the Dubai Notary Public on 2 February 2022.

حيث إن **تعليم القابضة (شركة مساهمة خاصة)**، هي شركة مساهمة خاصة مؤسسة بتاريخ ١٤ فبراير ٢٠٠٧ في إمارة دبي، بموجب الرخصة التجارية رقم ٥٩١٤٧٨، مسجلة لدى دائرة الاقتصاد والسياحة في دبي، وبموجب عقد التأسيس والنظام الأساسي المصدق لدى الكاتب العدل في إمارة دبي بتاريخ ٥ فبراير ٢٠٠٧، والذي تم تعديله وإعادة صياغته بموجب النظام الأساسي المعدل والمعاد صياغته المصدق لدى الكاتب العدل بتاريخ ٢٩ يونيو ٢٠١٧، والذي تم تعديله وإعادة صياغته بموجب النظام الأساسي المعدل والمعاد صياغته المصدق لدى الكاتب العدل بتاريخ ٢ فبراير ٢٠٢٢.

Whereas the shareholders in the Company wish to convert its legal form from a private joint stock company to a public joint stock company and the Founders of the Company approved on 29 August 2022 (i) such conversion from a private joint stock company to a public joint stock company, (ii) increase the Company's capital and (iii) an offer of part of the Company's capital to the public.

وحيث أن المساهمون في الشركة يرغبون في تحويل الشكل القانوني من شركة مساهمة خاصة إلى شركة مساهمة عامة، فقد وافق المؤسسون بتاريخ ٢٩ أغسطس ٢٠٢٢على (١) تحويل الشركة من شركة مساهمة خاصة إلى شركة مساهمة عامة؛ و(٢) زيادة رأس مال الشركة و(٣) طرح جزء من رأس مال الشركة للاكتتاب العام.

Whereas it has been agreed to offer to the public a part of the share capital of the Company.

وحيث تم الاتفاق على طرح جزء من أسهم الشركة للاكتتاب العام.

Therefore, it has been agreed that the following shall be the Articles of Association of the Company:

وعليه، فقد تمَ الاتفاق على النظام الأساسي التالي للشركة:

DEFINITIONS

تعريفات

The following terms and expressions, when mentioned in the provisions of these Articles, shall have the following meanings:

يقصد بالألفاظ أدناه، عند ورودها في النظام الأساسي، المعاني المرادفة لكل منها:

Affiliated Company: means a company associated with another company under a cooperation and coordination agreement, in accordance with the resolution No. (3 R.M) issued by the Board of Directors of the Authority (as defined below) concerning Approval of Joint Stock Companies Governance Guide.

الشركة الحليفة: تعني الشركة المرتبطة بعقد تعاون وتنسيق مع شركة أخرى وفقاً لقرار رئيس مجلس إدارة الهيئة رقم (٣ ر.م) لسنة ٢٠٢٠ بشأن اعتماد دليل حوكمة الشركات المساهمة العامة.

Articles or Articles of Association: means the Articles of Association of the Company as amended from time to time.

النظام أو النظام الأساسي: يعني هذا النظام الأساسي للشركة كما يتم تعديله من وقت لأخر.

Authority: means the Securities and Commodities Authority in the United Arab Emirates.

الهيئة: تعني هيئة الأوراق المالية والسلع بدولة الإمارات العربية المتحدة.

Board or Board of Directors: means the board of directors of the Company.

المجلس أو مجلس الإدارة: يعني مجلس إدارة الشركة.

Chairman or Chairman of the Board: means the chairman of the Board of Directors of the Company.

الرئيس أو رئيس المجلس: يعني رئيس مجلس إدارة الشركة.

Company: means Taaleem Holdings PJSC.

الشركـة: تعني تعليم القابضة ش.م.ع

Competent Authority: means the Department of Economy and Tourism in Dubai.

السلطة المختصة: تعني دائرة الاقتصاد والسياحة في دبي.

Conflict of Interest: A situation in which the partiality in taking a decision is affected due to a personal, material or moral interest, whereby the interests of the Related Parties interfere or seem to interfere with the interests of the Company as a whole, or upon taking advantage of the professional or official position in any way with a view to achieving a personal benefit.

تعارض المصالح: تعني الحالة التي يتأثر فيها حياد اتخاذ القرار بسبب مصلحة شخصية مادية أو معنوية حيث تتداخل أو تبدو أنها تتداخل مصالح الأطراف ذات العلاقة مع مصالح الشركة ككل أو عند استغلال الصفة المهنية أو الرسمية بطريقة ما لتحقيق منفعة شخصية.

Control:

The ability to direct management and policies of the Company and control financial and operational polices through controlling the following: formation of the Board, election of the majority of its members or control of the administration appointments. The control shall be materialized by acquisition/control of shares that have voting rights of 30% or more in the company

السيطـرة: تعني القدرة على التأثير أو التحكم - بشكل مباشر أو غير مباشر- في تعيين أغلبية أعضاء مجلس إدارة شركة أو القرارات الصادرة منه أو من الجمعية العمومية للشركة، وذلك من خلال ملكية نسبة ٣٠٪ أو أكثر من أسهم الشركة، أو الحصص، أو باتفاق أو ترتيب آخر يؤدي إلى ذات التأثير.

Corporate Governance: means a set of controls, standards and procedures that aim to achieve corporate discipline for the management of the Company in accordance with the international standards and practices, through determining the duties and responsibilities of the Directors and the executive management of the Company, while taking into consideration the protection of the rights of shareholders and stakeholders.

حوكمة الشركات أو الحوكمة: تعني مجموعة الضوابط والمعايير والإجراءات التي تحقق الانضباط المؤسسي في إدارة الشركة وفقاً للمعايير والأساليب العالمية وذلك من خلال تحديد مسؤوليات وواجبات أعضاء مجلس الإدارة والإدارة التنفيذية للشركة مع الأخذ في الاعتبار حماية حقوق المساهمين وأصحاب المصالح.

Cumulative Voting: means each shareholder has a number of votes equal to the number of shares held by such shareholder. Such votes can be provided to a single nominated director or distributed among more than one nominated director provided that the number of votes to be given to such group of nominated directors is not more than the number of the votes held by such shareholder in any case whatsoever.

التصويت التراكمي: يعني أن يكون لكل مساهم عدد من الأصوات يساوي عدد الأسهم التي يملكها، بحيث يقوم بالتصويت بها لمرشح واحد لعضوية مجلس الإدارة أو توزيعها بين من يختارهم من المرشحين على ألا يتجاوز عدد الأصوات التي يمنحها للمرشحين الذين اختارهم عدد الأصوات التي بحوزته بأي حال من الأحوال.

Director(s): means the person(s) elected to perform the function of member(s) of the Board of Directors of the Company, including the Chairman of the Board

عضو (أعضاء) مجلس الإدارة: يعني الشخص الذي يتم انتخابه لشغل عضوية مجلس إدارة الشركة، بما في ذلك رئيس المجلس.

Dirham: means the official currency in the State.

درهم: يعني العملة الرسمية لدولة الإمارات العربية المتحدة.

Disclosure Rules: mean the rules and requirements of disclosure under the Law, the regulations and resolutions issued in accordance thereof.

قواعد الإفصاح: تعني قواعد ومتطلبات الإفصاح الواردة في القانون والأنظمة والقرارات الصادرة بمقتضاه.

Executive Management: means the senior executive management of the Company including the Manager of the Company, the executive manager, the managing director delegated by the Board to manage the Company and their deputies or any other persons authorized by the Board of Directors and their deputies to manage the Company.

الإدارة التنفيذية: تعني الإدارة التنفيذية العليا للشركة وتشمل المدير العام والرئيس التنفيذي والعضو المنتدب المخول من قبل أعضاء مجلس الإدارة بإدارة الشركة ونوابهم / أو أشخاص أخرى مخولين من قبل أعضاء مجلس الإدارة ونوابهم بإدارة الشركة.

General Meeting or General Assembly: means the Company's shareholders general meeting held as per the provisions of Part 5 of these Articles of Association.

الجمعية العمومية: تعني الجمعية العمومية للمساهمين المنعقدة وفقاً لأحكام الباب الخامس من هذا النظام الأساسي.

Law: means Federal Decree Law No 32 of 2021 on Commercial Companies and any amendments thereof.

القانون: يعني المرسوم بقانون اتحادي رقم (٣٢) لسنة ٢٠٢١ في شأن الشركات التجارية وأية تعديلات تطرأ عليه.

Listing Rules: mean the rules and requirements of listing under the Law, the regulations and resolutions issued in accordance thereof, including the internal regulations of the Market.

قواعد الإدراج: تعني قواعد ومتطلبات الإدراج الواردة في القانون والأنظمة والقرارات الصادرة بمقتضاه، واللوائح الداخلية الخاصة بالسوق.

Manager of the Company: means the general manager, the executive manager, the chief executive officer or the managing director of the Company appointed by the Board of Directors.

مدير الشركة: يعني المدير العام أو المدير التنفيذي أو الرئيس التنفيذي أو العضو المنتدب للشركة المعينين من قبل مجلس الادارة.

Market: means the financial market licensed in the State on which the shares of the Company

السوق: يعني سوق الأوراق المالية المرخص في الدولة من قبل الهيئة والمدرجة فيه أسهم الشركة.

are listed.

Parent Company: means a company

related to a Subsidiary Company through any of the following relationships:

1. has the rights to exercise or already exercises the Control on the subsidiary company; or
2. a parent company of the Parent Company relating to the Subsidiary Company.

الشركة الام: تعني شركة ترتبط بالشركة التابعة من خلال أي من العلاقات التالية:

١- ان يكون لديها الحق في ممارسة أو تقوم بالفعل بممارسة السيطرة على الشركة التابعة؛ أو

٢- شركة ام للشركة الام للشركة التابعة.

Related Party(ies): means the Chairman, members of the Board of Directors, and members of the Executive Management of the Company, its employees and the companies in which any of such persons holds no less than thirty per cent (30%) of the capital thereof as well as Subsidiary Companies, Sister Companies or Affiliated Companies.

الأطراف ذات العلاقة: تعني رئيس وأعضاء مجلس إدارة الشركة وأعضاء الإدارة التنفيذية بالشركة، والعاملين بها، والشركات التي يساهم فيها أي من هؤلاء بما لا يقل عن ثلاثين بالمائة (٣٠٪) من رأسمالها، وكذلك الشركات التابعة أو الشركات الشقيقة أو الشركات الحليفة.

Sister Company: means a company that belongs to the same group to which the Company belongs.

الشركة الشقيقة: تعني الشركة التي تتبع نفس المجموعة التي تتبعها شركة اخرى.

Special Resolution: means a resolution that has been passed by the majority shareholders of the Company holding at least three quarters (75%) of the shares represented in the General Assembly of the Company.

القرار الخاص: يعني القرار الصادر بأغلبية أصوات مساهمي الشركة الذين يملكون مالا يقل عن ثلاثة أرباع (٧٥٪) من الأسهم الممثلة في اجتماع الجمعية العمومية للشركة.

State: means the United Arab Emirates.

الدولة: تعني دولة الإمارات العربية المتحدة.

Subsidiary Company: means a company in which the Company owns more than 50% of its capital and fully controls the formation of its board of directors.

الشركة التابعة: تعني الشركة المملوكة من الشركة بأكثر من ٥٠٪ من رأسمالها وتخضع للسيطرة الكاملة من قبل الشركة في تعيين مجلس ادارتها.

Transactions: means an event that may affect a listed public joint stock company's assets, liabilities and net value in terms of transactions, contracts or agreements concluded by the company and any other transactions determined by the Authority from time to time under decisions, instructions or circulations issued thereby.

الصفقات: حدث يؤثر على أصول الشركة المساهمة العامة المدرجة في السوق أو التزاماتها أو صافي قيمتها من تعاملات أو عقود أو اتفاقيات تبرمها الشركة، وأي تعاملات اخرى تحددها الهيئة من وقت لآخر بقرارات أو تعليمات أو تعاميم تصدرها..

Article 1

المادة ١

The name of the Company is **Taaleem Holdings PJSC** (a public joint stock company) referred to hereinafter as (the "**Company**").

اسم الشركة هو **تعليم القابضة ش.م.ع** (شركة مساهمة عامة) ويشار إليها فيما يلي ب ("**الشركة**").

Article 2

المادة ٢

The head office of the Company and its legal place of business shall be in the Emirate of Dubai. The Board of Directors may establish branches, offices and agencies for the Company inside and outside the State.

مكتب الشركة الرئيسي ومحلها القانوني في إمارة دبي، ويجوز لمجلس الإدارة أن ينشئ لها فروعاً ومكاتب ووكالات في داخل الدولة وخارجها.

Article 3

المادة ٣

The fixed term of the Company shall be one hundred (100) Gregorian years commencing from the date the Company is registered in the commercial register.

Such term shall be automatically renewed for similar successive terms unless a Special Resolution of the General Assembly is issued to amend the term of the Company or terminate the same.

المدة المحددة لهذه الشركة هي (١٠٠) مائة سنة ميلادية تبدأ من تاريخ إشهار الشركة في السجل التجاري.

وتجدد هذه المدة بعد ذلك تلقائياً لمدد متعاقبة ومماثلة ما لم يصدر قرار خاص من الجمعية العمومية بتعديل مدة الشركة أو انهائها.

Article 4

المادة ٤

4.1 The objects that the Company is established for shall be in compliance with the provisions of the laws and regulations in force in the State and shall be:

a. Investment in Educational Enterprises and Management;

b. Investment in Commercial Enterprises and Management; and

c. Investment in Industrial Enterprises and Management.

4.2 Furthermore, the Company shall be entitled to carry on any other activities incidental to or conducive to the attainment of any of its objects.

4.3 In the course of carrying out its objects, the Company may:

a. carry on business inside or outside the United Arab Emirates; and

b. acquire, own, possess, sell, lease or otherwise dispose of such real estates,

٤,١ تكون الأغراض التي أسست من أجلها الشركة متفقة مع أحكام القوانين والقرارات المعمول بها داخل الدولة، وهي:

أ. الاستثمار في المشروعات التعليمية وإدارتها؛

ب. الاستثمار في المشروعات التجارية وإدارتها؛ و

ج. الاستثمار في المشروعات الصناعية وإدارتها.

٤,٢ علاوةً على ذلك، يجوز للشركة مزاولة أية أنشطة أخرى تتعلق بأي من أغراضها أو تؤدي إلى تحقيقها.

٤,٣ يجوز للشركة، ضمن مسار القيام بأغراضها:

أ. ممارسة الأعمال داخل وخارج دولة الإمارات العربية المتحدة؛ و

ب. الحصول على أو امتلاك أو حيازة أو بيع أو

assets, equipment and facilities as may be necessary or conducive to the attainment of its principal objects; and

تأجير أو بشكل آخر التصرف بالعقارات، الأصول أو المعدات والتجهيزات كما قد يكون ذلك ضرورياً أو مؤدياً إلى تحقيق أغراضها الرئيسية؛ و

c. carry on all business related directly or indirectly to the said objects or incidental thereto; and

ج. مزاولة كافة أعمالها التي تتعلق بشكل مباشر أو غير مباشر بالأغراض المذكورة أو المتعلقة بها؛ و

d. attain its objects and exercise its powers either as principal, contractor, sub-contractor or otherwise.

د. تحقيق أغراضها وممارسة سلطاتها سواءً كأصيل أو مقاول أو مقاول من الباطن أو بأي شكل أخر.

4.4 The Company may not carry on the business of insurance, banking or the investment of funds on behalf of third parties.

٤,٤ لا يجوز للشركة أن تزاول أعمال التأمين أو الأعمال المصرفية أو استثمار الأموال نيابةً عن الغير.

4.5 The Company may have an interest, enter into joint ventures, establish, acquire or participate with other entities, establishments or companies in the State or outside the State, in projects, establishments and companies pursing objects and exercising activities similar to its own objects and activities.

٤,٥ ويجوز للشركة أن تكون لها مصلحة أو أن تدخل في مشاريع مشتركة أو تؤسس أو تستحوذ أو تشترك مع الشركات والمؤسسات والجهات داخل الدولة أو خارجها في مشاريع ومؤسسات وشركات تزاول أغراضاً واعمالاً شبيهة بأغراضها وأعمالها.

4.6 In fulfillment of its objects above, the Company may, enter into commercial and financial transactions, execute and implement contracts and other obligations, draw, accept and negotiate negotiable instruments, open and operate bank accounts and borrow money for any period of time with or without security on any of all of the assets of the Company, issue guarantees, invest monies and deal with such investments on its own account and generally to institute, participate in or promote commercial and mercantile enterprises and operations of all kinds in relation to or for the purpose of the business of the company, and to do all such other Businesses as may be considered to be incidental to the above objects.

٤,٦ وللشركة في سبيل تحقيق أغراضها المحددة لها السابق ذكرها، أن تقوم بالعمليات التجارية والمالية وإنجاز والتوقيع على العقود والالتزامات الأخرى وسحب وقبول وحسم الأوراق التجارية القابلة للتداول وفتح وإدارة الحسابات البنكية واقتراض الأموال لأية فترة زمنية سواء مقابل ضمانات أو دون ضمانات على أي وجميع موجودات الشركة وإصدار الضمانات واستثمار الأموال والتعامل مع هذه الاستثمارات لحسابها الخاص وعلى وجه العموم إقامة أو الإسهام في أو تطوير الأعمال أو العمليات التجارية من جميع الأشكال المتعلقة بأغراض الشركة أو التي تخدم أغراضها وكذلك القيام بجميع الاعمال التي تكون مرتبطة مع الأغراض المذكورة

4.7 The Company shall not carry out any activity for which a license is required from the competent regulatory authority in or outside the State, unless it obtains such license. A copy of such license should be

٤,٧ لا يجوز للشركة القيام بأي نشاط يُشترط لمزاولته صدور ترخيص من الجهة الرقابية المشرفة على النشاط بالدولة أو خارج الدولة إلا بعد الحصول على الترخيص من تلك الجهة

provided to the Authority and the Competent Authority.

وتقديم نسخة من هذا التراخيص للهيئة والسلطة المختصة.

PART TWO
THE CAPITAL OF THE COMPANY

الباب الثاني
في رأسمال الشركة

Article 5

The issued capital of the Company has been fixed at an amount of AED 1,035,000,000 (one billion and thirty-five million Dirhams) divided into shares, the nominal value of which is 1 (one) Dirham for each share. All the Company's shares are fully paid and are of the same class and are equal in their rights and obligations.

المادة ٥

حدد رأس مال الشركة المصدر بمبلغ ١,٠٣٥,٠٠٠,٠٠٠ (مليار وخمسة وثلاثون مليون) درهم موزع على عدد من الأسهم قيمتها الأسمية ١ (واحد) درهم لكل سهم، مدفوعة بالكامل. وتكون جميع أسهم الشركة متساوية مع بعضها البعض من كافة الحقوق.

