

Emirates Driving Company P.J.S.C.

Review report and condensed consolidated interim financial information

For the six-month period ended 30 June 2020

Emirates Driving Company P.J.S.C.

Review report and condensed consolidated interim financial information for the six-month period ended 30 June 2020

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of Emirates Driving Company PJSC

Introduction

We have reviewed the accompanying 30 June 2020 condensed consolidated interim financial information of Emirates Driving Company PJSC ("the Company") and its subsidiaries (together referred to as "the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2020;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three month and six-month period ended 30 June 2020;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2020;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2020; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards 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

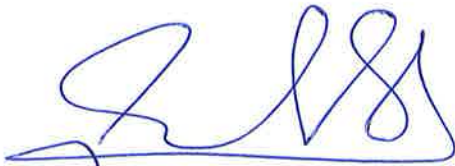
Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2020 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 February 2020.

The condensed consolidated interim financial information of the Group for the period ended 30 June 2019 was reviewed by another auditor who expressed an unmodified conclusion on those financial information on 28 July 2019.

KPMG Lower Gulf Limited



Saif Fayeze Shawer
Registration No.: 1131
Abu Dhabi, United Arab Emirates
Date: **10 AUG 2020**

Emirates Driving Company P.J.S.C.

Condensed consolidated interim statement of profit or loss and other comprehensive income
For the

	Three months period ended 30 June		Six months period ended 30 June	
	2020 AED (unaudited)	2019 AED (unaudited) (represented)	2020 AED (unaudited)	2019 AED (unaudited) (represented)
Continuing operations				
Revenue	31,563,435	44,657,947	101,698,447	92,811,363
Direct expenses	(10,926,616)	(12,011,788)	(23,220,963)	(21,831,063)
Gross profit	20,636,819	32,646,159	78,477,484	70,980,300
Change in fair value of financial assets at fair value through profit or loss	1,931,311	-	(604,798)	-
Rental income (net)	1,431,903	175,761	2,723,431	2,298,177
Dividend income	-	-	2,703,500	5,407,000
Interest income	1,134,447	1,533,435	2,450,984	3,091,126
Other income	300,835	1,106,110	936,445	2,094,306
General and administrative expenses	(11,034,660)	(11,420,711)	(22,952,350)	(27,484,531)
Finance cost	(787,640)	(758,448)	(1,575,279)	(1,516,896)
Directors' remuneration paid (note 19)	(11,309,768)	-	(11,309,768)	(7,804,484)
Profit for the period from continuing operations	2,303,247	23,282,306	50,849,649	47,064,998
Discontinued operations				
Profit from discontinued operations (note 18)	136,361	121,562	534,875	320,781
Profit for the period	2,439,608	23,403,868	51,384,524	47,385,779
Profit for the period attributable to				
Owners of the Company	2,371,428	23,343,087	51,117,087	47,225,389
Non-controlling interests	68,180	60,781	267,437	160,390
	2,439,608	23,403,868	51,384,524	47,385,779
Basic and diluted earnings per share from continuing operations (note 4)	0.03	0.26	0.57	0.52
Basic and diluted earnings per share from discontinued operations (note 4)	0.002	0.007	0.003	0.002

The notes set out on pages 8 to 17 form an integral part of the condensed consolidated interim financial information. The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 1 and 2

Emirates Driving Company P.J.S.C.

Condensed consolidated interim statement of profit or loss and other comprehensive income
For the

	Three months period ended 30 June		Six months period ended 30 June	
	2020 AED (unaudited)	2019 AED (unaudited) (represented)	2020 AED (unaudited)	2019 AED (unaudited) (represented)
Profit for the period	2,439,608	23,403,868	51,384,524	47,385,779
Other comprehensive income				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	2,439,608	23,403,868	51,384,524	47,385,779
Total comprehensive income attributable to:				
Owners of the Company	2,371,428	23,343,087	51,117,087	47,225,389
Non-controlling interests	68,180	60,781	267,437	160,390
	2,439,608	23,403,868	51,384,524	47,385,779


The notes set out on pages 8 to 17 form an integral part of the condensed consolidated interim financial information.
The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 1 and 2.

