

# **Emirates Driving Company P.J.S.C.**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**30 JUNE 2019 (UNAUDITED)**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF EMIRATES DRIVING COMPANY PJSC**

*Introduction*

We have reviewed the accompanying interim consolidated statement of financial position of Emirates Driving Company PJSC (“the Company”) and its subsidiaries (together “the Group”) as at 30 June 2019 and the related interim consolidated statement of profit or loss and the interim consolidated statement of comprehensive income for the three month and six month periods then ended and the interim consolidated statements of changes in equity and cash flows for the six month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting. (“IAS 34”) Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

*Scope of review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

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



Signed by:

Raed Ahmad  
Partner  
Ernst & Young  
Registration No 811

28 July 2019  
Abu Dhabi

Emirates Driving Company P.J.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three month and six month periods ended 30 June 2019 (Unaudited)

	Notes	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
		<i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>2018</i> <i>AED</i> <i>(Unaudited)</i>	<i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>2018</i> <i>AED</i> <i>(Unaudited)</i>
Revenue		46,009,444	42,433,692	94,873,133	97,638,445
Direct expenses		<b>(12,741,736)</b>	(10,538,281)	<b>(22,561,011)</b>	(22,616,178)
<b>GROSS PROFIT</b>		<b>33,267,708</b>	31,895,411	<b>72,312,122</b>	75,022,267
Rental income (net)		880,740	904,399	2,298,177	2,540,950
Dividend income		-	-	5,407,000	5,407,000
Interest income		1,533,435	858,772	3,091,126	1,695,700
Other income		1,156,354	354,437	2,144,550	768,796
General and administrative expenses		<b>(12,675,921)</b>	(14,576,192)	<b>(28,545,816)</b>	(31,398,171)
Finance cost	2.2	<b>(758,448)</b>	-	<b>(1,516,896)</b>	-
<b>PROFIT FOR THE PERIOD</b>		<b><u>23,403,868</u></b>	<u>19,436,827</u>	<b><u>55,190,263</u></b>	<u>54,036,542</u>
<b>Profit for the period attributable to:</b>					
Equity holders of the parent		23,313,186	19,459,936	55,029,873	53,502,153
Non-controlling interests		<u>90,682</u>	(23,109)	<u>160,390</u>	<u>534,389</u>
		<b><u>23,403,868</u></b>	<u>19,436,827</u>	<b><u>55,190,263</u></b>	<u>54,036,542</u>
<b>Basic earnings per share</b>	3	<b><u>0.26</u></b>	<u>0.22</u>	<b><u>0.61</u></b>	<u>0.60</u>

The attached notes 1 to 15 form part of the interim condensed consolidated financial statements.

Emirates Driving Company P.J.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month and six month periods ended 30 June 2019 (Unaudited)

	Note	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
		<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>PROFIT FOR THE PERIOD</b>		<b>23,403,868</b>	19,436,827	<b>55,190,263</b>	54,036,542
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Directors' remuneration paid	14	-	-	<b>(7,804,484)</b>	(8,337,395)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>23,403,868</u></b>	<u>19,436,827</u>	<b><u>47,385,779</u></b>	<u>45,699,147</u>
<b>Total comprehensive income attributable to</b>					
Equity holders of the parent		<b>23,313,186</b>	19,459,936	<b>47,225,389</b>	45,164,758
Non-controlling interests		<b><u>90,682</u></b>	<u>(23,109)</u>	<b><u>160,390</u></b>	<u>534,389</u>
		<b><u>23,403,868</u></b>	<u>19,436,827</u>	<b><u>47,385,779</u></b>	<u>45,699,147</u>

The attached notes 1 to 15 form part of the interim condensed consolidated financial statements