Article 6

All the shares in the Company are nominal, and the provisions of the Law and the resolutions issued for its implementation with regard to the ownership of shares must be adhered to. In any event, the percentage of the State's nationals participating at any time during the existence of the Company should not be less than 60% of the share capital

المادة ٦

جميع أسهم الشركة اسمية ويجب الالتزام بأحكام القانون والقرارات الصادرة تنفيذاً له فيما يتعلق بملكية الأسهم. وفي أي حال، يجب ألا تقل نسبة مشاركة مواطني الدولة في أي وقت طوال مدة بقاء الشركة عن ٦٠٪ من رأس المال.

Article 7

The shareholders shall not be responsible for any liabilities or losses that the Company incurs save to the extent of the unpaid amount , if any, of the shares they own. The obligations of shareholders may not be increased without their unanimous consent.

المادة ٧

لا يلتزم المساهمون بأية التزامات أو خسائر على الشركة إلا في حدود المبلغ (إن وجد) المتبقي غير المدفوع على ما يملكون من أسهم، ولا يجوز زيادة التزاماتهم إلا بموافقتهم الجماعية.

Article 8

Ownership of any share in the Company shall be deemed an acceptance by the shareholder to be bound by these Articles and the resolutions of the Company's General Assemblies. A shareholder may not request a refund for amounts paid to the Company in consideration of his/her shareholding.

المادة ٨

يترتب على ملكية السهم قبول المساهم بنظام الشركة الأساسي وقرارات جمعياتها العمومية. ولا يجوز للمساهم أن يطلب استرداد ما دفعه للشركة كحصة في رأس المال.

Article 9

The shares are not divisible (i.e. shares may not be divided among more than one person).

المادة ٩

يكون السهم غير قابل للتجزئة (بمعنى أنه لا يجوز تجزئة السهم على أكثر من شخص). ومع ذلك إذا آلت

However, if the ownership of the share is transmitted or owned by multiple persons, they must select a nominee to act on their behalf towards the Company. Such persons shall be jointly liable for the obligations arising from the ownership of the shares. If they fail to agree on the selection of a nominee, any of them may refer to the competent court to appoint such nominee. The Company and the Market shall be notified of the decision of the court in this regard.

ملكية السهم إلى عدة ورثة أو تملكه أشخاص متعددون وجب أن يختاروا من بينهم من ينوب عنهم تجاه الشركة، ويكون هؤلاء الأشخاص مسؤولين بالتضامن عن الالتزامات الناشئة عن ملكية السهم، وفي حال عدم اتفاقهم على اختيار من ينوب عنهم يجوز لأي منهم اللجوء للمحكمة المختصة لتعيينه ويتم إخطار الشركة والسوق بقرار المحكمة بهذا الشأن.

Article 10

المادة ١٠

Each share shall entitle its holder to a proportion equal to that of other shareholders without distinction (i) in the ownership of the assets of the Company upon dissolution; (ii) in the profits as stated hereinafter; (iii) in the rights to attend the General Assembly meetings and (iv) in voting on the resolutions thereof.

كل سهم يخول مالكه الحق في حصة معادلة لحصة غيره بلا تمييز (أ) في ملكية موجودات الشركة عند تصفيتها؛ و (ب) في الأرباح المبينة فيما بعد؛ و (ج) في حق حضور اجتماعات الجمعيات العمومية؛ و (د) في التصويت على قراراتها.

Article 11

المادة ١١

11.1 The Board of Directors may elect to list the shares on other stock markets outside the State. In the event the shares of the Company are listed in the markets of any other jurisdiction, the Company shall comply with their respective governing rules and regulations including the laws, rules and regulations relating to the issuance and registration, transfer, trading and encumbering the shares without the need to amend the provisions of these Articles of Association should they conflict with the laws, rules and regulations of those stock markets.

١١,١ يجوز لمجلس الإدارة إدراج الشركة في الأسواق المالية الأخرى خارج الدولة، وفي حالة إدراج أسهم الشركة في الأسواق المالية خارج الدولة فعلى الشركة أن تتبع القوانين والأنظمة واللوائح المعمول بها في تلك الأسواق بما في ذلك قوانين وأنظمة ولوائح إصدار وتسجيل أسهم الشركة وتداولها ونقل ملكيتها وترتيب أي حقوق عليها، وذلك دون الحاجة إلى تعديل الأحكام الواردة في هذا النظام الأساسي في حالة تعارضها مع هذه القوانين أو الأنظمة أو اللوائح.

11.2 The Company's shares may be sold, assigned, pledged, or otherwise disposed of in any way whatsoever in accordance with the provisions of these Articles and all the regulations of the Authority and the Market where the shares of the Company are listed. The transfer of title to shares or any other disposal thereof shall become effective from the date of its registration in the share register at the Market where the shares are listed.

١١,٢ يجوز بيع أسهم الشركة أو التنازل عنها أو رهنها أو التصرف أو التعامل فيها على أي وجه بمقتضى وطبقاً لأحكام هذا النظام الأساسي ونظام الهيئة والسوق المدرجة فيه الأسهم. ولا يجوز الاحتجاج بنقل ملكية الأسهم أو اجراء أي تصرف آخر فيها إلا من تاريخ قيدها في سجل أسهم الشركة بالسوق المدرجة فيه الأسهم.

11.3 In the event of a death of a shareholder, his/her heirs shall be the only persons to be approved by the Company as having rights or interests in the shares of the

١١,٣ في حالة وفاة أحد المساهمين، يكون وريثه هو الشخص الوحيد الذي توافق الشركة بأن له حقوق ملكية أو مصلحة في أسهم المتوفى

deceased shareholder. Such heir shall be entitled to dividends and other privileges which the deceased shareholder had. Such heir, after being registered in the Company in accordance with these Articles, shall have the same rights in his/her capacity as a shareholder in the Company as the deceased shareholder had in relation to such shares. The estate of the deceased shareholder shall not be exempted from any obligation regarding any share held by him/her at the time of death.

ويكون له الحق في الأرباح والامتيازات الأخرى التي كان للمتوفى حق فيها. ويكون للوريث بعد تسجيله في الشركة وفقا لأحكام هذا النظام ذات الحقوق كمساهم في الشركة التي كان يتمتع بها المتوفى فيما يخص هذه الأسهم. ولا تعفى تركة المساهم المتوفي من أي التزام فيما يختص بأي سهم كان يملكه وقت الوفاة.

11.4 Any person who becomes entitled to rights to shares in the Company as a result of the death or bankruptcy of any shareholder, or pursuant to an attachment order issued by any competent court of law, should within thirty (30) days:

a. produce evidence of such right to the Board of Directors; and

b. select either to be registered as a shareholder or to nominate another person to be registered as a shareholder of the relevant share.

١١,٤ يجب على أي شخص يصبح له الحق في أية أسهم في الشركة نتيجةً لوفاة أو إفلاس أي مساهم أو بمقتضى أمر حجز صادر عن أية محكمة مختصة أن يقوم خلال ثلاثين (٣٠) يوماً:

أ. بتقديم البينة على هذا الحق إلى مجلس الإدارة؛ و

ب. أن يختار أما أن يتم تسجيله كمساهم أو أن يسمي شخصاً ليتم تسجيله كمساهم فيما يختص بذلك السهم.

Article 12

When the Company completes the listing of its shares on the Market in accordance with the Listing Rules, it shall replace its share register system and the applicable system of its ownership transfer with an electronic system for the registration of the shares and transfers thereof as applicable in the Market. The data electronically recorded thereon is final and binding and cannot be challenged, transferred or altered except in accordance with the regulations and procedures followed in such Market.

المادة ١٢

تستبدل الشركة، عند اتمام إدراج أسهمها في السوق وفقاً لقواعد الإدراج، سجل الأسهم ونظام نقل ملكية الأسهم المعمول به بنظام إلكتروني لتسجيل الأسهم وقيد نقل ملكيته وفقاً للنظام المعمول به في السوق الخاص بقيد وتسجيل الأسهم. وتعتبر البيانات الواردة في هذا النظام الإلكتروني نهائية وملزمة ولا يجوز الطعن فيها أو طلب نقلها أو تغييرها إلا وفقاً للنظم والإجراءات المتبعة في السوق المعني.

Article 13

A shareholder's heirs or creditors may not, for whatsoever reason, request the attachment of the Company's books or assets. They also may not request to divide those assets or sell them in one lot as a result of their indivisibility, nor to interfere in any way whatsoever in the management of the Company. Those heirs and creditors must, when exercising their rights, rely

المادة ١٣

لا يجوز لورثة المساهم أو لدائنيه، لأي سبب كان، أن يطلبوا وضع الأختام على دفاتر الشركة أو ممتلكاتها ولا أن يطلبوا قسمتها أو بيعها جملةً لعدم إمكان القسمة ولا أن يتدخلوا بأية طريقة كانت في إدارة الشركة. ويجب عليهم، لدى استعمال حقوقهم، التعويل على قوائم جرد الشركة وحساباتها الختامية وعلى قرارات جمعياتها

on the Company's books, inventories, balance sheets and resolutions of its General Assembly.

Article 14

The Company shall pay dividends on shares to the shareholders in accordance with the regulations as to trading, clearing, settlement, transfer of ownership and custody of securities and the applicable regulations of the Market, and in accordance with the regulations, resolutions and circulars issued by the Authority in this regard. The holder of the shares shall have the sole right to the profits due on those shares whether these profits represent dividends or entitlements to part of the Company's assets in case of its liquidation.

Article 15

A shareholder has the right to access the Company's books and documents, as well as any document relating to a deal transacted by the Company with one of the Related Parties under the permission of the Board or a decision of the General Assembly.

Article 16

16.1 Subject to the approval of the Authority and the Competent Authority, the Company, by way of a Special Resolution, may:

a. increase the share capital of the Company by issuing new shares of the same nominal value as the original shares or of the same nominal value plus a premium in case the market value of a share exceeds the nominal value of that share; and

b. grant issuance discount in case the market value of the share decreased below the nominal value of the share. The share capital of the Company may also be reduced.

16.2 Without prejudice to Article 5 above, the increase or reduction of the share capital shall be resolved by a Special Resolution of the General Assembly, pursuant to a recommendation of the Board of

العمومية.

المادة ١٤

تدفع الشركة حصص الأرباح المستحقة عن السهم إلى المساهمين طبقاً للنظام الخاص بالتداول والمقاصة والتسويات في نقل ملكية وحفظ الأوراق المالية والقواعد المعمول بها في السوق. ووفقاً للأنظمة والقرارات والتعاميم الصادرة عن الهيئة بهذا الشأن. ويكون لحامل السهم وحده الحق في استلام المبالغ المستحقة عن ذلك السهم سواءً كانت حصصاً في الأرباح أو نصيباً في موجودات الشركة في حال تصفيتها.

المادة ١٥

للمساهم الحق في الاطلاع على دفاتر الشركة ووثائقها وكذلك على أية مستندات أو وثائق تتعلق بصفقة قامت الشركة بإبرامها مع أحد الأطراف ذات العلاقة بإذن من مجلس الإدارة أو بموجب قرار من الجمعية العمومية.

المادة ١٦

١٦,١ بعد الحصـــول على موافقة الهيئة والســـلطة المختصة يجوز للشركة بموجب قرار خاص:

أ. زيادة رأسمال الشركة من خلال إصدار أسهم جديدة بنفس القيمة الاسمية للأسهم الأصلية أو بإضافة علاوة إصدار إلى القيمة الاسمية في حالة زيادة القيمة السوقية عن القيمة الاسمية للسهم؛ و

ب. منح خصم إصدار في حالة انخفاض القيمة السوقية عن القيمة الاسمية للسهم كما يجوز تخفيض رأس مال الشركة.

١٦,٢ مع مراعاة المادة (٥) أعلاه، تكون زيادة رأس مال الشـركة أو تخفيضـــه بقرار خاص من الجمعية العمومية بناءً على اقتراح من مجلس الإدارة، وبعد ســماع تقرير مدقق الحســابات

Directors, and after hearing the auditors' report in case of a reduction. In the case of an increase, the resolution must state the amount of the increase, the value of the shares issued and any preemption rights to existing shareholders. In the case of a decrease in the share capital, the resolution must state the amount of decrease and the method of its implementation.

في حالة أي تخفيض، وعلى أن يبين في حالة الزيادة، مقدارها وسعر إصدار الأسهم الجديدة وحق المساهمين القدامى في أولوية الاكتتاب في هذه الزيادة. ويبين في حالة التخفيض مقدار هذا التخفيض وكيفية تنفيذه.

16.3 Shareholders shall have priority to subscribe for the issuance of new shares. Subscription to new shares shall be governed by the rules of subscription to the original shares.

١٦,٣ يكون للمساهمين حق الأولوية في الاكتتاب بالأسهم الجديدة ويسري على الاكتتاب في هذه الأسهم القواعد الخاصة بالاكتتاب في الأسهم الأصلية.

16.4 In accordance with Articles 225, 226, 227 and 231 of the Law, the Company may increase its capital: (a) for the purpose of the entry of a strategic partner; (b) for the purpose of capitalizing the Company's debts, or (c) for the purpose of converting bonds or Sukuk issued by the Company into shares, and without applying the pre-emption rights of the existing shareholders, provided that the Company obtains all the required approvals from the Authority and the Competent Authority and approves the relevant increase in capital by way of Special Resolution.

١٦,٤ وفقا لأحكام المواد (٢٢٥،٢٢٦,٢٢٧,٢٣١) من القانون يجوز زيادة رأس مال الشركة: (أ) لأغراض إدخال مساهم استراتيجي في الشركة؛ أو (ب) لتحويل ديون الشركة إلى رأس مال؛ أو (ج) تحويل السندات أو الصكوك المصدرة من الشركة إلى أسهم، وذلك دون اعمال لحقوق الاولوية وذلك بشرط الحصول على جميع الموافقات اللازمة من الهيئة والسلطة المختصة والموافقة على زيادة رأس المال من خلال قرار خاص للجمعية العمومية.

16.5 By way of additional exception, the Company may by Special Resolution increase its share capital without triggering the preemption rights, in order to implement a share incentive scheme for its employees in light of the resolutions issued by the Authority and the Competent Authority in this respect.

١٦,٥ وكذلك يُستثنى من حق الأولوية في الاكتتاب بالأسهم الجديدة برنامج تحفيز موظفي الشركة، حيث يجوز للشركة بموجب قرار خاص أن تزيد رأسمالها لتطبيق برنامج تحفيز موظفي الشركة بتملك أسهم فيها في ضوء القرارات المنظمة الصادرة عن الهيئة والسلطة المختصة بهذا الشأن.

16.6 The Board of Directors of the Company shall present an employee share incentive scheme (if present) to the General Assembly for approval.

١٦,٦ يعرض مجلس الإدارة على الجمعية العمومية برنامج تحفيز موظفي الشركة بتملك أسهم فيها (إن وجد) للموافقة.

16.7 Directors of the Board are not allowed to

١٦,٧ لا يجوز لأعضاء مجلس الإدارة المشاركة في

participate in the employee share incentive scheme.

برنامج تحفيز موظفي الشركة بتملك أسهم فيها.

16.8 The share capital of the Company may be increased by no more than 10% of the issued capital in any given five-year period for the purpose of establishing and implementing such employee share incentive scheme.

١٦,٨ يجوز زيادة رأسمال الشركة بنسبة لا تزيد عن ١٠٪ من رأس المال المصدر خلال كل فترة خمس سنوات لغرض تطبيق برامج تحفيز موظفي الشركة بتملك أسهم فيها.

16.9 The Board of Directors, will, from time to time, determine the number of shares and conditions of allocation for the implementation of the employee share incentive scheme.

١٦,٩ يحدد مجلس الإدارة من وقت إلى آخر عدد وشروط تخصيص الأسهم لتطبيق برامج تحفيز موظفي الشركة بتملك أسهم فيها.

PART THREE
LOAN DEBENTURES

الباب الثالث
في سندات القرض

Article 17

المادة ١٧

17.1 Subject to the provisions of the Law, the Company may by a Special Resolution resolve, after obtaining the approval of the Authority, to issue bonds or sukuk of any nature of equal value per issue whether such bonds or sukuks are convertible to shares or otherwise and the term of the bonds. The Special Resolution shall determine the value of the bonds, the conditions of their issuance and their convertibility into shares. The General Assembly may also resolve to delegate to the Board of Directors the power to determine the date of issuance of such bonds or sukuks, pursuant to the terms and regulations issued by the Authority.

١٧,١ مع مراعاة أحكام القانون، للجمعية العمومية للشركة بموجب قرار خاص بعد الحصول على موافقة الهيئة، أن تقرر إصدار سندات قرض من أي نوع أو صكوك اسلامية بقيم متساوية لكل إصدار وسواءً كانت قابلة أو غير قابلة للتحول إلى أسهم في الشركة وكذلك مدة السندات. ويبين القرار الخاص قيمة السندات أو الصكوك وشروط إصدارها ومدى قابليتها للتحويل إلى أسهم. وللجمعية العمومية أن تصدر قراراً بتفويض الصلاحية إلى مجلس الإدارة في تحديد موعد إصدار السندات أو الصكوك وفقًا للشروط واللوائح الصادرة من الهيئة.

17.2 For the avoidance of doubt, any: (i) loans, credit facilities and/or derivative instruments entered into by the Company with banks or financial institutions or any third-party; and (ii) guarantees, indemnities and/or security arrangements granted by the Company in favour of any banks or financial institutions or any third-party, pursuant to any loans and/or credit facilities, in each case, having periods in excess of 3 years and entered into prior to the date of these Articles of Association, shall continue in full force and effect without the requirement for any further ratification from the Board of Directors and/or the General

١٧,٢ لتجنب الشك، أي: (١) قروض و / أو تسهيلات ائتمانية و/ أو أدوات دين / مشتقات قد دخلت فيها الشركة مع بنوك أو مؤسسات مالية أو مع الغير؛ و (٢) الضمانات والتعويضات و/أو ترتيبات الضمان الممنوحة من الشركة لصالح أي بنوك أو مؤسسات مالية أو مع الغير بموجب أي قروض و/ أو تسهيلات ائتمانية، في كل حالة، لفترات تتجاوز ٣ سنوات تم إبرامها قبل تاريخ هذا النظام الأساسي، تظل نافذة وسارية المفعول ونافذة بالكامل دون الحاجة إلى أي تصديق لاحق من مجلس الإدارة و / أو الجمعية العمومية.

Assembly.

