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Emirates Driving

Emirates Driving Company P.J.S.C.

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 MARCH 2024 (UNAUDITED)

Ernst & Young Middle East
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF

EMIRATES DRIVING COMPANY P.J.S.C.

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Emirates Driving Company P.J.S.C. ("the Company") and its subsidiary (together "the Group") as at 31 March 2024 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months 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:
Ahmad Al Dali
Partner
Ernst & Young
Registration No. 5548

2 May 2024
Abu Dhabi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three month period ended 31 March 2024 (Unaudited)

	Notes	*Three months ended 31 March*	
		2024	*2023*
		AED' 000	*AED' 000*
		(unaudited)	*(unaudited)*
Revenue		**90,143**	89,389
Direct expenses		**(18,879)**	(19,648)
GROSS PROFIT		**71,264**	69,741
Net gain from financial assets at fair value through profit or loss		**3,441**	690
Dividend income from financial assets at fair value through other comprehensive income (FVTOCI)	7	**-**	541
Rental income (net)		**1,487**	1,274
Interest income		**9,550**	6,496
Other income		**2,212**	2,249
General and administrative expenses		**(17,008)**	(17,110)
Finance costs	5	**(795)**	(727)
PROFIT BEFORE TAX		**70,151**	63,154
Income tax expense	16	**(6,177)**	-
PROFIT FOR THE PERIOD		**63,974**	63,154
Basic and diluted earnings per share	3	**0.06**	0.06

The attached notes 1 to 17 form part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended 31 March 2024 (Unaudited)

	Note	***Three months ended 31 March***	
		2024	*2023*
		AED' 000	*AED' 000*
		(unaudited)	*(unaudited)*
PROFIT FOR THE PERIOD		**63,974**	63,154
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in fair value of financial assets at fair value through other comprehensive income	7	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**63,974**	63,154

The attached notes 1 to 17 form part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Notes	*31 March 2024 AED' 000 (Unaudited)*	*31 December 2023 AED' 000 (Audited)*
ASSETS			
Non-current assets			
Property and equipment	4	**217,098**	217,087
Right-of-use assets	5	**39,898**	40,264
Investment properties	6	**164,100**	164,100
Intangible assets		**5,153**	4,655
Financial assets at fair value through other comprehensive income	7	**36,660**	36,660
		462,909	462,766
Current assets			
Financial assets at fair value through profit or loss	7	**74,571**	76,969
Inventories		**913**	898
Trade and other receivables	8	**29,754**	32,461
Cash and bank balances	9	**754,627**	684,093
		859,865	794,421
TOTAL ASSETS		**1,322,774**	1,257,187
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**538,718**	89,786
Legal reserve	11	**44,893**	44,893
General reserve	12	**44,893**	44,893
Cumulative changes in fair value		**22,953**	22,953
Retained earnings		**378,908**	947,030
Total equity		**1,030,365**	1,149,555
Non-current liabilities			
Employees' end of service benefits		**9,291**	8,939
Lease liabilities	5	**38,411**	41,003
Deferred tax liabilities	16	**177**	-
		47,879	49,942
Current liabilities			
Trade and other payables	13	**51,710**	54,034
Dividends payable	15	**183,164**	-
Income tax payable	16	**6,000**	-
Lease liabilities	5	**3,656**	3,656
		244,530	57,690
Total liabilities		**292,409**	107,632
TOTAL EQUITY AND LIABILITIES		**1,322,774**	1,257,187

Chairman of the Board of Directors | Chief Executive Officer | Chief Financial Officer

The attached notes 1 to 17 form part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2024

	Share capital AED' 000	*Legal reserve AED' 000*	*General reserve AED' 000*	*Cumulative change in fair value AED' 000*	*Retained earnings AED' 000*	*Total equity AED' 000*
Balance at 1 January 2023 (Audited)	89,786	44,893	44,893	22,520	769,668	971,760
Profit for the period	-	-	-	-	63,154	63,154
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	63,154	63,154
Dividends declared (note 15)	-	-	-	-	(89,786)	(89,786)
Balance as at 31 March 2023 (Unaudited)	89,786	44,893	44,893	22,520	743,036	945,128
Balance at 1 January 2024 (Audited)	89,786	44,893	44,893	22,953	947,030	1,149,555
Profit for the period	-	-	-	-	63,974	63,974
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	63,974	63,974
Capitalization of retained earnings (note 10)	448,932	-	-	-	(448,932)	-
Dividends declared (note 15)	-	-	-	-	(183,164)	(183,164)
Balance as at 31 March 2024 (Unaudited)	**538,718**	**44,893**	**44,893**	**22,953**	**378,908**	**1,030,365**