Emirates Driving Company P.J.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 AED (Unaudited)	31 December 2018 AED (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	230,359,896	227,400,839
Right-of-use asset	2.2	42,423,911	-
Investment properties	5	165,000,000	165,000,000
Intangible assets		823,595	1,296,816
Financial assets at fair value through other comprehensive income	6	<u>38,173,420</u>	<u>38,173,420</u>
		<b>476,780,822</b>	<b>431,871,075</b>
<b>Current assets</b>			
Inventories		3,026,435	2,870,969
Trade and other receivables	7	16,652,038	20,807,248
Cash and bank balances	8	<u>226,648,270</u>	<u>253,509,115</u>
		<b>246,326,743</b>	<b>277,187,332</b>
<b>TOTAL ASSETS</b>		<b><u>723,107,565</u></b>	<b><u>709,058,407</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	89,786,400	89,786,400
Legal reserve	10	44,893,200	44,893,200
General reserve	11	44,893,200	44,893,200
Cumulative change in fair value		24,466,395	24,466,395
Retained earnings		<u>428,300,346</u>	<u>448,414,757</u>
<b>Equity attributable to equity holders of the parent</b>		<b>632,339,541</b>	<b>652,453,952</b>
Non-controlling interests		<u>14,366,849</u>	<u>20,206,459</u>
<b>Total equity</b>		<b><u>646,706,390</u></b>	<b><u>672,660,411</u></b>
<b>Non-current liabilities</b>			
Employees' end of service benefits		4,938,042	4,796,482
Lease liabilities	2.2	<u>37,865,987</u>	<u>-</u>
		<b>42,804,029</b>	<b>4,796,482</b>
<b>Current liabilities</b>			
Trade and other payables	12	30,225,913	31,601,514
Lease liabilities	2.2	<u>3,371,233</u>	<u>-</u>
		<b>33,597,146</b>	<b>31,601,514</b>
<b>Total liabilities</b>		<b><u>76,401,175</u></b>	<b><u>36,397,996</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>723,107,565</u></b>	<b><u>709,058,407</u></b>

Chairman of the board of Directors

Chief Executive Officer

The attached notes 1 to 15 form part of the interim condensed consolidated financial statements.

# Emirates Driving Company P.J.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2019

### Attributable to the equity holders of the Parent

	Share capital AED	Legal reserve AED	General reserve AED	Cumulative change in fair value AED	Retained earnings AED	Equity attributable to equity holders of the parent AED	Non-controlling interests AED	Total equity AED
Balance at 1 January 2018 (Audited)	89,786,400	44,893,200	44,893,200	24,466,395	416,243,430	620,282,625	19,603,398	639,886,023
Profit for the period	-	-	-	-	53,502,153	53,502,153	534,389	54,036,542
Other comprehensive loss for the period	-	-	-	-	(8,337,395)	(8,337,395)	-	(8,337,395)
Total comprehensive income for the period	-	-	-	-	45,164,758	45,164,758	534,389	45,699,147
Dividends paid (note 14)	-	-	-	-	(53,871,840)	(53,871,840)	-	(53,871,840)
Balance as at 30 June 2018 (Unaudited)	89,786,400	44,893,200	44,893,200	24,466,395	407,536,348	611,575,543	20,137,787	631,713,330
Balance at 1 January 2019 (Audited)	89,786,400	44,893,200	44,893,200	24,466,395	448,414,757	652,453,952	20,206,459	672,660,411
Profit for the period	-	-	-	-	55,029,873	55,029,873	160,390	55,190,263
Other comprehensive loss for the period	-	-	-	-	(7,804,484)	(7,804,484)	-	(7,804,484)
Total comprehensive income for the period	-	-	-	-	47,225,389	47,225,389	160,390	47,385,779
Dividends paid to non-controlling interests (note 14)	-	-	-	-	-	-	(6,000,000)	(6,000,000)
Dividends paid (note 14)	-	-	-	-	(67,339,800)	(67,339,800)	-	(67,339,800)
Balance as at 30 June 2019 (Unaudited)	89,786,400	44,893,200	44,893,200	24,466,395	428,300,346	632,339,541	14,366,849	646,706,390

The attached notes 1 to 15 form part of these condensed consolidated financial statements.

# Emirates Driving Company P.J.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2019 (Unaudited)

		<i>Six months ended 30 June</i>	
	<i>Notes</i>	<i>2019</i>	<i>2018</i>
		<i>AED</i>	<i>AED</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		55,190,263	54,036,542
Adjustments for:			
Depreciation of property and equipment and right-of-use assets		8,267,707	10,764,763
Amortisation of intangible assets		473,221	739,440
Provision for employees' end of service benefits		941,795	736,161
Dividends income		(5,407,000)	(5,407,000)
Finance cost		1,516,896	-
Interest income		<u>(3,091,126)</u>	<u>(1,695,700)</u>
		<b>57,891,756</b>	<b>59,174,206</b>
Movements in working capital:			
Inventories		(155,466)	132,225
Trade and other receivables		4,521,443	(2,076,784)
Trade and other payables		<u>(1,375,601)</u>	<u>(4,435,093)</u>
Cash from operating activities		<b>60,882,132</b>	<b>52,794,554</b>
Employees' end of service benefits paid		(800,235)	(1,079,078)
Directors' remuneration paid		<u>(7,804,484)</u>	<u>(8,337,395)</u>
Net cash from operating activities		<b><u>52,277,413</u></b>	<b><u>43,378,081</u></b>
<b>INVESTING ACTIVITIES</b>			
Interest received		2,724,893	1,695,700
Purchase of property and equipment	4	(10,559,118)	(6,982,882)
Dividends received		5,407,000	5,407,000
Bank deposits		<u>(12,676,667)</u>	<u>100,494,536</u>
Net cash (used in) from investing activities		<b><u>(15,103,892)</u></b>	<b><u>100,614,354</u></b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid	14	(67,339,800)	(53,871,840)
Dividend paid to non-controlling interests	14	(6,000,000)	-
Right-of-use instalment paid	2.2	<u>(3,371,233)</u>	<u>-</u>
Net cash used in financing activities		<b><u>(76,711,033)</u></b>	<b><u>(53,871,840)</u></b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(39,537,512)</b>	<b>90,120,595</b>
Cash and cash equivalents at the beginning of the period		<b><u>82,068,167</u></b>	<b><u>63,816,711</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>8</b>	<b><u>42,530,655</u></b>	<b><u>153,937,306</u></b>