Emirates Driving Company P.J.S.C.

Condensed consolidated interim statement of financial position

<i>As at</i>		30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
	<i>Notes</i>		
Assets			
Non-current assets			
Property and equipment	5	205,982,233	213,609,035
Right-of-use assets	6	41,900,249	42,757,494
Investment properties	7	153,600,000	153,600,000
Intangible assets		2,747,700	1,687,616
Financial assets at fair value through other comprehensive income	8	35,956,550	35,956,550
Financial assets at fair value through profit or loss	8	19,395,202	-
Total non-current assets		459,581,934	447,610,695
Current assets			
Inventories		3,012,591	2,301,543
Trade and other receivables	9	6,943,487	9,241,422
Cash and bank balances	10	249,075,710	313,385,894
Assets held for sale	18	25,071,159	23,953,128
Total current assets		284,102,947	348,881,987
Total assets		743,684,881	796,492,682
Equity and liabilities			
Equity			
Share capital	11	89,786,400	89,786,400
Legal reserve	12	44,893,200	44,893,200
General reserve	13	44,893,200	44,893,200
Cumulative change in fair value		22,249,525	22,249,525
Retained earnings		447,698,842	486,368,155
Equity attributable to equity holders of the parent company		649,521,167	688,190,480
Non-controlling interests		14,858,802	14,591,365
Total equity		664,379,969	702,781,845
Liabilities			
Non-current liabilities			
Employees' end of service benefits		5,190,012	4,715,536
Lease liabilities	6	38,630,450	43,122,546
Total non-current liabilities		43,820,462	47,838,082
Current liabilities			
Trade and other payables	14	29,420,535	42,943,221
Lease liabilities	6	3,150,557	659,128
Liabilities directly associated with the assets held for sale	18	2,913,358	2,270,406
Total current liabilities		35,484,450	45,872,755
Total liabilities		79,304,912	93,710,837
Total equity and liabilities		743,684,881	796,492,682

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information are not prepared, in all material respects, in accordance with IAS 34.



 Chairman of the Board of Directors



 Chief Executive Officer

The notes set out on pages 8 to 17 form an integral part of the condensed consolidated interim financial information. The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 1 and 2.

Emirates Driving Company P.J.S.C.

Condensed consolidated interim statement of changes in equity

For the period ended 30 June

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 interest's AED	Total equity AED
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	-	-	-	-	47,225,389	47,225,389	160,390	47,385,779
Other comprehensive loss for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	47,225,389	47,225,389	160,390	47,385,779
Dividends paid (note 14)	-	-	-	-	(67,339,800)	(67,339,800)	(6,000,000)	(73,339,800)
Balance as at 30 June 2019 (Unaudited)	<u>89,786,400</u>	<u>44,893,200</u>	<u>44,893,200</u>	<u>24,466,395</u>	<u>428,300,346</u>	<u>632,339,541</u>	<u>14,366,849</u>	<u>646,706,390</u>
Balance at 1 January 2020 (Audited)	89,786,400	44,893,200	44,893,200	22,249,525	486,368,155	688,190,480	14,591,365	702,781,845
Profit for the period	-	-	-	-	51,117,087	51,117,087	267,437	51,384,524
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	51,117,087	51,117,087	267,437	51,384,524
Dividends paid (note 14)	-	-	-	-	(89,786,400)	(89,786,400)	-	(89,786,400)
Balance as at 30 June 2020 (Unaudited)	<u>89,786,400</u>	<u>44,893,200</u>	<u>44,893,200</u>	<u>22,249,525</u>	<u>447,698,842</u>	<u>649,521,167</u>	<u>14,858,802</u>	<u>664,379,969</u>

The notes set out on pages 8 to 17 form an integral part of the condensed consolidated interim financial information.