Article 18

18.1 The bond or Sukuk shall remain nominal until fully paid up. The Company may not issue “bearer” bonds or Sukuk.

18.2 Bonds or Sukuk issued in connection with a single loan shall give equal rights to the holders of such bonds or Sukuk. Any condition to the contrary shall be invalid.

<u>PART FOUR</u>
<u>*BOARD OF DIRECTORS*</u>

Article 19

19.1 The Company shall be managed by a Board of Directors consisting of 9 (nine) Directors to be elected by a General Assembly via secret Cumulative Voting. However, the first Board of Directors will be appointed by the founders of the Company for three (3) years.

19.2 In all cases, the composition of the Board shall take into consideration the Law and its amendments along with the relevant implementing resolutions.

Article 20

20.1 The Board of Directors shall hold its office for a term of three (3) years. At the end of such term, the Board of Directors shall be reconstituted. Directors whose term of office is completed may be re-elected.

20.2 The Company shall have a secretary who shall not be a Director.

المادة ١٨

١٨,١ يكون السند أو الصك اسمياً حتى اكتمال سداد قيمته ولا يجوز إصدار السندات أو الصكوك لحاملها.

١٨,٢ السندات أو الصكوك التي تصدر بمناسبة قرض واحد تعطي لأصحابها حقوقاً متساوية ويقع باطلاً كل شرط يخالف ذلك.

<u>الباب الرابع</u>
<u>*في مجلس الادارة*</u>

المادة ١٩

١٩,١ يتولى إدارة الشركة مجلس إدارة مكون من ٩ (تسعة) أعضاءً تنتخبهم الجمعية العمومية بالتصويت السري التراكمي. ومع ذلك يتم تعيين أعضاء أول مجلس إدارة من قبل مؤسسي الشركة لمدة ٣ سنوات.

١٩,٢ يتعين أن يراعى في تشكيل مجلس الادارة أحكام القانون وتعديلاته والقرارات الصادرة تنفيذاً له.

المادة ٢٠

٢٠,١ يتولى مجلس الإدارة مهامه لمدة ثلاث سنوات. وفي نهاية هذه المدة، يعاد تشكيل مجلس الإدارة. ويجوز إعادة انتخاب أعضاء مجلس الإدارة الذين انتهت مدة عضويتهم.

٢٠,٢ يجب أن يكون للشركة مقرر لمجلس الإدارة، ولا يجوز أن يكون مقرر المجلس من أعضائه.

20.3 The Board of Directors may appoint Directors to fill the positions that become vacant within thirty (30) days of the vacancy provided that such appointment is presented to the General Assembly in its first meeting to ratify it or to appoint replacement Directors. The newly appointed Director shall complete the term of his/her predecessor. If no Director is appointed within thirty (30) days, the Board of Directors shall open nomination to elect a replacement Director for the vacant position in the first General Assembly held after such vacancy, and the newly elected Director shall complete the term of his/her predecessor and such elected Director may be re-elected once again.

٢٠,٣ لمجلس الإدارة أن يعين أعضـاء مجلس الإدارة في المراكز التي تخلو في مدة أقصـــاها ٣٠ يوماً على أن يعرض هـذا التعيين على الجمعيـة العمومية في أول اجتماع لها لإقرار تعيينهم أو تعيين غيرهم، ويكمل العضـــو الجـديـد مـدة ســـلفه، وفي حالة عدم تعيين عضـــو جديد بالمركز الشـاغر خلال مدة ثلاثين (٣٠) يوماً، وجـب على مجلس الإدارة فتح بـاب الترشـــح لانتخاب عضــو للمركز الشـاغر في أول اجتماع للجمعيـة العموميـة تنعقـد بعـد نشـــوء تلـك المركز الشـــاعر، ويكمل العضـــو الجديد مدة ســلفه ويكون هذا العضــو قابلا للانتخاب مرة أخرى.

20.4 If the positions becoming vacant during any given year reach one quarter of the number of the Directors, the Board of Directors must call for a General Assembly to convene within a maximum of thirty (30) days from the date of the last position becoming vacant in order to elect new Directors to fill the vacant positions. In all cases, the new Director shall complete the term of his predecessor and such Director may be re-elected once again.

٢٠,٤ وإذا بلغت المراكز الشـاغرة في أثناء السـنة ربع عدد أعضاء مجلس الإدارة، وجب على مجلس الإدارة دعوة الجمعيـة العموميـة للاجتمـاع خلال ٣٠ يوماً على الأكثر من تاريخ خلو آخر مركز لانتخاب من يملأ المراكز الشـــاغرة. وفي جميع الأحوال، يكمـل عضـــو مجلس الإدارة الجديد مدة ســـلفه ويكون هذا العضـــو قابلاً للانتخاب مرة أخرى.

Article 21

المادة ٢١

21.1 The Company shall comply with the rules and conditions set out by the Authority with respect to nomination for membership of the Board of Directors. The candidate to the Board membership shall provide the Company with the following:

٢١,١ تلتزم الشركة بالضوابط والشروط الصادرة عن الهيئة بشأن الترشح لعضوية مجلس الادارة ويتعين على المرشح لعضوية مجلس الإدارة أن يقدم للشركة ما يلي:

a. A curriculum vitae stating his/her professional experience and academic qualifications and determining the type of membership applied for (executive/non-executive/independent).

أ. السيرة الذاتية موضحاً بها الخبرات العملية والمؤهل العلمي مع تحديد صفة العضو التي يترشح لها (تنفيذي /غير تنفيذي / مستقل).

b. An undertaking to comply with the provisions of the Law, and its implementing decisions, and the

ب. إقرار بالتزامه بأحكام القانون والقرارات المنفذة له والنظام الأساسي للشركة، وأنه

Company's Articles of Association; and to exercise his/her duties as a diligent person.

سوف يبذل عناية الشخص الحريص في أداء عمله.

c. A list of the names of companies and corporations where the candidate is a member of their board of directors, as well as any work he/she performs, directly or indirectly, which could reasonably be considered to be in competition with the Company.

ج. بيان بأسماء الشركات والمؤسسات التي يزاول المرشح العمل فيها أو يشغل عضوية مجالس إداراتها وكذلك أي عمل يقوم به بصورة مباشرة أو غير مباشرة يشكل منافسةً للشركة.

d. A declaration by the candidate that the candidate is not in breach of Article 149 of the Law.

د. إقرار المرشح بعدم مخالفة المرشح للمادة ١٤٩ من القانون.

e. For representatives of a corporate person, an official letter from the corporate bodies listing the names of its candidates for Board membership.

هـ. في حال ممثلي الشخص الاعتباري يتعين إرفاق كتاب رسمي من الشخص الاعتباري محدد فيه أسماء ممثليه المرشحين لعضوية مجلس الإدارة.

f. A list of the commercial companies in which the candidate participates or is a partner in their ownership and the number of stocks or shares therein.

و. بيان بالشركات التجارية التي يساهم أو يشارك في ملكيتها المرشح وعدد الأسهم أو الحصص فيها.

Article 22

المادة ٢٢

22.1 The Board of Directors shall elect, from amongst its members, a Chairman and a vice-chairman. The Chairman shall execute the resolutions adopted by the Board of Directors. The vice-chairman shall act on behalf of the Chairman in his/her absence or if the latter is otherwise incapacitated.

٢٢,١ ينتخب مجلس الإدارة من بين أعضـائه رئيسـاً ونـائبـا للرئيس. وعليـه تنفيـذ القرارات التي يصـــدرها مجلس الإدارة. ويقوم نـائب رئيس مجلس الإدارة مقام رئيس مجلس الإدارة عند غيابه أو في حالة عجزه عن القيام بدوره.

22.2 The Chairman shall represent the Company before courts and third parties and shall implement the resolutions adopted by the Board of Directors.

٢٢,٢ يكون رئيس مجلس الإدارة الممثـل القـانوني للشركة أمام القضـاء وفي علاقتها بالغير وعليه تنفيذ القرارات التي يصدرها مجلس الإدارة.

22.3 The Board of Directors may, but is not obliged to, elect from amongst its members one or more managing director(s) whose powers and remuneration are to be determined by the Board of Directors. Furthermore, the Board of Directors may form from its

٢٢,٣ يحق لمجلس الإدارة، دون التزام عليـه، أن ينتخب من بين أعضـائه عضـوا منتدباً للإدارة، ويُحدد مجلس الإدارة اختصاصاته ومكافآته. كما يكون لمجلس الإدارة أن يشـــكل من بين أعضـــائـه لجنـه أو أكثر يمنحهـا بعض اختصـاصـاته أو يعهد إليها بمراقبة سير العمل

members, one or more committees, giving it/them some of its powers or to delegate it/them to supervise the business affairs of the Company, and to execute the Board of Directors' resolutions. The Board of Directors shall form permanent committees that shall directly report to it. Permanent committees shall consist of at least three non-executive Board members, of whom at least two members shall be independent Board members and shall be chaired by one independent Board member. The Chairman of the Board of Directors shall not be a member of any such permanent committees. The Board of Directors shall select non-executive Board members for the committees charged with the duties that may result in Conflicts of Interest, such as verification of the integrity of financial and non-financial reports, review of deals concluded with stakeholders, selection of the executive management and setting their remuneration. The Board may, at its sole discretion, appoint external subject matter expert members to the permanent committees or committees formed for special purposes.

بالشركة وتنفيذ قرارات المجلس. يشكل مجلس الإدارة لجان دائمة تتبعه بشكل مباشر، وتتألف اللجان الدائمة من أعضاء مجلس الإدارة غير التنفيذيين لا يقل عددهم عن ثلاثة، على أن يكون اثنان منهم على الأقل من الأعضاء المستقلين وأن يترأس اللجنة أحدهما، ولا يجوز لرئيس مجلس الإدارة أن يكون عضواً في أي من هذه اللجان. ويتعين على مجلس الإدارة اختيار أعضاء مجلس الإدارة غير التنفيذيين في اللجان المعنية بالمهام التي قد ينتج عنها حالات تعارض مصالح مثل التأكد من سلامة التقارير المالية وغير المالية، ومراجعة الصفقات المبرمة مع الأطراف أصحاب المصالح، واختيار الإدارة التنفيذية، وتحديد أتعابهم. كما يجوز للمجلس وفق ما يرى أن يعين أعضاء من ذوي الخبرة من خارج أعضائه لعضوية اللجان الدائمة أو المشكلة بقرار منه لأغراض خاصة.

Article 23

المادة ٢٣

23.1 The Board of Directors shall have all the powers to manage the Company and the authority to perform all deeds and acts on behalf of the Company to the extent permitted to the Company and to carry out all the functions required by its objects. Such powers and authorities shall not be restricted except as stipulated in the Law, the Memorandum of Association, these Articles or as resolved by the General Assembly.

٢٣,١ لمجلس الإدارة كافة السلطات في إدارة الشركة والقيام بكافة الأعمال والتصرفات نيابةً عن الشركة حسبما هو مصرح للشركة القيام به وممارسة كافة الصلاحيات المطلوبة لتحقيق أغراضها. ولا يحد من هذه السلطات الصلاحيات إلا ما نص عليه القانون أو عقد التأسيس أو هذا النظام الأساسي وماورد بقرار من الجمعية العمومية.

23.2 Without prejudice to the provisions of the Law and its implementing decisions issued by the Authority, the Board of Directors shall be authorized to:

a. enter into and/or ratify loan agreements having a period in excess of three (3)

٢٣,٢ مع مراعاة أحكام القانون والقرارات المنفذة له الصادرة عن الهيئة يُفوض مجلس الإدارة في:

أ. إبرام و/أو المصادقة على عقود قرض تتجاوز أجالها ثلاث (٣) سنوات، وبيع ما لا يتجاوز

years, to sell no more than 50% of the Company's assets and real estate properties, to mortgage the said real estate and movable and immovable assets and to release the liability of debtors of the Company and to enter into conciliations and to agree arbitration; and

عن ٥٠٪ من أصول وعقارات الشركة ورهن عقارات وأصول الشركة المنقولة وغير المنقولة وإبراء ذمة مديني الشركة وإجراء الصلح والاتفاق على التحكيم، و

b. To grant for limited or unlimited period securities and/or guarantees required by the Company and to borrow and provide credit for the normal course of business, and to apply for loans and sign secured and unsecured bank facilities and pledge, mortgage or otherwise encumbrance or lien the assets, rights, benefits or entitlements of the Company for the purposes of raising and providing financial facilities for any term whether it is a short or a long term.

ب. منح ضمان و/أو كفالة لمدة محددة أو غير محددة والاقتراض وتقديم ائتمان ضمن النشاطات التجارية الاعتيادية والتقديم على القروض والتوقيع على التسهيلات البنكية مع تقديم أو بدون تقديم ضمانات ورهن أو رهن وفاء أو بشكل آخر تحميل أعباء مالية أو امتيازات على أصول أو حقوق أو امتيازات أو استحقاقات الشركة لغرض الحصول على وتوفير تسهيلات مالية لأيّ مدة سواء أكانت طويلة أم قصيرة.

23.3 The Board of Directors shall issue regulations relating to administrative and financial affairs, personnel affairs and their financial entitlements. The Board of Directors shall also issue regulations to organize its business, meetings and allocation of its authorities and responsibilities.

٢٣,٣ ويضــع مجلس الإدارة اللوائح المتعلقـة بالشــؤون الإدارية والمالية وشــؤون الموظفين ومسـتحقاتهم المالية. كما يضع مجلس الإدارة لوائح خاصـــة بتنظيم أعماله، واجتماعاته، وتوزيـع الاختصاصات والمسؤوليات.

Article 24

المادة ٢٤

The Chairman, vice-chairman, managing director or any other authorized Director, acting within the limits granted to him by the Board of Directors may severally sign on behalf of the Company.

يجوز لأي من رئيس مجلس الإدارة أو نائبه أو عضو مجلس الإدارة المنتدب أو أي عضو آخر، مفوض وفي حدود التفويض الممنوح من مجلس الإدارة التوقيع منفرداً عن الشركة.

Article 25

المادة ٢٥

25.1 The Board of Directors shall hold a minimum of four (4) meetings each year. The meeting shall be convened by an invitation in writing by the Chairman, the board secretary as directed by the Chairman or upon a written request filed by at least two (2) Board Directors.

٢٥,١ يعقد مجلس الإدارة أربعة (٤) اجتماعات سنويًا على الأقل. يكون الاجتماع بناءً على دعوة خطية من قبل رئيس مجلس الإدارة أو مقرره بموجب توجيهات رئيس مجلس الإدارة، أو بناءً على طلب خطي يقدمه عضوين من أعضاء المجلس على الأقل

25.2 The Board meetings can be held at the head office of the Company, or at any other place within the State as agreed by the Board of Directors. The meetings of the Board of Directors may be held through audio or video conferencing facilities as per the regulations and requirements issued by the Authority in this regard.

٢٥,٢ ويجوز أن تعقد اجتماعات المجلس في المركز الرئيسي للشركة أو في أي مكان آخر يوافق عليه أعضاء مجلس الإدارة داخل الدولة. ويجوز أن تعقد اجتماعات المجلس عن طريق وسائل الاتصال المسموعة أو المرئية وفقاً للضوابط الصادرة عن الهيئة بهذا الشأن.

Article 26

المادة ٢٦

26.1 Meetings of the Board of Directors shall not be valid unless attended by a majority of the Directors in person. A Director may appoint, another Director to vote on his/her behalf. In this case, such Director shall have two votes. A Director may not represent more than one other Director. A Director shall be considered present if he/she attends in person or via any means approved by the Authority, and at least fifty per cent of the Directors shall be present in person.

٢٦,١ لا يكون اجتماع مجلس الإدارة صحيحاً إلا بحضور أغلبية أعضائه شخصياً. ويجوز لعضو مجلس الإدارة أن ينيب عنه غيره من أعضاء مجلس الإدارة في التصويت. وفي هذه الحالة، يكون لهذا العضو صوتان، ولا يجوز أن ينوب عضو مجلس الإدارة عن أكثر من عضو مجلس الإدارة واحد. يعتبر عضو مجلس حاضرًا إذا حضر شخصيًا أو بأي وسيلة أخرى توافق عليها الهيئة وعلى ألا يقل عدد أعضاء مجلس الإدارة الحاضرين بأنفسهم عن نصف عدد أعضاء المجلس.

26.2 The resolutions of the Board of Directors are adopted by a majority of the votes of the Directors present or represented. In case of a tie, the Chairman or the person acting on his/her behalf shall have a casting vote.

٢٦,٢ وتصدر قرارات مجلس الإدارة بأغلبية أصوات أعضاء مجلس الإدارة الحاضرين والممثلين. وإذا تساوت الأصوات، رجح الجانب الذي منه الرئيس أو من يقوم مقامه.

26.3 The details of the items discussed in a meeting of the Board of Directors or its committee(s) and decisions thereof, including any reservations or any dissenting opinions, shall be recorded in the minutes of such meetings. All the Directors present shall sign the draft minutes prior to its adoption. Copies of the said minutes of meeting shall be sent to the Directors following adoption for their records. The minutes of meetings of the Board of Directors or its committee(s) shall be kept with the secretary of the Board of Directors. In the event that a Director refuses to sign, his/her refusal, with reasoning thereof, should be noted in the minutes.

٢٦,٣ تسجل في محاضر اجتماعات مجلس الإدارة أو لجانه من قبل مقرر المجلس أو اللجنة تفاصيل المسائل التي نظر فيها والقرارات التي تم اتخاذها بما في ذلك أية تحفظات لأعضاء مجلس الإدارة أو آراء مخالفة عبروا عنها. ويجب توقيع كافة أعضاء مجلس الإدارة الحاضرين على مسودات محاضر اجتماعات مجلس الإدارة قبل اعتمادها، على أن ترسل نسخ من هذه المحاضر لأعضاء مجلس الإدارة بعد الاعتماد للاحتفاظ بها. وتحفظ محاضر اجتماعات مجلس الإدارة ولجانه من قبل مقرر مجلس الإدارة. وفي حالة امتناع أحد أعضاء مجلس الإدارة عن التوقيع، يثبت اعتراضه في المحضر وتُذكر أسباب الاعتراض

في حال إبدائها.

26.4 Without prejudice to the minimum number of the Board of Directors' meetings mentioned in Article 25 above, the Board of Directors may exceptionally issue resolutions by circulation in cases of emergency in accordance with the conditions and procedures issued by the Authority. Such decisions shall be considered valid and enforceable as if they were issued in a duly convened meeting of the Board provided that:

٢٦,٤ مع مراعاة الالتزام بالحد الأدنى لعدد اجتماعات مجلس الإدارة المذكورة بالمادة ٢٥ من هذا النظام الأساسي، فإنه يجوز لمجلس الإدارة إصدار بعض قراراته بالتمرير في الحالات الطارئة وفقاً للشروط والإجراءات التي يصدر بها قرار من الهيئة بهذا الشأن وتُعتبر تلك القرارات صحيحة ونافذة كما لو أنها اتخذت في اجتماع تمت الدعوة إليه وعقد أصولاً مع مراعاة ما يلي:

a. The majority of Directors agree that the case necessitating a resolution by circulation is an emergency.