The attached notes 1 to 15 form part of these condensed consolidated financial statements.

# Emirates Driving Company P.J.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 1 GENERAL

Emirates Driving Company P.J.S.C. (the "Company") was incorporated in the United Arab Emirates, as a Public Joint Stock Company, in accordance with the provisions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended), replaced by UAE Federal Law No. (2) of 2015 which has come into effect from 1 July 2015 and the amended Emiri Decree no. (9) for the year 2002.

The Company, and its subsidiaries, (together referred to as the "Group") are engaged in the management and development of motor vehicles driving training and to manage investment properties; services are rendered to nationals and expatriates living in the United Arab Emirates. The Company's registered office is P O Box 2943, Abu Dhabi, United Arab Emirates.

The interim condensed consolidated financial statements of the Group were authorised for issue by the Chairman on behalf of the Board of Directors on 28 July 2019.

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed financial statements have been presented in United Arab Emirates Dirham's ("AED"), which is the functional and presentation currency of the Group.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the remeasurement of certain financial instruments and investment properties at fair value.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual consolidated financial statements as at 31 December 2018. In addition, results for the six-month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

#### Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and those of its subsidiaries:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of holding %</i>	<i>Principal activities</i>
Qeyada Driving Institute L.L.C.	U.A.E.	50%	To establish, operate and manage automobile driving schools
Tabieah Property Investments L.L.C.	U.A.E.	100%	To manage investment properties

The financial statements of the subsidiary are prepared for the same reporting year as the Company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

**2.2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2018, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 16 Leases
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

*Annual improvements 2015-2017 cycle*

- IFRS 3 Business Combinations
- IFRS 11 Joint Arrangements
- IAS 12 Income Taxes
- IAS 23 Borrowing Costs

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below. The other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

**Impact on adoption of IFRS 16**

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 is as follows:

	<i>AED</i>
<b>Assets</b>	
Right-of-use asset	43,128,502
Prepayments	<u>(36,945)</u>
<b>Total assets</b>	<b><u>43,091,557</u></b>
<b>Liabilities</b>	
Lease liabilities	<u>43,091,557</u>
<b>Total liabilities</b>	<b><u>43,091,557</u></b>
<b>Total adjustment on equity:</b>	
Retained earnings	-
Non-controlling interests	<u>-</u>
	<u>-</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the six months ended 30 June 2019 (Unaudited)

2.2 SIGNIFICANT ACCOUNTING POLICIES continued

Impact on adoption of IFRS 16 continued

Nature of the effect of adoption of IFRS 16

The Group has various lease contracts, where prior to the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. The leased asset was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under 'trade and other receivables' and 'trade and other payables' respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

<b>Operating lease commitments as at 31 December 2018 (AED)</b>	<b>108,793,845</b>
Incremental borrowing rate as at 1 January 2019	7.64%
Discounted operating lease commitments at 1 January 2019 (AED)	<b>43,091,557</b>
Adjustment of commitments relating to leases of low value assets (AED)	<u>                    -</u>
<b>Lease liabilities as at 1 January 2019 (AED)</b>	<b><u>43,091,557</u></b>

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

*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. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the six months ended 30 June 2019 (Unaudited)

2.2 SIGNIFICANT ACCOUNTING POLICIES continued

Impact on adoption of IFRS 16 continued

Summary of new accounting policies continued

*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. The 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.

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 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.

*Significant judgement in determining the lease term of contracts with renewal options*

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.