The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 1 and 2.

Emirates Driving Company P.J.S.C.

Condensed consolidated interim statement of cash flows

For the six-month period ended 30 June

	2020 AED	2019 AED
Operating Activities		
Profit for the period from continuing operations	50,849,649	47,064,998
Profit for the period from discontinued operations	534,875	320,781
Adjustments for:		
Depreciation of property and equipment	7,826,560	7,600,061
Depreciation of right-of-use assets	857,245	667,646
Amortization of intangible assets	628,487	473,221
Provision for employees' end of service benefits	596,403	941,795
Dividend income	(2,703,500)	(5,407,000)
Change in fair value of financial assets (FVP&L)	604,798	-
Finance cost	1,575,279	1,516,896
Gain from asset disposal	(75,700)	-
Interest income	(2,450,984)	(3,091,126)
	<u>58,243,112</u>	<u>50,087,272</u>
Movements in working capital:		
Inventories	(711,048)	(155,466)
Trade and other receivables	2,297,935	4,521,443
Trade and other payables	(13,522,686)	(1,375,601)
	<u>46,307,313</u>	<u>53,077,648</u>
Cash from operations	46,307,313	53,077,648
Employees' end of service benefits paid	(121,927)	(800,235)
	<u>46,185,386</u>	<u>52,277,413</u>
Investing Activities		
Purchase of property and equipment	(2,323,105)	(10,559,118)
Dividend received	2,703,500	5,407,000
Discontinued operation, net of cash	(53,254)	-
Purchase of financial assets at fair value through profit or loss	(20,000,000)	-
Proceeds from disposal of intangible assets	74,339	-
Proceeds from disposal of property and equipment	436,137	-
Bank deposits	51,504,572	(12,676,667)
Interest income received	2,450,984	2,724,893
	<u>34,793,173</u>	<u>(15,103,892)</u>
Financing Activities		
Dividends paid	(89,786,400)	(67,339,800)
Dividends paid to non- controlling interests	-	(6,000,000)
Right-of-use instalment paid	(3,575,946)	(3,371,233)
	<u>(93,362,346)</u>	<u>(76,711,033)</u>
Net cash used in financing activities	(93,362,346)	(76,711,033)
Net decrease in cash and cash equivalents	(12,383,787)	(39,537,512)
Cash and cash equivalents at the beginning of the period	153,711,783	82,068,167
Cash and cash equivalents at the end of the period (note 10)	<u>141,327,996</u>	<u>42,530,655</u>

The notes set out on pages 8 to 17 form an integral part of the condensed consolidated interim financial information. The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 1 and 2.

Emirates Driving Company P.J.S.C.

Notes to the condensed consolidated interim financial information

1 General

Emirates Driving Company P.J.S.C. (the "Company" or "Parent 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 the national and expatriates living in the United Arab Emirates. The Company's registered office is P O Box 2943, Abu Dhabi, United Arab Emirates.

The condensed consolidated interim financial information of the Group were authorised for issue by the Chairman on behalf of the Board of Directors on ... 10 AUG 2020

2 Basis of preparation

2.1 Statement of compliance

This consolidated condensed interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2019 ('last annual consolidated financial statements'). It does not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last consolidated annual financial statements. The Group operations are being monitored by the Group's chief operating decision maker ("Board of Directors") as one segment hence no segmental information is disclosed.

2.2 Functional and presentation currency

This condensed consolidated interim financial information is presented in United Arab Emirates Dirham ("AED"), which is the Group's functional and presentation currency.

2.3 Basis of consolidation

The condensed consolidated interim financial information 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 subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits or losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

During 2019, the Company's Board of Directors resolved to dispose of Qeyadah Driving Institute LLC. As a result, the financial results of Qeyadah Driving Institute LLC have been presented in the consolidated financial statements as discontinued operations (held for sale).