أ. موافقة أعضاء مجلس الإدارة بالأغلبية على أن الحالة التي تستدعي إصدار القرار بالتمرير حالة طارئة.

b. The resolutions are delivered to all the Directors in writing for approval and accompanied by all the supporting documents and papers as necessary for their review.

ب. تسليم جميع أعضاء مجلس الإدارة القرار مكتوب خطياً للموافقة عليه مصحوباً بكافة المستندات والوثائق اللازمة لمراجعته.

c. Any resolution by circulation must be approved in writing by a majority of the Directors and must be presented to the next meeting of the Board of Directors to be included in the minutes of such meeting.

ت. يجب الموافقة الخطية بالأغلبية على أي من قرارات مجلس الإدارة الصادرة بالتمرير مع ضرورة عرضها في الاجتماع التالي لمجلس الإدارة لتضمينها بمحضر اجتماعه.

Article 27

المادة ٢٧

27.1 A Director may not, without the consent of the General Assembly of the Company, which consent shall be renewed every year, participate in any business in competition with the Company or trade for his own account or for the account of third parties in any branch of an activity conducted by the Company, and shall not reveal any information or statements related to the Company, otherwise the Company may demand him to pay compensation or to consider the profitable transactions made for his account as if it were made for the account of the Company.

٢٧,١ لا يجوز لعضو مجلس الإدارة بغير موافقة من الجمعية العمومية للشركة والتي تجدد سنوياً أن يشترك في أي عمل من شأنه منافسة الشركة أو أن يتجر لحسابه أو لحساب غيره في أحد فروع النشاط الذي تزاوله الشركة، ولا يجوز له أن يفشي أي معلومات أو بيانات تخص الشركة وإلا كان لها أن تطالبه بالتعويض أو باعتبار العمليات المربحة التي زاولها لحسابه كأنها أجريت لحساب الشركة.

27.2 Every Director of the Company who may have a common interest or a conflicting interest in respect of a transaction referred to the Board of Directors for approval shall notify the Board of Directors of such interest and his declaration shall be noted in the minutes of the meeting. Such Director may not vote on any resolution concerning such transaction.

٢٧,٢ على كل عضو في مجلس إدارة الشركة تكون له أو للجهة التي يمثلها بمجلس الإدارة مصلحة مشتركة أو متعارضة في صفقة أو تعامل أن يبلغ مجلس الإدارة بهذه المصلحة لاتخاذ قرار بشأن الصفقة أو العملية، ولا يجوز له الاشتراك في التصويت الخاص بالقرار الصادر في شأن هذه العملية.

27.3 If the Director fails to disclose his transaction referred to in Clause 27.2 hereof, the Company or any shareholder may bring a claim before a competent court requesting such court to annul the relevant transaction or to compel and direct the breaching Director to return to the Company any profits or benefits realized by him.

٢٧,٣ إذا تخلّف عضو مجلس الإدارة عن إبلاغ المجلس وفقاً لحكم البند ٢٧,٢ من هذه المادة جاز للشركة أو لأي من مساهميها التقدم للمحكمة المختصة لإبطال العقد أو إلزام العضو المخالف بأداء أي ربح أو منفعة تحققت له من التعاقد ورده للشركة.

Article 28

The Related Parties shall not utilize the information in the possession of any of them due to their membership or occupation to achieve any interest whatsoever for them or for others as a result of dealing in the securities of the Company and any other Transactions. Such party or employee may not have a direct or indirect interest with any party making deals intended to influence the rates of the securities issued by the Company.

المادة ٢٨

يحظر على الأطراف ذات العلاقة أن يستغل أي منهم ما اتصل به من معلومات بحكم عضويته في مجلس الإدارة أو وظيفته في الشركة في تحقيق مصلحة له أو لغيره أيا كانت نتيجة التعامل في الأوراق المالية للشركة وغيرها من الصفقات، كما لا يجوز أن يكون لأي منهم مصلحة مباشرة أو غير مباشرة مع أي جهة تقوم بعمليات يراد بها إحداث تأثير في أسعار الأوراق المالية التي أصدرتها الشركة مع علمه بذلك.

Article 29

The Company must not enter into Transactions with Related Parties where the value of such Transactions do not exceed (5%) of the Company's issued capital without the consent of the Board of Directors and without the approval of the General Assembly where such percentage threshold is exceeded. The Company is not allowed to conclude Transactions that exceed (5%) of the issued share capital unless it has obtained a valuation of the Transaction by a valuer certified by the Authority. A Related Party who has an interest in the Transaction may not, and their nominees or appointees may not, participate in voting on decisions taken by the Board of Directors or the General Assembly (as

المادة ٢٩

لا يجوز للشركة إبرام الصفقات مع الأطراف ذات العلاقة إلا بموافقة مجلس الإدارة فيما لا يتجاوز ٥٪ من رأس مال الشركة المصدر، وبموافقة الجمعية العمومية للشركة فيما زاد على ذلك، ولا يجوز إبرام الصفقات التي تجاوز قيمتها ٥٪ من رأس المال المصدر للشركة إلا بعد تقييمها بواسطة مقيم معتمد لدى الهيئة، ولا يجوز للطرف ذو العلاقة الاشتراك في التصويت الخاص بقرار مجلس الإدارة أو الجمعية العمومية الصادر في شأن هذه الصفقة. ويتعين على

applicable) in respect of such a Transaction. The report of the auditor must include a statement of the Conflict of Interest Transactions and financial Transactions concluded with Related Parties and procedures taken in these regards.

مدقق حسابات الشركة أن يشتمل تقريره على بيان بصفقات تعارض المصالح والصفقات المالية التي تمت بين الشركة وأي من الأطراف ذات العلاقة والإجراءات التي اتخذت بشأنها.

Article 30

المادة ٣٠

30.1 The Company may not provide any loans to any Director or execute guarantees or provide any collateral in connection with any loans granted to them. A loan shall be deemed as granted to a Director if granted to his spouse, children or relative up to the second degree.

٣٠,١ لا يجوز للشركة تقديم قروض لأي من أعضاء مجلس إداراتها أو عقد كفالات أو تقديم أي ضمانات تتعلق بقروض ممنوحة لهم، ويعتبر قرضاً مقدماً لعضو مجلس الإدارة كل قرض مقدم إلى زوجه أو أبنائه أو أي قريب لهُ حتى الدرجة الثانية.

30.2 No loan may be granted to a company where a Director or his spouse, children or any of his said relatives up to the second degree holds, jointly or severally, over 20% of the capital of that company.

٣٠,٢ لا يجوز تقديم قرض إلى شركة يملك عضو مجلس الإدارة أو زوجه أو أبناؤه أو أي من أقاربه حتى الدرجة الثانية أكثر من ٢٠٪ من رأس مالها.

Article 31

المادة ٣١

If a Director is absent for three (3) consecutive meetings or five (5) non-consecutive meetings, during the term of the Board of Directors, without any excuse acceptable to the Board of Directors, such Director shall be deemed to have resigned.

إذا تغيب أحد أعضاء مجلس الإدارة عن حضور ثلاث (٣) جلسات متتالية أو خمس (٥) جلسات متقطعة في مدة المجلس بدون عذر يقبله المجلس، اعتبر مستقيلاً.

Article 32

المادة ٣٢

32.1 A Director's position shall also be vacant in the event such Director:

a. Dies, suffers loss or impediment to legal capacity or is affected by a cause of disability preventing him from undertaking his/her duties as a Director of the Board; or

b. Is convicted of any dishonesty offence; or

c. Is declared bankrupt or has stopped paying his commercial debts, even if this is not linked to a bankruptcy declaration; or

٣٢,١ يشغر منصب عضو مجلس الإدارة في إحدى الحالات التالية:

أ- إذا توفى أو أصيب بعارض من عوارض الأهلية أو أصبح عاجزاً بصورة أخرى عن النهوض بمهامه كعضو في مجلس الإدارة؛ أو

ب- أدين بأية جريمة مخلة بالشرف والأمانة؛ أو

ج- أعلن إفلاسه أو توقف عن دفع ديونه التجاريّة حتى لو لم يقترن ذلك بإشهار إفلاسه؛ أو

d. Resigns from his/her position pursuant to a written notice sent to the Company to this effect; or

د- استقال من منصبه بموجب إشعار خطي أرسله للشركة بهذا المعنى؛ أو

e. Is not re-elected after his/her term of membership elapses; or

هـ- انتهت مدة عضويته ولم يعد انتخابه؛

f. He/she Is dismissed by way of a resolution of the General Assembly.

و- صدر قرار من الجمعيّة العموميّة بعزله.

Article 33

المادة ٣٣

The Board of Directors may appoint one or more manager(s), or authorized attorneys, for the Company and determine their authorities, the conditions of their engagement, their salaries and remunerations. The chief executive officer or the Manager of the Company is not allowed to be a chief executive officer of another public joint stock company in the State, and the managing director of the Company is not allowed to be a general manager of another company in the State.

لمجلس الإدارة الحق في أن يعين مديراً للشركة أو عدة مديرين أو وكلاء مفوضين وأن يحدد صلاحياتهم وشروط خدماتهم ورواتبهم ومكافآتهم. ولا يجوز للرئيس التنفيذي أو مدير عام الشركة أن يكون رئيساً تنفيذياً أو مديراً عاماً لشركة مساهمة عامة أخرى بالدولة ولا يجوز للعضو المنتدب للشركة أن يكون مديراً عاماً لشركة أخرى بالدولة.

Article 34

المادة ٣٤

Without prejudice to the provisions of Article 35 herein, the Directors shall not be personally liable or obligated for the liabilities of the Company as a result of their performance of their duties as Directors to the extent that they have not exceeded their authority.

مع مراعاة أحكام المادة ٣٥ من هذا النظام الأساسي، لا يكون أعضاء مجلس الإدارة مسؤولين مسؤولية شخصية فيما يتعلق بالتزامات الشركة الناتجة عن قيامهم بواجباتهم كأعضاء مجلس إدارة وذلك بالقدر الذي لا يتجاوزون فيه حدود سلطاتهم.

The Company shall be bound by the acts of the Board of Directors within the limits of its powers. The Company shall also be liable for the damage due to unlawful acts of management by the Chairman and Directors.

تلتزم الشركة بالأعمال التي يجريها مجلس الإدارة في حدود اختصاصه، كما تسأل عن تعويض ما ينشأ من الضرر عن الأفعال غير المشروعة التي تقع من رئيس وأعضاء المجلس في إدارة الشركة.

Article 35

المادة ٣٥

35.1 The Chairman and the Directors shall be held liable towards the Company, the shareholders and third parties for all acts of fraud, abuse of their delegated powers, and for any breach of the Law or these Articles, or an error in management. Any provision to the contrary shall be invalid.

٣٥,١ يكون رئيس وأعضاء مجلس الإدارة مسؤولين تجاه الشركة والمساهمين والغير عن جميع أعمال الغش وإساءة استعمال السلطات الممنوحة لهم، وعن كل مخالفة للقانون أو لهذا النظام، وعن الخطأ في الإدارة، ويبطل كل شرط يقضي بغير ذلك.

35.2 Liability as provided for in Clause (35.1) of this Article shall apply to all the Directors if the error arises from a decision passed unanimously by them. However, in the event of a decision passed by the majority, the Directors who objected to such

٣٥,٢ تقع المسؤولية المنصوص عليها في البند (٣٥,١) من هذه المادة على جميع أعضاء مجلس الإدارة إذا نشأ الخطأ عن قرار صدر بإجماع الآراء، أما إذا كان القرار محل المساءلة صادراً بالأغلبية فلا يسأل عنه المعارضون متى

decision shall not be held liable provided they stated their objection in writing in the minutes of the meeting. Absence from a meeting at which the decision has been passed shall not be deemed a reason to be relieved from liability unless it is proven that the absent Director was not aware of the decision or could not object to it upon becoming aware thereof. The responsibility provided for in Clause (35.1) of this Article applies to the Executive Management if the error arises out of a decision issued by it.

Article 36

36.1 Attendance allowance shall not be paid to the Board of Directors. The remuneration of the Director of the Board shall consist of a percentage of the net profits, provided that it does not exceed 10% of the net profits of the relevant financial year after deducting the depreciations and reserves. Furthermore, the Company may reimburse any Director or assign further remuneration or monthly salary in amounts to be determined by the Board if such Director is a member of a committee or makes extra efforts or performs additional work to serve the Company in addition to his duties as a Director.

36.2 By way of exception of Clause (1) of this Article and subject to the regulations that will be issued by the Authority in this regard, the Company may pay at the end of each financial year a fixed fee to each Director not exceeding AED 200,000 subject to the approval of the General Assembly in the following cases:

a. if the Company has not generated any profits; or

b. if the Company generates profits but the share of each Director in such profits is less than AED 200,000. In which case, the fixed fee and the board remuneration may not be combined.

Article 37

كانوا قد أثبتوا اعتراضهم بمحضر الجلسة، فإذا تغيب أحد الأعضاء عن الجلسة التي صدر فيها القرار فلا تنتفي مسؤوليته إلا إذا ثبت عدم علمه بالقرار أو علمه به مع عدم استطاعته الاعتراض عليه، وتقع المسؤولية المنصوص عليها في البند (٣٥,١) من هذه المادة على الإدارة التنفيذية إذا نشأ الخطأ بقرار صادر عنها.

المادة ٣٦

٣٦,١ لا يجوز صرف بدل حضور لعضو مجلس الادارة عن اجتماعات المجلس وتتكون مكافأة أعضاء مجلس الإدارة من نسبة مئوية من الربح الصافي على ألا تتجاوز ١٠٪ من تلك الأرباح للسنة المالية بعد خصم كلاً من الاستهلاكات والاحتياطيات. كما يجوز أن تدفع الشركة مصاريف أو أتعاباً أو مكافأة إضافية أو مرتباً شهرياً بالقدر الذي يقرره مجلس الإدارة لأيّ عضو من أعضائه إذا كان ذلك العضو يعمل في أي لجنة أو يبذل جهوداً خاصة أو يقوم بأعمال إضافية لخدمة الشركة فوق واجباته العادية كعضو في مجلس إدارة الشركة.

٣٦,٢ على سبيل الاستثناء من البند (١) من هذه المادة، ومع مراعاة الضوابط التي تصدر عن الهيئة بهذا الشأن، يجوز للشركة أن تدفع في نهاية السنة المالية مبلغ مقطوع لكل عضو لا يتجاوز ٢٠٠,٠٠٠ درهم بشرط موافقة الجمعية العمومية في الحالات التالية:

أ. عدم تحقيق الشركة أرباحاً؛ أو

ب. إذا حققت الشركة أرباحاً وكان نصيب عضو مجلس الإدارة من تلك الأرباح أقل من (٢٠٠,٠٠٠) مائتي ألف درهم، وفي هذه الحالة لا يجوز الجمع بين المكافأة والأتعاب.

المادة ٣٧

The General Assembly may dismiss all or some of the elected Directors and open nomination to Board membership in accordance with the regulations issued by the Authority in this regard. The General Assembly may elect new Directors to replace the dismissed ones. A Director who was dismissed may not be re-nominated for membership of the Board of Directors except after the lapse of three (3) years from his dismissal.

يكون للجمعية العمومية حق عزل كل أو بعض أعضاء مجلس الإدارة المنتخبين وفتح باب الترشح وفق الضوابط الصادرة عن الهيئة بهذا الشأن وانتخاب أعضاء جدد بدلا منهم. ولا يحق للعضو الذي تم عزله إعادة ترشيحه لعضوية مجلس الادارة إلا بعد مضي ٣ سنوات من تاريخ العزل.

PART FIVE
THE GENERAL ASSEMBLY

الباب الخامس
في الجمعية العمومية

Article 38

المادة ٣٨

38.1 A duly convened General Assembly shall represent all the shareholders and will be convened in the Emirate of Dubai.

٣٨,١ الجمعية العمومية المنعقدة أصـــولاً تمثل جميع المساهمين ويتم انعقادها في إمارة دبي.

38.2 The provisions of the Law shall apply to the quorum required for convening the General Assembly and to the required majority to adopt resolutions therein.

٣٨,٢ تسري أحكام القانون على النصـاب الواجب توفره لصحة انعقاد الجمعيّة العموميّة وعلى الأغلبية اللازمة لاتخاذ القرارات.

Article 39

المادة ٣٩

39.1 Each shareholder shall have the right to attend the General Assembly of the shareholders and shall have a number of votes equal to the number of his/her shares.

٣٩,١ لكل مســـاهم الحق في حضـــور اجتماعات الجمعية العمومية للمســـاهمين، ويكون له عدد من الأصوات يعادل عدد أسهمه.

39.2 A shareholder may appoint a proxy, who must not be a Director, to attend the General Assembly on his behalf by virtue of a written special power of attorney. Such proxy, to a number of shareholders, shall not, in such capacity, represent more than 5% five per cent of the share capital of the Company.

٣٩,٢ ويجوز للمساهم أن ينيب عنه غيره من غير أعضاء مجلس الإدارة في حضور الجمعية العمومية بمقتضى توكيل خاص ثابت بالكتابة. ويجب ألا يكون الوكيل لعدد من المساهمين حائزا بهذه الصفة على أكثر من (٥٪) خمسة بالمائة من أسهم رأس مال الشركة.

39.3 Shareholders lacking legal capacity shall be represented by their legal representatives.

٣٩,٣ ويمثل ناقصي الأهلية وفاقديها النائبون عنهم قانوناً.

39.4 A corporate person may appoint one of its representatives or those in charge of its management under a resolution passed by its board of directors or any similar entity to represent it at any general assembly of the Company. The proxy shall have the powers defined in the proxy resolution.

٣٩,٤ للشخص الاعتباري أن يفوض أحد ممثليه أو القائمين على إدارته بموجب قرار من مجلس إدارته أو من يقوم مقامه، ليمثله في أية جمعية عمومية للشركة، ويكون للشخص المفوض الصلاحيات المقررة بموجب قرار التفويض.

Article 40

المادة ٤٠

40.1 Invitations to the shareholders to attend the General Assembly shall be by announcement in two (2) daily local newspapers issued in Arabic and English, and by registered mail, email or sms (if available) at least (21) days before the date set for the meeting after obtaining the approval from the Authority. The invitation should contain the agenda of the General Assembly meeting. A copy of the invitation shall be sent to the Authority and the Competent Authority.