**Amounts recognised in the interim consolidated statement of financial position and profit or loss**

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	<i>Right-of-use (land) AED</i>	<i>Lease liabilities AED</i>
<b>As at 1 January 2019</b>	<b>43,091,557</b>	<b>43,091,557</b>
Depreciation expense	(667,646)	-
Interest expense	-	1,516,896
Payments	-	<u>(3,371,233)</u>
<b>As at 30 June 2019</b>	<b><u>42,423,911</u></b>	<b><u>41,237,220</u></b>

# Emirates Driving Company P.J.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 30 June 2019 (Unaudited)

### 2.2 SIGNIFICANT ACCOUNTING POLICIES continued

Amounts recognised in the interim consolidated statement of financial position and profit or loss continued

Lease liabilities is analysed in the interim consolidated statement of financial position as follows:

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Current	3,371,233	-
Non-current	<u>37,865,987</u>	<u>-</u>
Total	<u>41,237,220</u>	<u>-</u>

### 3 BASIC EARNING PER SHARE

Basic earning per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2019 (Unaudited)</i>	<i>2018 (Unaudited)</i>	<i>2019 (Unaudited)</i>	<i>2018 (Unaudited)</i>
Profit for the period attributable to equity holders of the parent (AED)	<u>23,313,186</u>	<u>19,459,936</u>	<u>55,029,873</u>	<u>53,502,153</u>
Ordinary shares in issue through the period	<u>89,786,400</u>	<u>89,786,400</u>	<u>89,786,400</u>	<u>89,786,400</u>
Basic earnings per share (AED)	<u>0.26</u>	<u>0.22</u>	<u>0.61</u>	<u>0.60</u>

As of 30 June 2018, the Company has not issued any dilutive instruments that have an impact on earnings per share when exercised.

### 4 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired assets with a cost of AED 10,559,118 (30 June 2018: AED 6,982,882). This amount includes AED 132,116 (30 June 2018: AED 894,065) incurred for the construction of new assets. Depreciation charges for six months ended 30 June 2019 amounted to AED 7,600,061 (30 June 2018: AED 10,764,763).

### 5 INVESTMENT PROPERTIES

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Balance at the beginning of the period/year	165,000,000	176,000,000
Change in fair value	<u>-</u>	<u>(11,000,000)</u>
Balance at the end of the period/year	<u>165,000,000</u>	<u>165,000,000</u>

# Emirates Driving Company P.J.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 30 June 2019 (Unaudited)

### 6 FINANCIAL ASSETS THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Balance at beginning and end of the period/year	<u><b>38,173,420</b></u>	<u><b>38,173,420</b></u>

Financial assets through other comprehensive income represent investments in two unquoted companies registered in the UAE.

The fair value measurement has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1:* quoted prices in active markets for assets and liabilities
- Level 2:* inputs other than quoted prices included within level 1 are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>	<i>Total AED</i>
<i>30 June 2019 (Unaudited)</i>				
Financial assets through other comprehensive income	<u>==</u>	<u>==</u>	<u><b>38,173,420</b></u>	<u><b>38,173,420</b></u>
<i>31 December 2018 (Audited)</i>				
Financial assets through other comprehensive income	<u>==</u>	<u>==</u>	<u><b>38,173,420</b></u>	<u><b>38,173,420</b></u>

### 7 TRADE AND OTHER RECEIVABLES

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Trade receivables	<b>2,260,461</b>	2,275,627
Less: allowance for expected credit losses	<u><b>(1,446,533)</b></u>	<u>(1,446,533)</u>
Prepaid expenses	<b>813,928</b>	829,094
Accrued interest income	<b>3,347,658</b>	6,578,762
Advances to suppliers	<b>2,657,826</b>	2,291,593
Cash margin on bank guarantees	<b>164,734</b>	364,033
Advances to employees	<b>1,486,800</b>	1,350,000
Other receivables	<b>3,567</b>	657,169
Due from related parties (note 13)	<b>677,525</b>	1,236,597
	<u><b>7,500,000</b></u>	<u><b>7,500,000</b></u>
	<u><b>16,652,038</b></u>	<u><b>20,807,248</b></u>



# Emirates Driving Company P.J.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 30 June 2019 (Unaudited)

### 7 TRADE AND OTHER RECEIVABLES continued

During the period an amount of AED 399,098 (31 December 2018: nil) relating to advances to employees was written off.

Trade receivables include amounts due from a related party amounting to AED 592,358 (31 December 2018: AED 592,358) against which an allowance for expected credit losses amounting to AED 592,358 (31 December 2018: AED 592,358) has been recorded (note 13).