Emirates Driving Company P.J.S.C.

Notes to the condensed consolidated interim financial information

2 Basis of preparation *(continued)*

2.4 Use of judgements and estimates

In preparing this condensed consolidated interim financial information, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

3 Significant accounting policies

The significant accounting policies adopted in the preparation of this condensed consolidated interim financial information are set out below.

a) New and amended standards adopted by the Group

The following revised new and amended standards have been adopted in the condensed consolidated interim financial information.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

There has been no material impact on the condensed consolidated interim financial information of the Group upon adoption of the above new and amended standards.

b) New and amended standards not effective and not yet adopted by the Group

At the date of the condensed consolidated interim financial information, the following other standards, amendments and Interpretations have not been effective and have not been early adopted by the Group:

New amendments or standards	Effective date
- IFRS 17 Insurance Contracts	1 January 2021
- Classification of liabilities as current or non-current <i>(Amendments to IAS 1)</i>	1 January 2022
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/effective date deferred indefinitely

Management anticipates that the application of the above amendments in future periods will have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

Emirates Driving Company P.J.S.C.

Notes to the condensed consolidated interim financial information

4 Basic and diluted earnings per share

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

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Profit for the period attributable to equity holders of the parent	2,371,428	23,343,087	51,117,087	47,225,389
Less: profit from discontinued operations attributable to equity holders of the parent	(68,181)	(60,781)	(267,438)	(160,391)
Profit from continuing operations attributable to equity holders of the parent	2,303,247	23,282,306	50,849,649	47,064,998
Ordinary shares in issue through the period	89,786,400	89,786,400	89,786,400	89,786,400
Basic and dilutive earnings per share (AED)				
From continuing operations	0.03	0.26	0.57	0.52
From discontinued operations	0.001	0.001	0.003	0.002

As of 30 June 2020, the Company has not issued any dilutive instruments that have an impact on earnings per share when exercised.

5 Property and equipment

During the six months ended 30 June 2020, the Group acquired assets with a cost of AED 2,323,105 (30 June 2019: AED 10,559,118). During the period there were no additional amounts incurred for the construction of new assets (30 June 2019: AED Nil). Depreciation charges for six months ended 30 June 2020 amounted to AED 7,826,560 (30 June 2019: AED 7,600,061).

Emirates Driving Company P.J.S.C.

Notes to the condensed consolidated interim financial information

6 Right-of-use assets

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

The carrying amounts of the Group's right-of-use assets and the movements during the period are as follows:

	Right-of-use (land and vehicles) AED	Lease liabilities AED
As at 1 January 2020	42,757,494	43,781,674
Depreciation expense	(857,245)	-
Interest expense	-	1,575,279
Payments	-	(3,575,946)
As at 30 June 2020	<u>41,900,249</u>	<u>41,781,007</u>
	<i>Right-of-use (land and vehicles) AED</i>	<i>Lease liabilities AED</i>
As at 1 January 2019	43,091,557	43,091,557
Additions	1,024,982	1,024,982
Depreciation expense	(1,359,045)	-
Interest expense	-	3,036,368
Payments	-	(3,371,233)
As at 31 December 2019	<u>42,757,494</u>	<u>43,781,6</u>

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

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Current	3,150,557	659,128
Non-current	38,630,450	43,122,546
Total	<u>41,781,007</u>	<u>43,781,674</u>

Emirates Driving Company P.J.S.C.

Notes to the condensed consolidated interim financial information

7 Investment properties

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Balance at the beginning of the period/year	153,600,000	165,000,000
Change in fair value	-	(11,400,000)
Balance at the end of the period/year	<u>153,600,000</u>	<u>153,600,000</u>

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provide the fair value of the investment property on annual basis.

The fair value measurement for the investment property has been categorised as level 3 fair value based on inputs to valuation technique used.