٤٠,١ توجه الدعوة إلى المساهمين لحضور اجتماعات الجمعية العمومية بإعلان في صحيفتين يوميتين محليتين تصدران باللغة العربية والإنجليزية وبرسالة عبر البريد الإلكتروني وبرسالة نصية هاتفية قصيرة أو بكتب مسجلة، وذلك قبل الموعد المحدد للاجتماع بواحد وعشرون (٢١) يوماً على الأقل، وذلك بعد الحصول على موافقة الهيئة. ويجب أن تتضمن الدعوة جدول أعمال ذلك الاجتماع وترسل صورة من أوراق الدعوة إلى الهيئة والسلطة المختصة.

40.2 The meetings of the General Assembly and the shareholders' participation in their deliberations and voting on its decisions may be conducted by electronic means to attend virtually, in accordance with the regulations issued by the Authority in this regard.

٤٠,٢ يجوز عقد اجتماعات الجمعيات العمومية واشتراك المساهمين في مداولاتها والتصويت على قراراتها بواسطة وسائل التقنية الحديثة للحضور عن بعد، وفقاً للضوابط الصادرة عن الهيئة بهذا الشأن.

Article 41

المادة ٤١

A General Assembly shall be called by:

تنعقد الجمعية العمومية بدعوة من:

41.1 The Board of Directors at least once annually during the four (4) months following the end of the financial year ("**Annual General Assembly"**).

٤١,١ مجلس الإدارة مرة على الأقل في السنة خلال الأشهر الأربعة التالية لنهاية السنة المالية ("الاجتماع السنوي للجمعية العمومية").

41.2 The Board of Directors, whenever it deems fit, or upon a request of the auditor or one or more shareholders holding not less than 10% of the share capital requesting a meeting, within five (5) days from the date of submitting the request.

٤١,٢ كلما رأى مجلس الإدارة وجهاً لذلك أو بناءً على طلب مدقق الحسابات أو طلب مساهم أو أكثر يملكون (١٠٪) من رأس المال كحد أدنى، وذلك خلال (٥) خمسة أيام من تاريخ تقديم الطلب.

41.3 The auditor, directly, if the Board of

٤١,٣ مدقق الحسابات مباشرة إذا أغفل مجلس

Directors omits to send an invitation to convene the General Assembly in such events where the Law requires to be invited or within five (5) days from the date of the request for a meeting submitted by the auditor to the Board of Directors.

الإدارة توجيه الدعوة لعقد الجمعية العمومية في الأحوال التي يوجب القانون فيها دعوتها أو خلال (٥) خمسة أيام من تاريخ تقديم مدقق الحسابات طلب توجيه الدعوة لمجلس الإدارة ولم يقم بذلك.

41.4 If the Chairman of the Company or his representative fails to invite the General Assembly to convene in the following events within five (5) days from the date of demand by the Authority, the Authority shall give the invitation to the meeting at the expense of the Company:

٤١,٤ الهيئة، في الأحوال التالية، وبعد خمسة أيام من تاريخ طلبها من رئيس مجلس الإدارة أو من يقوم مقامه ولم يقم بالدعوة للجمعية العمومية للانعقاد وجب على الهيئة توجيه الدعوة للاجتماع على نفقة الشركة:

- The lapse of thirty (30) days after the fixed date for the meeting to be held (i.e. four months after the end of the financial year) without the Board of Directors sending an invitation;
- If the number of Board of Directors is less than the minimum required for its quorum;
- Discovery of any violation of the Law, these Articles or any defect in the management of the Company;
- If the Board of Directors fails to call for a meeting of the General Assembly despite the call from one or more shareholders representing 10% of the share capital of the Company.

- إذا مضى ثلاثون يوماً على الموعد المحدد لانعقادها (وهو مضي أربعة أشهر على انتهاء السنة المالية) دون أن يقوم مجلس الإدارة بدعوتها للانعقاد؛
- إذا نقص عدد أعضاء مجلس الإدارة عن الحد الأدنى لصحة انعقاده؛
- إذا تبين لها في أي وقت وقوع مخالفات للقانون أو لنظام الشركة أو وقوع خلل في إدارتها؛
- إذا تقاعس مجلس الإدارة عن دعوتها للانعقاد رغم طلب مساهم أو أكثر يمثلون (١٠ %) من رأسمال الشركة.

Article 42

المادة ٤٢

The following matters shall be included on the agenda of the Annual General Assembly:

يدخل في جدول أعمال الجمعية العمومية في اجتماعها السنوي المسائل الآتية:

42.1 Reviewing and approving the report of the Board of Directors on the activity of the Company, its financial standing throughout the year and the report of the auditor;

٤٢,١ سماع تقرير مجلس الإدارة عن نشاط الشركة وعن مركزها المالي خلال السنة وتقرير مدقق الحسابات والتصديق عليهما؛

42.2 To consider and approve the balance sheet and the account of profits and losses;

٤٢,٢ مناقشة ميزانية الشركة وحساب الأرباح والخسائر والتصديق عليهما؛

42.3 To elect the Directors if necessary;

٤٢,٣ انتخاب أعضاء مجلس الإدارة عند الاقتضاء؛

42.4 To appoint and determine the remuneration of the auditors;

٤٢,٤ تعيين مدققي الحسابات وتحديد أتعابهم؛

42.5 To consider the proposals of the Board of Directors concerning the distribution of profits;

٤٢,٥ النظر في مقترحات مجلس الإدارة بشأن توزيع الأرباح؛

42.6 To consider the proposals of the Board of Directors concerning the remuneration of the Directors and to determine such remuneration;

٤٢,٦ النظر في مقترحات مجلس الإدارة بشأن مكافأة أعضاء مجلس الإدارة وتحديدها؛

42.7 To discharge the Directors, not discharge or to dismiss the Directors and to file the liability claim against them, as the case may be; and

٤٢,٧ ابراء ذمة أعضـــاء مجلس الإدارة أو عدم إبراء ذمتهم وعزلهم ورفع دعوى المســؤولية عليهم حسب الأحوال؛ و

42.8 To discharge or not to discharge the auditors and to dismiss the auditors and to file the liability claim against them, as the case may be.

٤٢,٨ ابراء ذمة مدققي الحسابات أو عدم إبراء ذمتهم وعزلهم ورفع دعوى المسؤولية عليهم حسب الأحوال.

Article 43

المادة ٤٣

43.1 Shareholders who wish to attend the General Assembly shall register their names in an electronic register made available by the management of the Company at the meeting place within ample time before the meeting. The register shall include the name of the shareholder, or his representative, the number of shares he holds or represents and the names of the represented shareholders and the appropriate proxies. The shareholder or the proxy shall be given a card to attend the meeting, which shall state the number of votes held or represented by him/her. An extract of this register showing the number of shares represented at the meeting and the percentage of attendance shall be printed and attached to the minutes of the General Assembly after being signed by the chairman of the meeting, the secretary and the auditor of the Company. A copy of such extract shall be delivered to the representative of the Authority.

٤٣,١ يسجل المساهمون الذين يرغبون في حضور الجمعية العمومية أسماءهم في السجل الإلكتروني الذي تعده إدارة الشركة لهذا الغرض في مكان الاجتماع قبل الوقت المحدد لانعقاد ذلك الاجتماع بوقت كاف. ويجب أن يتضمن السجل اسم المساهم أو من ينوب عنه وعدد الأسهم التي يملكها أو عدد الأسهم التي يمثلها وأسماء مالكيها مع تقديم سند الوكالة. ويعطى المساهم أو النائب بطاقة لحضور الاجتماع يذكر فيها عدد الأصوات التي يمثلها أصالة أو وكالة. يستخرج من سجل المساهمين خلاصة مطبوعة بعدد الأسهم التي مثلت في الاجتماع ونسبة الحضور ويتم توقيعها من قبل كل من مقرر الجلسة ورئيس الاجتماع ومدقق حسابات الشركة وتسلم نسخة منها للمراقب الممثل للهيئة ويتم إلحاق نسخة منها بمحضر اجتماع الجمعية العمومية.

43.2 Registration for attending the General Assembly shall close at the time when the

٤٣,٢ يقفل باب التســجيل لحضــور اجتماعات الجمعية العمومية عندما يعلن رئيس الاجتماع

Chairman announces whether or not the quorum for such meeting has been met. No registration of any shareholder or proxy shall be accepted thereafter and votes of those late shareholders or proxies would not count and their views would not be taken into account in that meeting.

اكتمال النصــاب المحدد لذلك الاجتماع أو عدم اكتماله، ولا يجوز بعد ذلك قبول تسجيل أي مساهم أو نائب عنه لحضور ذلك الاجتماع كما لا يجوز الاعتـداد بصـــوتـه أو برأيـه في المسائل التي تطرح في ذلك الاجتماع.

Article 44

المادة ٤٤

The register of the shareholders, that have the right to attend the General Assembly of the Company and to vote, shall be in accordance with the procedures for transacting, set-off, settlement, transfer of title, custody of securities and the relevant rules prevailing in the Market.

يكون سجل المساهمين في الشركة الذين لهم الحق في حضور اجتماعات الجمعية العمومية للشركة والتصويت على قراراتها طبقاً للنظام الخاص بالتداول والمقاصة والتسويات ونقل الملكية وحفظ الأوراق المالية والقواعد المعنية السائدة في السوق.

Article 45

المادة ٤٥

45.1. The quorum at a meeting of the General Assembly shall be satisfied if shareholders holding or representing by proxy at least 50% of the capital of the Company are present at the meeting. If a quorum is not present at the first meeting the General Assembly shall be adjourned to another meeting to be held after five (5) days and not exceeding fifteen (15) days from the date of the first meeting and the postponed meeting shall be valid regardless of the percentage of attendance.

٤٥,١ يتحقق النصاب في اجتماع الجمعية العمومية بحضور مساهمين يملكون أو يمثلون بالوكالة ما لا يقل عن ٥٠٪ من رأسمال الشركة، فإذا لم يتوفر النصاب القانوني في الاجتماع الأول، وجب دعوة الجمعية العمومية إلى اجتماع ثان يعقد بعد مدة لا تقل عن خمسة أيام ولا تجاوز خمسة عشر يوماً من تاريخ الاجتماع الأول ويعتبر الاجتماع المؤجل صـــحيحاً أياً كان عدد الحاضرين.

45.2. Except for the decisions that will be taken by Special Resolution, the decisions of the General Assembly shall be passed by the majority of the shares represented at the meeting. The decisions passed by the General Assembly shall be binding to all the Shareholders, whether they were present or absent from the meeting at which the decisions have been passed and whether they agreed or objected to such decisions. A copy of such decisions shall be sent to the Authority and the financial market where the shares of the Company are listed and to the competent Authority in accordance with such requirements imposed by the Authority in this respect.

٤٥,٢ فيما عدا القرارات التي يتعين صـــدورها بقرار خـاص، تصـــدر قرارات الجمعية العمومية للشركة بأغلبية الأسهم الممثلة في الاجتماع، وتكون قرارات الجمعيـة العموميـة ملزمـة لجميع المســاهمين ســواءً كانوا حاضرين في الاجتماع الذي صـــدرت فيه هذه القرارات أو غائبين عنه وســـواءً كانوا موافقين عليها أو معارضـين لها، ويتم إبلاغ صـورة منها إلى كل من الهيئة والسوق المالي المدرجة فيه أسهم الشركة والسلطة المختصة وفقاً للضوابط الصادرة عن الهيئة في هذا الشأن.

Article 46

المادة ٤٦

46.1 The General Assembly shall be chaired by the Chairman of the Board of Directors. In the absence of the Chairman, the vice-chairman shall chair the meeting.	٤٦,١ يرأس الجمعيـة العموميـة رئيس مجلس الإدارة، وعند غيابه، يرأســها نائب رئيس مجلس الإدارة.
46.2 In their absence, the General Assembly shall be chaired by any person elected by the Board, and in case there was no election by the Board, the person will be elected by the General Assembly. If the said individuals are not present, the General Assembly shall appoint one of the shareholders to chair the meeting and shall also appoint a secretary for the meeting.	٤٦,٢ وفي حال غيابهما يرأس الجمعية أي عضـــو من أعضـــاء مجلس الإدارة يختاره مجلس الإدارة لذلك، وفي حال عدم اختيار مجلس الإدارة للعضـــو يرأســها أي شــخص تختاره الجمعيـة العموميـة. وفي حـالـة تخلف المـذكورين عن حضـــور الاجتمـاع، تعين الجمعية من بين المساهمين رئيساً للاجتماع كما تعين الجمعية مقرر للاجتماع.
46.3 The Chairman shall appoint a teller for the meeting provided that such appointment is approved by the General Assembly.	٤٦,٣ ويعين الرئيس جامعاً للأصـــوات على أن تقر الجمعية العمومية تعيينه.
46.4 Minutes of the General Assembly shall be issued. The minutes shall include the names of the shareholders present in person or those represented, the number of the shares held by them, in person or by proxy, the votes held by them, the decisions passed, the number of the votes for or against such decisions and an adequate summary of the discussions at the meeting.	٤٦,٤ يحرر محضر اجتماع الجمعية العمومية ويتضمن أسماء المساهمين الحاضرين الممثلين وعدد الأسهم التي في حيازتهم بالأصالة أو بالوكالة وعدد الأصوات المقررة لهم والقرارات الصادرة وعدد الأصوات التي وافقت عليها أو عارضتها وخلاصة وافية للمناقشات التي دارت في الاجتماع.
46.5 The Company shall keep minutes of the meetings of the General Assembly and register attendance in special register to be kept for this purpose and signed by the Chairman of the relevant meeting, the secretary, the tellers and the auditors. The persons who sign the minutes of the meeting shall be held liable for the accuracy of information contained therein.	٤٦,٥ وتدون الشركة محاضر اجتماعات الجمعية العمومية وإثبات الحضور في سجل خاص تحفظ لهذا الغرض وتوقع من قبل رئيس الاجتماع المعني ومقرر الجمعية وجامعي الأصوات ومدققي الحسابات ويكون الموقعون على محاضر الاجتماعات مسؤولين عن صحة البيانات الواردة فيها.
46.6 Each of the Chairman of the Board, the secretary of the Board of Directors and the Company's general counsel, are each authorized by the Company individually to provide certified copies of extracts taken from the minutes of any General Assembly	٤٦,٦ إن كل من رئيس مجلس الإدارة وأمين سر مجلس الإدارة والمستشار القانوني العام للشركة، مخولون بالانفراد من قبل الشركة بتقديم نسخ مصدق عليها لمستخرجات من محضر أي اجتماع للجمعية العمومية وذلك

meeting, by signing such extracts, identifying that it is a certified true copy of the original and including the date that the certification is provided. Any party dealing with the Company may rely absolutely on such certified copy as being a true and accurate copy of the original document.

بتوقيع تلك المستخرجات وتحديد أنها نسخة طبق الأصل من المحضر الأصلي وتضمين تاريخ التصديق عليها. يجوز لأي طرف يتعامل مع الشركة التعويل بشكل مطلق على تلك النسخة المصدق عليها باعتبارها نسخة طبق الأصل ودقيقة من المستند الأصلي.

Article 47

المادة ٤٧

Voting at the General Assembly shall be in accordance with the procedure specified by the Chairman of the General Assembly unless the General Assembly specifies another voting procedure. If the subject of the vote relates to the appointment, dismissal or accountability of the Directors, voting should be by secret Cumulative Voting. Voting at the General Assembly may be conducted by electronic means in accordance with the regulations issued by the Authority in this regard.

يكون التصويت في الجمعية العمومية بالطريقة التي يعينها رئيس الجمعية إلا إذا قررت الجمعية العمومية طريقة معينة للتصويت. وإذا تعلق الأمر بانتخاب أعضاء مجلس الإدارة أو بعزلهم أو بمساءلتهم، فان ذلك يكون بالتصويت السري التراكمي. ويجوز التصويت في اجتماعات الجمعية العمومية باستخدام الية التصويت الإلكتروني شريطة الالتزام بالضوابط والشروط الصادرة عن الهيئة بهذا الشأن.

Article 48

المادة ٤٨

48.1 Subject to the provisions of Article 180 of the Law, the Directors may not participate in voting on the resolutions of the General Assembly for the discharge of the Directors from liability for their management or in connection with a special benefit of the Board of Directors, a Conflict of Interest or a dispute between the Board of Directors and the Company.

٤٨,١. مع مراعاة ما نصت عليه المادة ١٨٠ من القانون، لا يجوز لأعضاء مجلس الإدارة الاشتراك في التصويت على قرارات الجمعية العمومية الخاصة بإبراء ذمتهم من المسؤولية عن إدارتهم أو التي تتعلق بمنفعة خاصة لهم أو المتعلقة بتعارض المصالح أو بخلاف قائم بينهم وبين الشركة.

48.2 In the event that the Director is representing a corporate person, the shares of such corporate person shall be excluded.

٤٨,٢. في حال كون عضو مجلس الإدارة يمثل شخصاً اعتبارياً يستبعد أسهم ذلك الشخص الاعتباري.

48.3 A shareholder having the right to attend the General Assembly personally or by proxy may not participate in voting on matters related to a personal benefit or an existing dispute between such shareholder and the Company.

٤٨,٣. لا يجوز لمن له حق حضور اجتماعات الجمعية العمومية أن يشترك في التصويت عن نفسه أو عمن يمثله في المسائل التي تتعلق بمنفعة خاصة أو بخلاف قائم بينه وبين الشركة.