### 8 CASH AND CASH EQUIVALENTS

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Cash in hand	65,881	386,117
Cash at banks	42,464,774	81,682,050
Bank deposits with UAE banks	<u>184,117,615</u>	<u>171,440,948</u>
Cash and bank balances	226,648,270	253,509,115
Less: bank deposits with original maturities greater than three months	<u>(184,117,615)</u>	<u>(171,440,948)</u>
Cash and bank balances	<u>42,530,655</u>	<u>82,068,167</u>

The effective interest rate on bank deposits ranges from 3.15% to 4% per annum (31 December 2018: 2.5% to 4%).

### 9 SHARE CAPITAL

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
<i>Authorised, issued and fully paid</i> 89,786,400 shares of AED 1 each	<u>89,786,400</u>	<u>89,786,400</u>

### 10 LEGAL RESERVE

In accordance with UAE Federal Law No. (2) of 2015 concerning commercial companies and the Company's Article of Association, 10% of the annual profit is to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up capital.

### 11 GENERAL RESERVE

In accordance with the Company's Articles of Association, 10% of the annual profit for the year is to be transferred to a general reserve until the general assembly resolves to discontinue such transfers based on the Board of Directors' proposal or if the reserve equals 50% of the Company's paid up share capital. This reserve is used for the purposes determined by the ordinary general assembly based upon the Board of Directors' proposal.

# Emirates Driving Company P.J.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 12 TRADE AND OTHER PAYABLES

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Trade payables	6,140,213	6,451,809
Accruals and other payables	9,755,791	15,306,502
Advances received from customers*	9,886,432	8,662,174
Concession compensation payable**	1,316,645	1,026,505
Retention payable	2,882,919	-
Due to related parties (note 13)	<u>243,913</u>	<u>154,524</u>
	<b><u>30,225,913</u></b>	<b><u>31,601,514</u></b>

\* These advances are short term and will be recognised within one year from the reporting date.

\*\* Based on the concession agreement signed with Ajman Police GHQ, 50% of the profit recognised by Qeyadah Driving Institute LLC, a subsidiary, is payable to them on a yearly basis.

### 13 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent associated companies, joint ventures, shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Amounts due from and due to related parties included in the interim consolidated statement of financial positions are as follows:

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
<i>Amounts due from related parties (note 7)</i>		
Belhasa International LLC	7,500,000	7,500,000
Ras Al Khaimah Driving Academy L.L.C	592,358	592,358
Less: allowance for expected and/or incurred credit losses	<u>(592,358)</u>	<u>(592,358)</u>
	<b><u>7,500,000</u></b>	<b><u>7,500,000</u></b>
<i>Amounts due to related parties (note 12)</i>		
Emirates Driving Institute	85,506	50,524
IT Force 1	<u>158,407</u>	<u>104,000</u>
	<b><u>243,913</u></b>	<b><u>154,524</u></b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

**13 RELATED PARTIES TRANSACTIONS AND BALANCES** continued

Transactions with related parties included in the interim consolidated statement of comprehensive income are as follows:

	<i>30 June</i> <i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>30 June</i> <i>2018</i> <i>AED</i> <i>(Unaudited)</i>
Directors' remuneration	<u>7,804,484</u>	<u>8,337,395</u>
<b>Compensation of key management personnel</b>		
Salaries and other short-term employee benefits	<u>1,912,057</u>	2,387,458
Pension	<u>268,702</u>	<u>289,859</u>
	<u><b>2,180,759</b></u>	<u><b>2,677,317</b></u>

**14 DIVIDENDS AND DIRECTORS' REMUNERATION**

On 26 February 2019, the Shareholders at the Annual General Assembly approved cash dividends of 75 fils per share (30 June 2018: 60 fils per share) amounting to AED 67,339,800 (30 June 2018: AED 53,871,840).

On 26 March 2019, the Shareholders at the Annual General Assembly of a subsidiary, Qayada Driving Institute L.L.C., approved cash dividends of AED 12,000,000 (30 June 2018: nil), of which an amount of AED 6,000,000 related to non-controlling interests.

On 26 February 2019, the Shareholders at the Annual General Assembly approved directors' remuneration relating to the results of the 2018 financial year amounting to AED 7,804,484 (30 June 2018: AED 8,337,395 relating to the results of the 2017 financial year).

**15 COMMITMENTS**

*Capital commitments*

As at 30 June 2019, the Group has commitments in respect of future expenditure amounting to AED 4.2 million (31 December 2018: AED 60 million).