8 Financial assets

a) Financial assets at fair value through other comprehensive income

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
At 1 January	35,956,550	38,173,420
Change in fair value	-	(2,216,870)
Ending balance	<u>35,956,550</u>	<u>35,956,550</u>

Financial assets through other comprehensive income represent investments in unquoted UAE Company. The fair value measurement has been categorised as a level 3 fair value based on the input to the valuation technique used.

Emirates Driving Company P.J.S.C.

Notes to the condensed consolidated interim financial information

8 Financial assets (continued)

a) Financial assets at fair value through other comprehensive income (continued)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair value 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</i> AED	<i>Level 2</i> AED	<i>Level 3</i> AED	<i>Total</i> AED
30 June 2020 (Unaudited)				
Financial assets through other comprehensive income	=	=	<u>35,956,550</u>	<u>35,956,550</u>
31 December 2019 (Audited)				
Financial assets through other comprehensive income	=	=	<u>35,956,550</u>	<u>35,956,550</u>

b) Financial assets are fair value through profit or loss

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Purchases of investment at March 6 ,2020	20,000,000	-
Change in fair value of financial assets	<u>(604,798)</u>	-
Ending balance	<u>19,395,202</u>	-

Financial assets at fair value through profit or loss represent investments in quoted equity portfolio. The fair value measurement has been categorised as a level 1 fair value based on the input 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 value 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</i> AED	<i>Level 2</i> AED	<i>Level 3</i> AED	<i>Total</i> AED
30 June 2020 (Unaudited)				
Financial assets through profit or loss	<u>19,395,202</u>	=	=	<u>19,395,202</u>
31 December 2019 (Audited)				
Financial assets through profit or loss	=	=	=	=

Emirates Driving Company P.J.S.C.

Notes to the condensed consolidated interim financial information

9 Trade and other receivables

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Trade receivables	2,425,100	2,842,513
Less: allowance for expected credit losses	<u>(1,695,834)</u>	<u>(1,695,834)</u>
	729,266	1,146,679
Prepaid expenses	2,753,277	2,706,530
Accrued interest income	1,811,674	2,848,700
Advances to suppliers	67,857	561,140
Cash margin on bank guarantees	1,356,800	1,356,800
Other receivables	224,613	621,573
	<u>6,943,487</u>	<u>9,241,422</u>

10 Cash and cash equivalents

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Cash in hand	33,258	30,000
Cash at banks	140,506,511	153,315,381
Bank deposits with UAE banks	<u>108,535,941</u>	<u>160,040,513</u>
Cash and bank balances from continuing operations	249,075,710	313,385,894
Less: bank deposits with original maturities greater than three months	<u>(108,535,941)</u>	<u>(160,040,513)</u>
	140,539,769	153,345,381
Cash and bank balances attributable to discontinued operations (note 18)	788,227	366,402
Cash and cash equivalents	<u>141,327,996</u>	<u>153,711,783</u>

The effective interest rate on bank deposits range from 3.1% to 4% per annum (2019: 2.5% to 4%).

11 Share capital

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Authorised, issued and fully paid 89,786,400 shares of AED 1 each	<u>89,786,400</u>	<u>89,786,400</u>

Emirates Driving Company P.J.S.C.

Notes to the condensed consolidated interim financial information

12 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.

13 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 Director's proposal.

14 Trade and other payables

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Trade payables	4,866,726	6,802,031
Accruals and other payables	13,123,756	17,994,155
Advances received from customers*	11,333,742	17,715,868
Retention payable	96,311	431,167
	<u>29,420,535</u>	<u>42,943,221</u>

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

15 Related parties transactions

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

	30 June 2020 AED (Unaudited)	30 June 2019 AED (Unaudited)
Directors' remuneration	<u>11,309,768</u>	<u>7,804,484</u>
Compensation of key management personnel		
Salaries and short-term benefits	1,912,057	1,912,057
Post-employment benefits	263,465	268,702
	<u>2,175,522</u>	<u>2,180,759</u>

16 Dividends and directors' remuneration

During the period, the Shareholders at the Annual General Assembly approved cash dividends of 1 AED per share (26 February 2019: 75 fils per share) amounting to AED 89,786,400 (2019: AED 67,339,800).