Article 49

المادة ٤٩

49. 1 The General Assembly must, through a Special Resolution, decide the following:

٤٩,١ يتعين على الجمعية العمومية إصدار قرار خاص في الحالات التالية:

a. Increase or reduce the share capital in any manner.	أ. زيادة رأس المال بأي طريقة أو تخفيضه.
b. Issuance of Bonds/Sukuk.	ب. إصدار السندات/الصكوك.
c. Dissolution of the Company or its merger with another company.	ت. حل الشركة أو إدماجها في شركة أخرى.
d. Sale or otherwise disposing of the business venture of the Company.	ث. بيع المشروع الذي قامت به الشركة أو التصرف فيه بأي وجه آخر.
e. Sale or 51% or more of the Company's assets whether the sale will be implemented through one transaction or more and is within one year from the date of concluding the first sale deal or transaction.	ج. بيع ما نسبته ٥١٪ أو أكثر من أصول الشركة سواءً كانت عملية البيع ستتم بصفقة واحدة أو من خلال عدة صفقات وذلك من خلال سنة من تاريخ عقد أول صفقة أو تعامل.
f. Extension of the term of the Company.	ح. إطالة مدة الشركة.
g. Offering voluntary contributions for the purpose of community services.	خ. تقديم مساهمات طوعية لخدمة المجتمع.
h. Amendment to the Memorandum of Association or these Articles, subject to the following restrictions:	د. تعديل عقد الشركة أو النظام الأساسي إلا ان حقها هذا ليس مطلقاً وانما هو مقيد بالقيود التالية:
• The amendment should not increase the shareholders' obligations;	• ألا يؤدي التعديل إلى زيادة أعباء المساهمين؛
• The amendment should not cause transfer of the head office out of the State;	• ألا يؤدي التعديل إلى نقل مركز الشركة الرئيسي إلى خارج الدولة؛
i. Inclusion of a strategic partner;	ذ. دخول شريك استراتيجي؛
j. Conversion of any cash debt into shares of the Company;	ر. تحويل الديون النقدية إلى أسهم في رأسمال الشركة؛
k. Issuing an employee stock ownership plan;	ز. إصدار برنامج تحفيز موظفي الشركة بتملك أسهم فيها؛
l. In all cases where the Law requires the issuance of a Special Resolution.	س. في جميع الحالات التي يتطلب فيها القانون إصدار قرار خاص.
In all cases and subject to the provisions of Article 139 of the Law, the approval of the Authority shall be required to issue the Special Resolution to amend the Memorandum of Association and Articles of Association of the Company. and the competent Authority shall receive a copy of this Special Resolution.	في جميع الأحوال وفقاً للمادة ١٣٩ من القانون يتعين موافقة الهيئة على استصدار القرار الخاص بتعديل عقد التأسيس والنظام الأساسي للشركة. ويجب على الشركة تزويد السلطة المختصة بنسخة من هذا القرار الخاص.
Article 50	**المادة ٥٠**
The owners of shares registered on the working day preceding the holding of the General	يكون مالك السهم المسجل في يوم العمل السابق

Assembly of the Company shall be deemed to be the holders of the right to vote in that General Assembly of the Company.

Article 51

51.1. Subject to the provisions of the Law and the resolutions issued hereunder and the Articles of Association of the Company, the General Assembly shall have the responsibility to consider all the issues in connection with the Company. The General Assembly may not consider any issues other than the issues listed in the agenda.

51.2. Notwithstanding the above paragraph, and subject to the terms set out by the Authority in this respect, the General Assembly may:

a- consider the serious incidents revealed during the meeting;

b- in accordance with the terms set out by the Authority, consider an additional item on the agenda if the Authority or a number of shareholders holding at least 5% of the share capital of the company requested the same. The Chairman of the meeting shall add such item to the agenda before commencing the discussion of the agenda or submit such item to the General Assembly to resolve whether to add it or not to the agenda.

PART SIX
AUDITORS

Article 52

52. 1 The Company shall have one or more auditor(s) appointed by the General Assembly who shall determine his fees upon the recommendation of the Board of Directors. Such auditor is required to be registered with the Authority and be licensed to practice the profession.

52. 2 The auditor shall be appointed for one renewable year and the board of directors may not be authorized for this purpose. The auditing firm shall not undertake the

لانعقاد الجمعية العمومية للشركة هو صاحب الحق في التصويت في تلك الجمعية العمومية للشركة.

المادة ٥١

٥١,١ مع مراعاة أحكام القانون والقرارات الصادرة بموجبه والنظام الأساسي للشركة تختص الجمعية العمومية بالنظر في جميع المسائل المتعلقة بالشركة، ولا يجوز للجمعية العمومية المداولة في غير المسائل المدرجة بجدول الأعمال.

٥١,٢ استثناءً من البند (١) من هذه المادة ووفقاً للضوابط الصادرة عن الهيئة بهذا الشأن يكون للجمعية العمومية الصلاحية فيما يلي:

أ. حق المداولة في الوقائع الخطيرة التي تكتشف أثناء الاجتماع.

ب. إدراج بند إضافي في جدول أعمال الجمعية العمومية وفق الضوابط الصادرة عن الهيئة بهذا الشأن وذلك بناءً على طلب يقدم من الهيئة أو عدد من المساهمين يمثل (٥%) من رأس مال الشركة على الأقل، ويجب على رئيس اجتماع الجمعية العمومية إدراج البند الإضافي قبل البدء في مناقشة جدول الأعمال أو عرض الموضوع على الجمعية العمومية لتقرر إضافة البند الى جدول الأعمال من عدمه.

الباب السادس
مدقق الحسابات

المادة ٥٢

٥٢,١. يكون للشركة مدقق حسابات أو أكثر تعينه وتحدد أتعابه الجمعية العمومية بناءً على ترشيح من مجلس الإدارة، ويشترط في مدقق الحسابات أن يكون مقيداً لدي الهيئة ومرخص له بمزاولة المهنة.

٥٢,٢ يُعيين مدقق حسابات لمدة سنة قابلة للتجديد ولا يجوز تفويض مجلس إدارة الشركة في هذا الشأن، على ألا تتولى شركة التدقيق عملية

audit of the Company for more than six (6) consecutive financial years from the date on which it undertook the audit of the company. In this event the partner in charge of the audit company shall be changed at the expiry of three (3) financial years and such auditing firm may be reappointed after the lapse of at least two (2) two financial years from the date of expiry of this term of appointment. The founders of the Company may, upon its incorporation appoint one or more auditing firms approved by the Authority and such auditing firm shall undertake its duties until the end of the general assembly for the first financial year.

التدقيق بالشركة مدة تزيد عن (٦) ستة سنوات مالية متتالية من تاريخ توليها مهام التدقيق بالشركة ويتعين في هذه الحالة تغيير الشريك المسؤول عن أعمال التدقيق للشركة بعد انتهاء (٣) ثلاث سنوات مالية ويجوز إعادة تعيين تلك الشركة لتدقيق حسابات الشركة بعد مرور (٢) سنتين ماليتين على الاقل من تاريخ انتهاء مدة تعيينها. ويجوز لمؤسسي الشركة عند التأسيس تعيين شركة تدقيق حسابات أو اكثر توافق عليها الهيئة بحيث تتولى مهامها لحين انتهاء أعمال الجمعية العمومية للسنة المالية الأولى.

52. 3 The auditor shall assume its duties from the end of the meeting of the General Assembly up to the end of the following Annual General Assembly.

٥٢,٣ يتولى مدقق الحسابات مهامه من نهاية اجتماع تلك الجمعية إلى نهاية اجتماع الجمعية العمومية السنوية التالية.

Article 53

المادة ٥٣

53. 1 The auditor shall comply with the provisions of the Law and the regulations, resolutions and circulars implementing it;

٥٣,١ يتعين على المدقق الالتزام بالأحكام المنصوص عليها في القانون والأنظمة والقرارات والتعاميم المنفذة له؛

53. 2 The auditor shall be independent from the Company and its Board of Directors;

٥٣,٢ يجب أن يكون مستقلاً عن الشركة ومجلس إدارتها؛

53. 3 The auditor shall not combine the profession of auditor and the capacity of a shareholder in the Company;

٥٣,٣ لا يجوز للمدقق أن يجمع بين مهنة مدقق الحسابات وصفة الشريك في الشركة؛

53. 4 The auditor shall not occupy the office of Director or any technical, administrative or executive office therein; and

٥٣,٤ لا يجوز للمدقق أن يشغل منصب عضو مجلس إدارة، أو أي منصب فني، أو إداري، أو تنفيذي فيها؛ و

53. 5 The auditor shall not be a partner or agent of any of the founders of the company or any of its Directors or a relative of any of them up to the second grade.

٥٣,٥ لا يجوز للمدقق أن يكون شريكاً أو وكيلاً لأي من مؤسسي الشركة أو أي من أعضاء مجلس إدارتها أو قريباً لأي منهم حتى الدرجة الثانية.

53. 6 The Company must take reasonable steps to verify the independence of the external auditor and that its function excludes any Conflict of Interest.

٥٣,٦ على الشركة أن تتخذ خطوات معقولة للتأكد من استقلالية مدقق الحسابات الخارجي، وأن كافة الأعمال التي يقوم بها تخلو من أي تضارب للمصالح.

Article 54

54.1 The auditor shall have the authorities and the obligations provided for in the Law. The auditor shall particularly have the right to access, at all times, all the Company's books, records, documentation, and other documents and papers; and may request clarifications as he deems necessary for the performance of his task. The auditor may also verify the Company's assets and liabilities. If the auditor cannot use such authorities it shall record this in writing in a report to the Board of Directors; and if the Board fails to enable the auditor to perform its task, the auditor shall send a copy of the report to the Authority and the Competent Authority and shall present the same to the General Assembly.

54.2. The auditor shall audit the Company's accounts and examine the balance sheet, and the profit and loss account. It shall review the Company's Transactions with Related Parties and observe the application of the provisions of the Law on these Articles of Association. The auditor must submit a report on the outcome of such examination to the General Assembly and shall send a copy to the Authority and Competent Authority. In preparing its report, the auditor must ensure the following:

a. Correctness of the accounting records maintained by the Company; and

b. Conformity of the extent of Company's account records with accounting records.

54.3. If no facilities are provided to the auditor to carry out its duties, it must record this in a report to be submitted to the Board; and if the Board of Directors fails to facilitate the auditor's role, the auditor shall send a copy of the report to the Authority.

54.4. A Subsidiary Company and its auditor shall

المادة ٥٤

٥٤,١. يكون لمدقق الحسابات الصلاحيات وعليه التقيد بالالتزامات المنصوص عليها في القانون. وله بوجه خاص الحق في الاطلاع في كل وقت على جميع دفاتر الشركة وسجلاتها ومستنداتها وغير ذلك من وثائق وله أن يطلب الإيضاحات التي يراها لازمة لأداء مهمته وله كذلك أن يتحقق من موجودات الشركة والتزاماتها. وإذا لم يتمكن مدقق الحسابات من استعمال هذه الصلاحيات، التزم بأثبات ذلك كتابة في تقرير يقدم إلى مجلس الإدارة. فإذا لم يقم مجلس الإدارة بتمكين المدقق من أداء مهمته، وجب على المدقق أن يرسل صورة من التقرير إلى الهيئة والسلطة المختصة وأن يعرضه على الجمعية العمومية.

٥٤,٢. يتولى مدقق الحسابات تدقيق حسابات الشركة وفحص الميزانية وحساب الأرباح والخسائر ومراجعة صفقات الشركة مع الأطراف ذات العلاقة وملاحظة تطبيق أحكام القانون وهذا النظام، وعلى تقديم تقرير بنتيجة هذا الفحص إلى الجمعية العمومية ويرسل صورة منه إلى الهيئة والسلطة المختصة، ويجب على مدقق الحسابات عند إعداد تقريره، التأكد مما يأتي:

أ. مدى صحة السجلات المحاسبية التي تحتفظ بها الشركة؛ و

ب. مدى تطابق حسابات الشركة مع السجلات المحاسبية.

٥٤,٣. إذا لم يتم تقديم تسهيلات إلى مدقق الحسابات لتنفيذ مهامه، التزم بإثبات ذلك في تقرير يقدمه إلى مجلس الإدارة وإذا قصّر مجلس الإدارة في تسهيل مهمة مدقق الحسابات، تعيّن عليه إرسال نسخة من التقرير إلى الهيئة.

٥٤,٤. تلتزم الشركة التابعة ومدقق حساباتها بتقديم

provide the information and clarifications requested by the auditor of the holding company or the Parent Company for audit purposes.

المعلومات والتوضيحات التي يطلبها مدقق حسابات الشركة القابضة أو الشركة الأم لأغراض التدقيق.

Article 55

المادة ٥٥

55. 1 The auditor shall submit to the General Assembly a report including the data and information set forth in the Law, and shall mention in its report, as well as on the balance sheet of the Company, all voluntary contributions made by the Company during the fiscal year for the purposes of serving the community, if any, and shall identify the beneficiary of such voluntary contributions.

٥٥,١. يقدم مدقق الحسابات إلى الجمعية العمومية تقريراً يشتمل على البيانات والمعلومات المنصوص عليها في القانون، وأن يذكر في تقريره وكذلك في الميزانية العمومية للشركة المساهمات الطوعية التي قامت بها الشركة خلال السنة المالية لأغراض خدمة المجتمع " إن وجدت" وأن يحدد الجهة المستفيدة من هذه المساهمات الطوعية.

55. 2 The auditor must attend the general meeting and shall read its report in the General Assembly, explaining any obstacles or interferences by the Board the auditor has encountered while carrying out its work. The auditor's report must be independent and impartial. The auditor must cast its opinion at the meeting on all matters relating to its work, particularly the Company's balance sheet, and the auditor's notes on the Company's accounts and financial position and any Irregularities in this respect. The auditor shall be responsible for the correctness of the data contained in the report. Each shareholder may discuss the auditor's report and ask for clarifications from the auditor on the report contents.

٥٥,٢. يجب على مدقق الحسابات أن يحضر اجتماع الجمعية العمومية ليتلو تقريره على المساهمين موضحاً أية معوقات أو تدخلات من مجلس الإدارة واجهته أثناء تأدية أعماله، وأن يتسم تقرير مدقق الحسابات بالاستقلالية والحيادية وأن يدلي في الاجتماع برأيه في كل ما يتعلق بعمله وبوجه خاص في ميزانية الشركة وملاحظاته على حسابات الشركة ومركزها المالي وأية مخالفات بها. ويكون المدقق مسؤولاً عن صحة البيانات الواردة في تقريره، ولكل مساهم أثناء عقد الجمعية أن يناقش تقرير المدقق وأن يستوضحه عما ورد فيه.

PART SEVEN
THE FINANCE OF THE COMPANY

الباب السابع
مالية الشركة

Article 56

المادة ٥٦

56.1. The Board of Directors shall maintain duly organized accounting books which reflect the accurate and fair picture of the Company's financial status in accordance with generally acceptable accounting principles internationally applied. No shareholder will be entitled to inspect those books unless a specific authorization to this

٥٦,١. على مجلس الإدارة أن يحتفظ بدفاتر حسابات منتظمة حسب الأصول والتي تعكس الصورة الفعلية والعادلة عن وضع الشركة المالي وفقاً لمبادئ ومعايير المحاسبة المعمول بها دولياً. ولا يحق لأي مساهم في الشركة فحص على تلك الدفاتر إلا بموجب تفويض بهذا المعنى صادر

effect is obtained from the Board of Directors.

56.2. The financial year of the Company shall start on the first day of September and shall end on the last day of August of every year, with the exception of the first fiscal year which began from the date of the Company's registration in the Commercial Registry and ended in the following year.

Article 57

The Board of Directors must prepare an audited balance sheet and profit and loss account for each financial year at least one month before the Annual General Assembly. The Board of Directors must also prepare a report on the Company's activities during the financial year, its financial position at the end of the same year and the recommendations on distribution of the net profits and send a copy of the annual financial statements and the profit and loss account with a copy of the report of the auditor, the Board of Directors report, and the governance report to the Authority, along with a draft of the annual General Assembly invitation to the shareholders of the Company to approve the publication of the invitation in the daily local newspapers twenty-one (21) days before the date set for the General Assembly meeting. The annual financial statements of the Company are published pursuant to the regulations issued by the Authority. A copy of such shall be provided to the Authority and the Competent Authority.

Article 58

The Board of Directors shall deduct a percentage of the annual gross profits for the depreciation of the Company's assets or for compensation for the depletion in their value. These amounts shall be utilized upon the decision of the Board of Directors and should not be distributed to the shareholders.

Article 59

The annual net profits of the Company shall be distributed after deducting all general expenses and other costs as follows:

عن مجلس الإدارة.

٥٦,٢. تبدأ السنة المالية للشركة في أول سبتمبر وتنتهي في آخر يوم من شهر أغسطس من كل سنة. فيما عدا السنة المالية الأولى التي بدأت من تاريخ قيد الشركة بالسجل التجاري وانتهت في السنة التالية.

المادة ٥٧

على مجلس الإدارة أن يعد عن كل سنة مالية قبل الاجتماع السنوي للجمعيّة العموميّة بشهر على الأقل ميزانية مدققة للشركة وحساب الأرباح والخسائر. وعلى مجلس الإدارة أيضاً أن يعد تقريراً عن نشاط الشركة خلال السنة المالية وعن مركزها المالي في ختام السنة ذاتها والطريقة التي يقترحها لتوزيع الأرباح الصافية. ترسل صورة من الميزانية وحساب الأرباح والخسائر وتقرير مدقق الحسابات وتقرير مجلس الإدارة وتقرير الحوكمة إلى الهيئة كما ترسل دعوة الجمعية العمومية السنوية لمساهمي الشركة للموافقة على نشر الدعوة في الصحف اليومية قبل موعد انعقاد اجتماع الجمعية العمومية بواحد وعشرون يوماً. ويجب نشر الميزانية السنوية للشركة وفقاً للضوابط التي تحددها الهيئة وتودع نسخة منها لدى الهيئة والسلطة المختصة.

المادة ٥٨

لمجلس الإدارة أن يقتطع من الأرباح السنوية غير الصافية نسبة يحددها لاستهلاك موجودات الشركة أو التعويض عن انخفاض قيمتها، ويتم التصرف في هذه الأموال بناءً على قرار من مجلس الإدارة ولا يجوز توزيعها على المساهمين.

المادة ٥٩

توزّع الأرباح السنوية الصافية للشركة بعد خصم جميع المصروفات العمومية والتكاليف الأخرى وفقاً لما يلي:

59.1 10% of the net profits shall be deducted and allocated as the statutory reserve. Such deduction shall cease to occur when the total amount of the statutory reserve is equal to at least 50% of the capital of the Company. If the statutory reserve falls below this threshold, deduction shall be resumed.

٥٩,١ يتم اقتطاع نسبة (١٠٪) عشرة بالمائة من صافي الأرباح تخصص لحساب الاحتياطي القانوني. ويوقف هذا الاقتطاع متى بلغ إجمالي قيمة الاحتياطي القانوني ما يساوي (٥٠٪) خمسين بالمائة كحد أدنى من رأس مال الشركة المدفوع. وفي حالة انخفاض هذا الاحتياطي إلى ما هو أقل من الحد الأدنى، تعين العودة إلى الاقتطاع.

59.2 The remaining amounts of the net profits may be distributed among the shareholders or moved to the subsequent year, or installments allocated to form an additional reserve, in each case with the approval of the General Assembly upon the recommendation of the Board.

٥٩,٢ يوزع المتبقي من صافي الأرباح على المساهمين أو يتم ترحيله إلى السنة المقبلة أو تخصيصه لإنشاء احتياطي إضافي، وفي كل الأحوال يشترط الحصول على موافقة الجمعية العمومية في ضوء توصيات مجلس الإدارة.

59.3 Without prejudice to Article 36 of these Articles, the compensation of the Board of Directors shall be determined by the General Assembly and shall not exceed 10% of the net profit after deducting the depreciations, reserves and profit distribution to the shareholders equivalent to at least of 5% of the share capital. The Board proposes the remuneration, which shall be presented to the General Assembly for its consideration. Fines that may have been imposed on the Company by the Authority or the Competent Authority due to violations by the Board of Directors of the Law or the Articles of Association during the ended fiscal year shall be deducted from the remuneration. The General Assembly may decide not to deduct such fines or some of them if it deems that such fines were not the result of default or error of the Board of Directors.

٥٩,٣ دون الإخلال بالمادة ٣٦ من هذا النظام، تحدد الجمعية العمومية مكافأة أعضاء مجلس الإدارة، ويجب ألا تزيد مكافأة مجلس الإدارة على ١٠٪ من الربح الصافي بعد خصم الاستهلاكات والاحتياطي وتوزيع ربح لا يقل عن ٥٪ من رأس المال على المساهمين. ويقترح المجلس المكافأة وتعرض على الجمعية العمومية للنظر فيها، وتخصم من تلك المكافأة الغرامات التي تكون قد وُقعت على الشركة من الهيئة أو السلطة المختصة بسبب مخالفات مجلس الإدارة للقانون أو للنظام الأساسي خلال السنة المالية المنتهية، وللجمعية العمومية عدم خصم تلك الغرامات أو بعضها إذا تبين لها أن تلك الغرامات ليست ناتجة عن تقصير أو خطأ من مجلس الإدارة.

Article 60

المادة ٦٠

The voluntary reserve (if any) shall be disposed pursuant to a resolution from the General Assembly based on a recommendation from the Board of Directors in the aspects that achieve the interests of the Company. The voluntary reserve (if any) may not be distributed among the shareholders. However, any amount in excess of fifty percent (50%) of the paid-up capital can be used to distribute dividends among the shareholders during years when the Company does not realize sufficient distributable net profit.

يتم التصرف في الاحتياطي الاختياري (إن وجد) بناءً على قرار من الجمعية العمومية بعد صدور توصية من مجلس الإدارة في الأوجه التي تحقق مصالح الشركة. لا يجوز توزيع الاحتياطي الاختياري (إن وجد) على المساهمين، وإنما يجوز استعمال ما زاد منه على نصف رأس المال المدفوع لتأمين توزيع أرباح على المساهمين في السنوات التي لا تحقق الشركة فيها أرباحاً صافية

كافية للتوزيع عليهم.

PART EIGHT
DISPUTES

الباب الثامن
المنازعات

Article 61

Any resolution passed by the General Assembly to release the Board of Directors shall not result in the waiver of the civil liability against the Directors due to the errors committed by them during the performance of their duties. If the action giving rise to the liability was presented to the General Assembly in a report by the Board of Directors or by its auditor and was ratified by the general assembly, civil claims shall be time barred by the expiry of one year from the date of convening that General Assembly. However, if the alleged action constitutes a criminal offence, the proceedings for liability shall not be time barred except by the lapse of the public case.

المادة ٦١

لا يترتب على أي قرار يصدر عن الجمعية العمومية بإبراء ذمة مجلس الإدارة سقوط دعوى المسؤولية المدنية ضد أعضاء مجلس الإدارة بسبب الأخطاء التي تقع منهم في تنفيذ مهمتهم. وإذا كان الفعل الموجب للمسؤولية قد عرض على الجمعية العمومية بتقرير من مجلس الإدارة أو مدقق الحسابات وصادقت عليه، فإن دعوى المسؤولية تسقط بمضي سنة من تاريخ انعقاد الجمعية. ومع ذلك، إذا كان الفعل المنسوب إلى أعضاء مجلس الإدارة يكون جريمة جنائية، فلا تسقط دعوى المسؤولية إلا بسقوط الدعوى العمومية.

PART NINE
DISSOLUTION OF THE COMPANY

الباب التاسع
في حل الشركة وتصفيتها

Article 62

The Company shall be dissolved for any of the following reasons:

62.1 Expiry of the Company’s term unless it is renewed in accordance with the provisions of these Articles.

62.2 Fulfillment of the objectives for which the Company was established.

62.3 A Special Resolution to terminate the term of the Company.

62.4 Merging the Company with another company in accordance with the provisions Law.

62.5 The issuance of a judgement to dissolve the Company.

62.6 The depletion of all or most of the Company’s assets, making it impossible to beneficially invest the remainder.

المادة ٦٢

تحل الشركة لأحد الأسباب التالية:

٦٢,١ انتهاء المدة المحددة للشركة ما لم يتم تجديدها وفقا للأحكام الواردة بهذا النظام الأساسي.

٦٢,٢ تحقيق الأغراض التي تأسست الشركة من أجلها.

٦٢,٣ صدور قرار خاص من الجمعية العمومية بإنهاء مدة الشركة.

٦٢,٤ اندماج الشركة في شركة أخرى وفقاً لأحكام القانون.

٦٢,٥ صدور حكم قضائي بحل الشركة.

٦٢,٦ هلاك جميع أموال الشركة أو معظمها بحيث يتعذر استثمار الباقي استثماراً مجدياً.

Article 63

المادة ٦٣

If the losses of the Company reach half of its issued share capital, the Board of Directors shall within 30 (thirty) days from the date of disclosure to the Authority of the periodic or annual financial statements invite the General Assembly to take a Special Resolution to dissolve the Company prior to the expiry of its term or to continue to carry out the operations of the Company.

إذا بلغت خسائر الشركة نصف رأس مالها المصدر وجب على مجلس الإدارة خلال (٣٠) ثلاثين يوماً من تاريخ الإفصاح للهيئة عن القوائم المالية الدورية أو السنوية دعوة الجمعية العمومية للانعقاد لاتخاذ قرار خاص بحل الشركة قبل الأجل المحدد لها أو استمرارها في مباشرة نشاطها.

Article 64

المادة ٦٤

At the end of the term of the Company or in case of its dissolution before the expiry of such term, the General Assembly shall, upon recommendation by the Board of Directors, determine the method of liquidation, appoint one or more liquidators and shall specify their duties. The authorities of the Board of Directors shall terminate with the appointment of the liquidator(s). The authorities of the General Assembly shall remain in force for the duration of the liquidation process and shall last until the liquidators are absolved of their obligations.

عند انتهاء مدة الشركة أو حلها قبل الأجل المحدد، تعين الجمعية العمومية، بناءً على توصية من مجلس الإدارة، طريقة التصفية وتعين مصفياً أو أكثر وتحدد سلطتهم. وتنتهي وكالة مجلس الإدارة بتعيين المصفين وتبقى سلطة الجمعية العمومية قائمة طوال مدة التصفية إلى أن يتم إخلاء عهدة المصفين.

PART TEN
FINAL PROVISIONS

الباب العاشر
الأحكام الختامية

Article 65

المادة ٦٥

In the event of contradiction between the provisions of these Articles and the commanding provisions of the Law or resolutions and circulars issued in application thereof, the latter should prevail.

في حال التعارض بين النصوص الواردة بهذا النظام مع أياً من الأحكام الآمرة الواردة في القانون أو الأنظمة والقرارات والتعاميم المنفذة له فإن تلك الأحكام هي التي تكون واجبة التطبيق.

Article 66

المادة ٦٦

Subject to the Authority's approval, the Company may pass a Special Resolution to allocate a percentage of the Company's retained profits to social responsibility. The Company shall disclose on its website whether or not the Company has participated in the social responsibility. The auditor's report and the annual financial statements shall include the beneficials of the Company's contribution in the social responsibility.

يجوز للشركة بعد الحصول على موافقة الهيئة أن تقوم بموجب قرار خاص بتخصيص نسبة من أرباحها المحتجزة للمسؤولية المجتمعية. يجب على الشركة الإفصاح على موقعها الإلكتروني عما إذا كانت الشركة قد شاركت في المسؤولية المجتمعية أم لا. يجب أن يتضمن تقرير المدقق والبيانات المالية السنوية فوائد مساهمة الشركة في المسؤولية المجتمعية.

Article 67

المادة ٦٧

The Company shall be subject to the resolution concerning Corporate Governance and Institutional Discipline Standards and implementing decisions for the provisions of the Law. The resolution shall be considered as an integral part and supplementary to the Company's Articles of Association.

يسري على الشركة قرار حوكمة الشركات ومعايير الانضباط المؤسسي والقرارات المنفذة لأحكام القانون، ويعتبر جزءاً لا يتجزأ من النظام الأساسي للشركة ومكملاً له.

Article 68

المادة ٦٨

In accordance with the provisions of the Law and its implementing regulations, the Board of Directors, the chief executive officer, the managers and auditors of the Company shall facilitate the periodical inspection carried out by the Authority through its assigned inspectors and provide the required statements and information to them as they deem necessary, and allow them to view the records, documents, business and papers of the Company held by branches and subsidiaries within and outside the State or by the auditors.

مع مراعاة أحكام القانون والقرارات المنفذة له، على مجلس إدارة الشركة والرئيس التنفيذي والمديرين بالشركة ومدققي حساباتها تسهيل أعمال التفتيش الدوري الذي تقوم به الهيئة من خلال المفتشين المكلفين من قبلها وتقديم ما يطلبه المفتشين من بيانات أو معلومات، وكذلك الاطلاع على أعمال الشركة ودفاترها أو أية أوراق أو سجلات لدى فروعها وشركاتها التابعة داخل الدولة وخارجها أو لدى مدقق حساباتها.

Article 69

المادة ٦٩

In case there is any contradiction between the provisions of these Articles in the Arabic and English texts, the Arabic text shall prevail.

عند وجود تعارض بين نصوص المواد باللغتين العربية والإنجليزية، يغلب جانب النص باللغة العربية.

Article 70

المادة ٧٠

These Articles of Association shall be deposited and published in accordance with the Law.

يودع هذا النظام الأساسي وينشر طبقاً للقانون.

Annex (3) – Receiving Banks' Branches

Emirates NBD

NO	AREA	BRANCH	Location	Working Hours	IPO Working Hours	Contact
1	**Dubai**	Group Head Office Branch	Ground Floor, Emirates NBD Group Head Office, Baniyas Road, Deira, Dubai	Monday to Thursday (8:00 AM - 3:00 PM) Friday (7:30 AM - 12:15 PM)	Monday to Thursday (8:00 AM - 2:00 PM) Friday (7:30 AM - 11:15 PM)	800 IPOS (800 4767)
2	**Dubai**	Jumeirah Branch	Emirates NBD Building, Al Wasl Rd Intersection, Umm Suquiem 3, Jumeirah, Dubai	Monday to Thursday (8:00 AM - 2:00 PM) Friday (7:30 AM - 12:15 PM) Saturday (8:00 AM - 2:00 PM)	Monday to Thursday (8:00 AM - 1:00 PM) Friday (7:30 AM - 11:15 PM) Saturday (8:00 AM - 1:00 PM)	800 IPOS (800 4767)
3	**Dubai**	Al Qusais Branch	Damascus St, Near Dubai Grand Hotel, Al Qusais, Dubai	Monday to Thursday (8:00 AM - 2:00 PM) Friday (7:30 AM - 12:15 PM) Saturday (8:00 AM - 2:00 PM)	Monday to Thursday (8:00 AM - 1:00 PM) Friday (7:30 AM - 11:15 PM) Saturday (8:00 AM - 1:00 PM)	800 IPOS (800 4767)
4	**Abu Dhabi**	Abu Dhabi Main Branch	Ground Floor, Al Neem Building, Shaikh Khalifa street , Abu Dhabi	Monday to Thursday (8:00 AM - 3:00 PM) Friday (7:30 AM - 12:15 PM)	Monday to Thursday (8:00 AM - 2:00 PM) Friday (7:30 AM - 11:15 PM)	800 IPOS (800 4767)
5	**Abu Dhabi**	Electra Street Branch	Zayed The Second Street, Near Electra Park, Abu Dhabi	Monday to Thursday (8:00 AM - 8:00 PM) Friday (7:30 AM - 12:15 PM) Saturday	Monday to Thursday (8:00 AM - 1:00 PM) Friday (7:30 AM - 11:15 PM) Saturday	800 IPOS (800 4767)

				(8:00 AM - 8:00 PM)	(8:00 AM - 1:00 PM)	
				Saturday	Saturday	
				(8:00 AM - 2:00 PM)	(8:00 AM - 1:00 PM)	
6	**Al Ain**	Al Ain Main Branch	Sheikh Khalifa Bin Zayed St, (in front of Burjeel Hospital), Al Ain	Monday to Thursday	Monday to Thursday	800 IPOS (800 4767)
				(8:00 AM - 2:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	
				(7:30 AM - 12:15 PM)	(7:30 AM - 11:15 PM)	
				Saturday	Saturday	
				(8:00 AM - 2:00 PM)	(8:00 AM - 1:00 PM)	
7	**Sharjah**	Sharjah Main Branch	Ground Floor, Emirates NBD Building, Immigration Road, Al Qassimia Area, Sharjah	Monday to Thursday	Monday to Thursday	800 IPOS (800 4767)
				(8:00 AM - 2:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	
				(7:30 AM - 11:30 AM)	(7:30 AM - 11:15 PM)	
				Saturday	Saturday	
				(8:00 AM - 2:00 PM)	(8:00 AM - 1:00 PM)	
8	**Ajman**	Ajman Branch	Emirates NBD Building, Sheikh Rashid Bin Humaid St, Al Sawan, Ajman	Monday to Thursday	Monday to Thursday	800 IPOS (800 4767)
				(8:00 AM - 2:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	
				(7:30 AM - 12:15 PM)	(7:30 AM - 11:15 PM)	
				Saturday	Saturday	
				(8:00 AM - 2:00 PM)	(8:00 AM - 1:00 PM)	
9	**Umm Al Quwain**	Umm Al Quwain Branch	King Faisal Road, Al Raas B, Umm Al Quwain, Near Umm Al Quwain Hospital, Umm Al Quwain	Monday to Thursday	Monday to Thursday	800 IPOS (800 4767)
				(8:00 AM - 2:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	
				(7:30 AM - 12:15 PM)	(7:30 AM - 11:15 PM)	
				Saturday	Saturday	
				(8:00 AM - 2:00 PM)	(8:00 AM - 1:00 PM)	
10	**Fujairah**	Fujairah Main Branch	Sheikh Hamad Bin Abdullah Street, Town	Monday to Thursday	Monday to Thursday	800 IPOS (800 4767)
				(8:00 AM - 2:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	

			Centre 3, Fujairah, Opposite Al Diar Siji Hotel, Fujairah	(7:30 AM - 12:15 PM) Saturday (8:00 AM - 2:00 PM)	(7:30 AM - 11:15 PM) Saturday (8:00 AM - 1:00 PM)	
11	**Ras Al Khaimah**	Ras Al Khaimah Main Branch	Al Muntasir Road, Al Mamourah Road Intersection, Ras Al-Khaimah	Monday to Thursday (8:00 AM - 2:00 PM) Friday (7:30 AM - 12:15 PM) Saturday (8:00 AM - 2:00 PM)	Monday to Thursday (8:00 AM - 1:00 PM) Friday (7:30 AM - 11:15 PM) Saturday (8:00 AM - 1:00 PM)	800 IPOS (800 4767)

Emirates Islamic Bank

S. No	Branch name	Branch Location-Area	Customer Timing	IPO Subscription Timings	Branch Address	Contact Number
1	Diyafa Road Branch	Dubai	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Opposite DUNE Center, Al Diyafa Street	800 IPOS (800 4767)
2	Healthcare City Branch	Dubai	Monday to Thursday (8am - 4pm) Friday (8 - 12.30pm & 2pm - 4pm)	Monday to Thursday (8am - 1pm) Friday (8am - 11.30am)	Building 16, Dubai Health Care City	800 IPOS (800 4767)
3	El Al Wasl Road Branch	Dubai	Monday to Saturday (8am - 8pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Al Wasl Road, Al Ferdous 1 Building	800 IPOS (800 4767)
4	El Ibn Battuta Mall	Dubai	Monday to Saturday (10am - 10pm) Friday (3pm - 10pm)	Monday to Saturday (10am - 2pm) Friday (closed)	Shop No. 143 A, China Court, Ibn Batutta Mall, Dubai	800 IPOS (800 4767)
5	El Jebel Ali	Dubai	Monday to Thursday (8am - 3pm) Friday (8am - 12.30pm & 2pm -3pm)	Monday to Thursday (8am - 1pm) Friday (8am - 11.30am)	Banking Complex, JAFZA Main Gate, Jebel Ali	800 IPOS (800 4767)

6	Nad Al Hamar	Deira	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Bel Remaitha Club Building,Show Rooms # S-8 & S-9,Nad Al Hamar Area, Al Rubat street	800 IPOS (800 4767)
7	Al Tawar Branch	Deira	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Al Nahda Road, Near Al Twar Centre	800 IPOS (800 4767)
8	Warqaa Mall Branch	Deira	Monday to Saturday (9am - 9pm) Friday (3pm - 9pm)	Monday to Saturday (9am - 1pm) Friday (closed)	Warqaa City Mall, Al Warqaa 4.	800 IPOS (800 4767)
9	Halwan Branch	Sharjah & NE Region	Monday to Saturday (8am - 8pm) Friday (8am - 11.30am	Monday to Saturday (8am - 1pm) Friday (8am - 10.30am)	Sheikh Isam Building,Wasit Street, Industrial Area, Halwaan, Sharjah	800 IPOS (800 4767)
10	El Al Rahmaniya Mall	Sharjah & NE Region	Monday to Saturday (9am - 9pm) Friday (3pm - 9pm)	Monday to Saturday (9am - 1pm) Friday (closed)	Al Rahmaniya Mall, ground floor, next to Babyshop, Sharjah.	800 IPOS (800 4767)
11	Ajman Kalifa Bin Zayed	Ajman	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Al Jurf 2, close to City Centre Ajman	800 IPOS (800 4767)
12	Ras Al Khaimah Branch	Ras Al Khaimah	Monday to Saturday (8am - 8pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Emirates Islamic Tower, Ground Floor, Al Muntaser Road - Al Nakheel Area	800 IPOS (800 4767)
13	Fujairah Branch	Fujairah	Monday to Saturday (8am - 2pm) Friday	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Near Choithram Supermarket, Sheikh Hamad Bin	800 IPOS (800 4767)

			(8am - 12.30pm)		Abdulla Street	
14	Khalifa City Branch	Abu Dhabi	Monday to Saturday (8 am - 8 pm) Friday (8am - 12.30pm)	Monday to Saturday (8 am to 1 pm) Friday (8am - 11.30am)	Villa # 104, Sector SE-02, Khalifa City Main Street, Abu Dhabi	800 IPOS (800 4767)
15	Main Branch Abu Dhabi	Abu Dhabi	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Khalidiyah Corniche Area, Wave Tower	800 IPOS (800 4767)
16	Al Ain Branch	Al Ain	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Jawazat Street, Near Sheikha Salama Mosque	800 IPOS (800 4767)