During the period, the Shareholders at the Annual General Assembly approved directors' remuneration relating to the results of the 2019 financial year amounting to AED 11,309,768 (2019: AED 7,804,484 relating to the results of the 2018 financial year).

Emirates Driving Company P.J.S.C.

Notes to the condensed consolidated interim financial information

17 Capital commitments

As at 30 June 2020, the Group has commitments in respect of future expenditure amounting to AED 31.1 million (31 December 2019: AED 32 million).

18 Disposal group held for sale

During 2019, the Company's Board of Directors resolved to dispose of Qeyadah Driving Institute LLC. The Group is actively marketing the sale whereby a potential buyer was identified and an offer was received from him. As a result, the financial results of Qeyadah Driving Institute LLC have been presented in the consolidated financial statements as held for sale. Also, the financial results have been presented in the condensed consolidated interim statement of profit or loss as discontinued operations as Qeyadah Driving Institute LLC represents a separate geographical area of operations.

The Group expects to complete the disposal of the subsidiary within a year from the reporting date.

The results of Qeyadah for the period ended 30 June are as follows:

a) Results for the period

	30 June 2020 AED (Unaudited) AED	30 June 2019 AED (Unaudited) AED
Revenues	2,279,211	2,061,770
Direct expenses	(591,090)	(729,948)
Other income	-	50,244
General and administrative expenses	(1,153,246)	(1,061,285)
Income for the period	534,875	320,781

b) Assets and liabilities of Qeyadah classified as held for sale are as follows:

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Assets		
Property and equipment	15,902,089	15,488,222
Accounts receivable, prepayments and other receivables	880,843	598,504
Cash and bank balances (note 10)	788,227	366,402
Due from related party	7,500,000	7,500,000
Total assets	25,071,159	23,953,128
Liabilities		
Employees' end of service benefits	202,656	188,127
Due to related party	499,256	-
Trade and other payables	2,211,446	2,082,279
Total liabilities	2,913,358	2,270,406
Net assets	22,157,801	21,682,722

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Notes to the condensed consolidated interim financial information

19 Comparative Figures

Directors remuneration paid for the period ended 30 June 2019 have been reclassified to match current year presentation. This reclassification has no effect on the total comprehensive income or the condensed consolidated statement of changes in owners' equity for the period ended 30 June 2019.

20 Subsequent event

Business outlook for 2020 could be affected by risks and uncertainties caused by a multitude of factors, some of which will be beyond the Group's control.

In this context the Group highlights the health emergency due to the recent spread of the CoViD-19 virus, which was declared a pandemic by the World Health Organization during the period ended 30 June 2020. To contain the adverse implications for humanity and businesses, governments around the world, including the United Arab Emirates, have in response to this outbreak announced various support measures and imposed to varying degrees restrictions on the movement of people and goods. Whilst the restriction of people and goods will adversely impact some businesses, at present the extent of those future impacts is unclear as they will be determined by various factors, including the success of the support measures introduced by governments, businesses' ability to manage their operations during these times and the timing and manner of the easing of the restrictions.

The Group has performed its assessment of the CoViD-19 impact and concluded that there are no significant changes in its financial position and performance as at and for the period ended 30 June 2020. Based on that assessment the Group has concluded that significant changes are not required as of 30 June 2020 in its key accounting judgements and estimates from those applied in the last annual consolidated financial statements as of 31 December 2019.

The effects of CoVid-19 on humanity and businesses continues to evolve, hence there are significant risks and uncertainties associated with its future impact on businesses, though the Group continues to update its plans to seek to respond to them.