Abu Dhabi Islamic Bank

#	Branch name	Branch Location-Area	Customer Timing (Monday - Saturday)	Customer Timing (Friday)	IPO Subscription Timings (Monday - Saturday)	IPO Subscription Timings (Friday)	Branch Address
1	Al Bateen Branch	Abu Dhabi	8:00 AM to 2:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Abu Dhabi - Al Bateen king Abdulla bin AbdulAziz Al Sauod Street - near UAE Central Bank
2	Najda Street Branch	Abu Dhabi	8:00 AM to 2:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Next to Al Mariah Mall (on the intersection of Al Najda street and Hamdan Street).
3	Abu Dhabi Police GHQ Branch	Abu Dhabi	8:00 AM to 2:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Abu Dhabi police general head quarter- Al Saada Street, opposite Sheikh Khalifah University
4	Sheikh Zayed Main Branch	Abu Dhabi	8:00 AM to 2:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Sheikh Rashid Bin Saeed St(Old Airport Road) opposite to Hilton Capital Grand Hotel

5	Abu Dhabi Judiciary Branch	Abu Dhabi	8:00 AM to 2:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Al Khaleej Al Arabi Street –Judicial Department Building –Ground Floor Office (GR-A-051)
6	Sheikh Khalifa Energy Complex Branch	Abu Dhabi	8:00 AM to 3:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Sheikh Khalifa Eneregy complex - Corniche Street
7	Marina Mall Branch	Abu Dhabi	10:00 AM to 10:00 Pm	04:00 PM to 10:00 PM	10:00 AM to 2:00 PM 04:00 PM to 09:00 PM	04:00 PM to 09:00 PM	Corniche Street - Marina Mall - First floor, next to Yas Perfumes
8	Nation Towers Branch	Abu Dhabi	10:00 AM to 10:00 pm	04:00 PM to 10:00 PM	10:00 AM to 2:00 PM 04:00 PM to 09:00 PM	04:00 PM to 09:00 PM	Nation Towers Galleria – Corniche Road, First Floor
9	Baniyas Branch	Abu Dhabi	8:00 AM to 2:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Al Mafraq –Dubai Road opposite Al Mafraq Hospital - Baniyas
10	Mussafah Branch	Abu Dhabi	8:00 AM to 2:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Industrial Area- M9
11	Khalifa A City Branch	Abu Dhabi	8:00 AM to 2:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Khalifa A city, street # 16/21 south west.
12	Shahama Branch	Abu Dhabi	8:00 AM to 2:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Old Shahama area near Police Station
13	Al Silaa Branch	Abu Dhabi West (Gharbiya)	08:00 am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Al Sila'a Area, opposite Al Areej School
14	Madinat Zayed Branch	Abu Dhabi West (Gharbiya)	08:00 am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Madinat Zayed City - Western Region
15	Ghayathi Branch	Abu Dhabi West (Gharbiya)	08:00 am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Ghayathi Area- Western Region
16	Al Marfaa Branch	Abu Dhabi West (Gharbiya)	08:00 am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Al Marfaa Area - Western Region
17	Ruwais Mall Branch	Abu Dhabi West	10:00 am to	04:00 PM to	10:00 AM to 2:00 PM	04:00 PM to	First Floor of Ruwais Mall , Ruwais Area

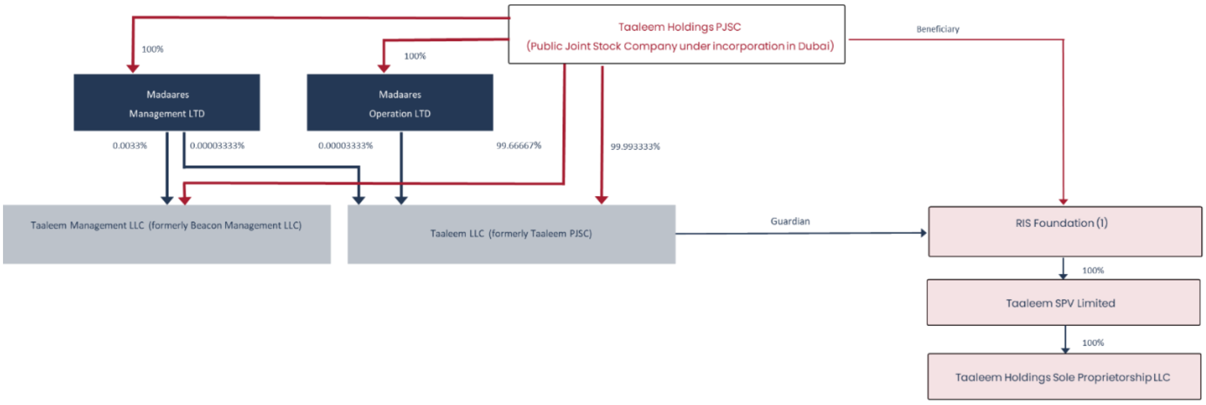
		(Gharbiya)	10:00 pm	10:00 PM	04:00 PM to 09:00 PM	09:00 PM	
18	Bawadi Mall Branch	Al Ain	10:00 am to 3:30 pm 04:00 pm to 09:00 pm	04:00 PM to 10:00 PM	10:00 am to 2:00 PM 04:00 pm to 09:00 PM	04:00 PM to 09:00 PM	Al Ain City - Al Bawadi Mall, Ground Floor, Mizyad Area
19	Al Ain Branch	Al Ain	08:00 am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Al Ain City - Central District - Shaikh Zayed Bin Sultan Street - Near Clock Tower
20	Al Yahar Branch	Al Ain	08:00 am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Al Ain City - Al Yahar Main Street
21	Al Qusais Branch	Dubai	08: 00am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Al Qusais Area -Al Wasl Building
22	Second of December Branch	Dubai	08: 00am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Jumeirah beach street, Dubai
23	Sheikh Zayed Road Branch	Dubai	08: 00am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Emarat Atrium Building, Sheikh Zayed Road
24	Nad Al Sheba Branch	Dubai	10:00am to 05:00pm	04:00 PM to 10:00 PM	11:00 AM to 04:00 PM	05:00 PM to 09:00 PM	Avenue Mall - Nad Al Sheba - Nad Al Sheba 2 - Dubai
25	Dubai Internet City - Arenco Branch	Dubai	08: 00am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Arenco Tower, Dubai Internet City
26	Fujairah Branch	East Coast	08: 00am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Shaikh Hamad Bin Abdulla Street
27	Ras Al Khaimah Branch	East Coast	08: 00am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Opposite Al Manar Mall, Al Muntasir Road
28	Dibba Branch	East Coast	08: 00am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Sheikh Zayed Street, Opposite Dibba Police Station - Fujairah
29	Kalba Branch	East Coast	08: 00am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Al Wahda Street - Khamis Khalfan Al Zahmi Building - Block No:19

30	Al Dhaid Branch	East Coast	08: 00am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Al Dhaid Expo Center
31	Khorfakkan Branch	East Coast	08: 00am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Corniche Road, Banks Area
32	Umm Al Quwain Branch	Sharjah North East Area	08: am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	King Faisal Street opposite Umm Al Quwain Mall
33	Sharjah Main Branch	Sharjah North East Area	08: am to 02:00 pm	8:00 AM to 12:00 PM	9:00 AM to 1:00 PM	08:00 AM to 11:00 AM	Al Mussala Area opposite Etisalat building
34	Al Rahmania Mall Branch	Sharjah North East Area	10:00 am to 10:00 pm	04:00 PM to 10:00 PM	10:00 AM to 2:00 PM 04:00 PM to 09:00 PM	04:00 PM to 09:00 PM	Al Rahmania Mall - First Floor
35	Zawaya Walk Branch	Sharjah North East Area	08: 00AM to 08:00 PM	08:00 AM to 12:00 PM	09:00 AM to 2:00 PM 03:00 PM to 07:00 PM	08:00 AM to 11:00 AM	Zawaya Walk Area

Annex (4) – Details of the Company’s investments in its subsidiaries

Name	Country of incorporation and registered office	Percentage of beneficial interest held by the Company
Taaleem LLC	Dubai, UAE	100%
Taaleem Management LLC	Dubai, UAE	100%
Taaleem SPV Limited	ADGM, UAE	100%
Taaleem Holdings Sole Proprietorship LLC	Abu Dhabi, UAE	100%
Madaares Management Limited	Jebel Ali Free zone, Dubai, UAE	100%
Madaares Operations Limited	Jebel Ali Free zone, Dubai, UAE	100%

Annex (5) – Group Structure Chart



(1) RIS Foundation set up process is complete, while the share transfer by Adel Al Zarouni and Abdulla Al Mazrui to RIS Foundation is still in process.

Annex (6) – The Founders and their details

1	National Bonds Corporation PJSC	172,800,135	172,800,135	23.04%	UAE
2	Al Mal Direct Equity II Limited	136,373,465	136,373,465	18.18%	UAE
3	Al Mal Capital (P.S.C.)	76,267,480	76,267,480	10.17%	UAE
4	Investment Trading Group LLC	72,494,720	72,494,720	9.67%	UAE
5	Ahmad Saad Fawzi Al Khayyat	62,920,000	62,920,000	8.39%	UAE
6	Emirates Islamic Bank	50,000,000	50,000,000	6.67%	UAE
7	Brightsun Education Company Limited	35,840,000	35,840,000	4.78%	Cayman
8	Ziad Jameel Azzam	17,000,000	17,000,000	2.27%	UAE
9	Waleed Ahmed Salem Khalifa Al Mokarrab Al Muhairi	15,211,200	15,211,200	2.03%	UAE
10	Adel Mohamed Saleh Al Zarouni	10,100,000	10,100,000	1.35%	UAE
11	Al Saud Company Ltd.	10,000,000	10,000,000	1.33%	UAE
12	H. E. Mohammad Ibrahim Abdul Rahman Al Shaibani	10,000,000	10,000,000	1.33%	UAE
13	Helal Saeed Salem Saeed Khalfan Almarri	9,999,997	9,999,997	1.33%	UAE
14	Hassan Mohammad Hassan Bin Al Shaikh	8,150,000	8,150,000	1.09%	UAE
15	Rashed H. Al Mazroei Real Estate One Person Company LLC	5,250,000	5,250,000	0.70%	UAE
16	Sufian Ali Saeed Bin Suloom	5,000,000	5,000,000	0.67%	UAE
17	Ahmad Abdul Malik Mohammad Ahli	4,674,000	4,674,000	0.62%	UAE
18	V Link Management DMCC	3,940,000	3,940,000	0.53%	American
19	Advanced Educational Company	3,370,000	3,370,000	0.45%	Saudi
20	Abdul Rahim Ahmad Abdulla Mardas	2,200,000	2,200,000	0.29%	UAE
21	Ahmad Hassan Mohammad Bin Al Shaikh	2,000,000	2,000,000	0.27%	UAE
22	Kanhaiya Lal Rathi	2,000,000	2,000,000	0.27%	Indian
23	Abdulmagied Ahmed Seddiqi	2,000,000	2,000,000	0.27%	UAE
24	Hamad Sultan Al Owais	2,000,000	2,000,000	0.27%	UAE
25	Nasser Sultan Ahmad Mohammed Lootah	2,000,000	2,000,000	0.27%	UAE
26	Aqil Abdulla Mohammad Falaknaz	1,500,000	1,500,000	0.20%	UAE
27	Dr. Mohamed Mustapha Khemira	1,425,000	1,425,000	0.19%	Canada
28	Ahmad Mohd. AbdulRahman Al Ashram Al Falasi	1,100,000	1,100,000	0.15%	UAE
29	H. E. Mohammed Omar Ali Bin Haider	1,000,000	1,000,000	0.13%	UAE
30	Jamal Saeed Juma Bin Ghalaita	1000000	1000000	0.13%	UAE
31	Shaikh Musallam Salem Musallam Bin Ham Al Ameri	1,000,000	1,000,000	0.13%	UAE
32	Khalifa Hassan Abdulla Al Daboos	1,000,000	1,000,000	0.13%	UAE
33	Magna Investment LLC	1,000,000	1,000,000	0.13%	UAE
34	Omar Mohd. Omar Bin Haider	1,000,000	1,000,000	0.13%	UAE
35	Jamal Salim Mohamed Noor Al Qiwani	700,000	700,000	0.09%	UAE
36	Mohammad Saleh Mohammad Bin Lahej	659,092	659,092	0.09%	UAE
37	Ibrahim Fayez Humaid Al Shamsi	600,000	600,000	0.08%	UAE
38	Khalid Mohd. AbdulRehman Al Ashram	600,000	600,000	0.08%	UAE
39	Hesham Abdulla Qassim Qassimi	500,000	500,000	0.07%	UAE
40	H. E. Ahmed Saif A. Al Dhabea Al Darmaki	500,000	500,000	0.07%	UAE
41	Ahmad Ali Khalifa Bin Ghalaita	500,000	500,000	0.07%	UAE
42	Saleh Saeed Ahmad Lootah	500000	500000	0.07%	UAE
43	Adil Abdulla Mohamed Falaknaz	500,000	500,000	0.07%	UAE
44	Qasim Ibrahim Ahmed Seddiqi	500,000	500,000	0.07%	UAE
45	Mohammed Abdulla Mohammed Falaknaz	500,000	500,000	0.07%	UAE
46	Yousuf Bakhit Mohammad Abdulla	500,000	500,000	0.07%	UAE
47	Abdulla Abdulrazaq Abdulla AbdulRaheem Al Nedhar	500,000	500,000	0.07%	UAE
48	Tarek Mohd. AbdulRahman Al Ashram	500,000	500,000	0.07%	UAE
49	Saeed Mohd. Abdulaziz Almulla	500,000	500,000	0.07%	UAE
50	Abubaker Omar Abdulla Bal Faqaeeh	500,000	500,000	0.07%	UAE
51	Khalid Rashid Thani Al Thani	500,000	500,000	0.07%	UAE
52	Saif Mohd. Saif Bukhazemya Al Suwaidi	400,000	400,000	0.05%	UAE
53	Hamad Mubarak Mohd. Buamim	400,000	400,000	0.05%	UAE
54	Samir Hussain Hamdan Sajwani	350,000	350,000	0.05%	UAE
55	Ahmed Hajji Abd Alrasoul Aleidi	337,000	337,000	0.04%	Kuwait
56	Orient Education Services Co.	337,000	337,000	0.04%	Kuwait
57	Salim Mohamed Noor Al Qiwani	300000	300000	0.04%	UAE
58	Edris Mohamed Taher Mohamed Wali	300,000	300,000	0.04%	UAE
59	Abdul Rahman Mohd. Aqil Ali Al Zarooni	300,000	300,000	0.04%	UAE
60	Khalid Mohammad Dhahi Saeed Al Muhairi	285,715	285,715	0.04%	UAE

61	Saeed Mohamad Dhahi Saeed Al Muhairi	285,714	285,714	0.04%	UAE
62	Dhahi Mohammad Dhahi Saeed Al Muhairi	285,714	285,714	0.04%	UAE
63	Ahmad Humaid Essa Lootah	250,000	250,000	0.03%	UAE
64	Arif Sultan Ahmed Lootah	250,000	250,000	0.03%	UAE
65	Ahmed Mohd. Saif Bukhazemya Al Suwaidi	250,000	250,000	0.03%	UAE
66	Ali Mohamed Obaid Mohamed Metairy	250,000	250,000	0.03%	UAE
67	Faisal Aqil Mohd. Noor Al Bastaki	250,000	250,000	0.03%	UAE
68	Mugheer Khamis Mugheer Jaber Ali Al Khaili	250,000	250,000	0.03%	UAE
69	Abdulla Ibrahim Saeed Lootah	250,000	250,000	0.03%	UAE
70	Fras Afif Asad Al Shami	250,000	250,000	0.03%	UAE
71	Meqdad Yousef Al Shaikh A. Abdul Aziz Al Mubarak	250,000	250,000	0.03%	UAE
72	Salah Abdelkerim Abdellah Al Hamadani	250,000	250,000	0.03%	UAE
73	Mohamed Ameen Hasan Mohamed Mubasheri Al Marzooqi	250,000	250,000	0.03%	UAE
74	Ruqaia AbdulQader AbdulWahab Al Madani	250,000	250,000	0.03%	UAE
75	Saed Mohamed Mohamed Al Awadi	250,000	250,000	0.03%	UAE
76	Umair Zulfiqar Nizami	250,000	250,000	0.03%	Pakistan
77	Abdulla Mohd. Aqil Ali Al Zarooni	200,000	200,000	0.03%	UAE
78	Jamal Saleh Mohammad Bin Lahej	159,092	159,092	0.02%	UAE
79	Alya Mohammad Dhahi Al Muhairi	142,858	142,858	0.02%	UAE
80	Fatima Mohammad Dhahi Al Muhairi	142,857	142,857	0.02%	UAE
81	Hamda Mohammad Dhahi Al Muhairi	142,857	142,857	0.02%	UAE
82	Amna Mohammad Dhahi Al Muhairi	142,857	142,857	0.02%	UAE
83	Mariam Mohammad Dhahi Al Muhairi	142,857	142,857	0.02%	UAE
84	Hessa Mohammad Dhahi Al Muhairi	142,857	142,857	0.02%	UAE
85	Hind Mohammad Dhahi Al Muhairi	142,857	142,857	0.02%	UAE
86	Amal Mohammad Dhahi Al Muhairi	142,857	142,857	0.02%	UAE
87	Khadija Ahmad Mohammad	125,001	125,001	0.02%	UAE
88	Fatma Saleh Mohammed Bin Lahej	79,545	79,545	0.01%	UAE
89	Ayesha Saleh Mohammad Bin Lahej	79,545	79,545	0.01%	UAE
90	Amna Saleh Mohammed Bin Lahej	79,545	79,545	0.01%	UAE
91	Hamda Saleh Mohammed Bin Lahej	79,545	79,545	0.01%	UAE
92	Salma Saleh Mohammed Bin Lahej	79,545	79,545	0.01%	UAE
93	Hend Saleh Mohammed Bin Lahej	79,545	79,545	0.01%	UAE
94	Asma Saleh Mohammed Bin Lahej	79,545	79,545	0.01%	UAE
95	Nasser Mohammed Abdulla Al Abdool	50000	50,000.00	0.01%	UAE
96	Amer Saad M F Al Khayyat	10,000	10,000.00	0.00%	Jordan
96	Madaares Management Limited	1	1	0.00%	UAE
97	Madaares Operations Limited	1	1	0.00%	UAE
98	Madaares Investments LLC	1	1	0.00%	UAE
		750,000,000	750,000,000	100.00%	