The attached notes 1 to 17 form part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2024 (Unaudited)

	Notes	***Three months ended 31 March***	
		2024	*2023*
		AED' 000	*AED' 000*
		(unaudited)	*(unaudited)*
OPERATING ACTIVITIES			
Profit before tax		**70,151**	63,154
Adjustments for:			
Depreciation of property and equipment	4	**4,728**	3,968
Depreciation right-of-use assets	5	**366**	415
Amortization of intangible assets		**275**	165
Provision for employees' end of service benefits		**447**	432
Dividend income		**(1,163)**	(1,344)
Unrealized (gain) loss on financial assets at fair value through profit or loss		**(1,964)**	421
Finance cost	5	**795**	727
Interest income		**(9,550)**	(6,496)
		64,085	61,442
Movements in working capital:			
Inventories		**(15)**	92
Trade and other receivables		**(3,673)**	(3,172)
Trade and other payables		**(2,324)**	(18,101)
Cash from operations		**58,073**	40,261
Employees' end of service benefits paid		**(95)**	(125)
Net cash from operating activities		**57,978**	40,136
INVESTING ACTIVITIES			
Purchase of property and equipment	4	**(4,739)**	(6,194)
Purchase of intangible assets		**(773)**	(200)
Dividends received		**231**	87
Purchase of financial assets at fair value through profit or loss		**(801)**	(4,550)
Proceeds from sale of investments at fair value through profit or loss		**5,163**	4,506
Movement in term deposits with original maturities more than three months		**250,000**	(250,000)
Interest received		**16,862**	6,496
Net cash from (used in) investing activities		**265,943**	(249,855)
FINANCING ACTIVITIES			
Dividends paid	15	**-**	(89,786)
Lease liabilities paid	5	**(3,387)**	(3,415)
Net cash used in financing activities		**(3,387)**	(93,201)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**320,534**	(302,920)
Cash and cash equivalents at the beginning of the period		**434,093**	474,934
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	**754,627**	172,014
Non-cash transactions excluded from the consolidated statement of cash flows:			
Dividends receivable		**932**	-
Dividends payable		**183,164**	-

The attached notes 1 to 17 form part of the interim condensed consolidated financial statements.

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. (32) of 2021 and the amended Emiri Decree no. (9) for the year 2002.

The Company, and its subsidiary, (together referred to as the "Group") are engaged in the management and development of motor vehicles driving training, and to manage investment properties which is the primary operation of the subsidiary (Tabieah Properties Investments L.L.C.). Services are rendered to all people who are 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 authorized for issue by the Chairman on behalf of the Board of Directors on 2 May 2024.

2.1 BASIS OF PREPARATION

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

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is the functional and presentation currency of the Group. All financial information is presented in AED has been rounded to the nearest thousand, unless otherwise stated.

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 2023. In addition, results for the three month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2024.

Basis of consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Company its subsidiary:

Name of the subsidiary	*Country of incorporation*	*Percentage of holding %*	*Principal activities*
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 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 recognized in assets, are eliminated in full.

2.2 MATERIAL ACCOUNTING POLICY INFORMATION

New and amended standards and interpretations
Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of liabilities as Current or Non-current

2.2 MATERIAL ACCOUNTING POLICY INFORMATION continued

Segmental analysis
The business activities of the Group are performed on an integrated basis. Therefore, any segmentation of operating income, expenses, assets and liabilities is not relevant and is not performed for internal management reporting purposes.

For internal management purpose, the Group is organized as one business unit based on the training and testing services and has only one reportable segment. The Group is managed as a single business unit and the financial performance is reported in the internal reporting provided to the Chief Operating Decision-maker ("CODM"). The Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM that makes strategic decisions. The financial information reviewed by the CODM is based on the IFRS compliant financial information for the Group. The CODM monitors the operating results of its business unit separately for the purpose of making decisions about resource allocation and performance assessment.

The CODM regularly reviews the consolidated statement of profit or loss and other comprehensive income. The CODM function is to allocate resources to and assess the performance of the operating segments of the Group. Based on the review and assessment of the CODM, the Group has a single operating segment, which is 'training and testing service'.

There are no other economic characteristics within the Group that will lead to determination of other operating segments. This analysis requires significant judgement as to the circumstances of the Group.

The Group does not have any operating segments that are aggregated. The CODM has considered the following criteria in determining the operating segments of the Group:

- the nature of products and services;
- the nature of the production processes;
- the type or class of customer for their products and services; and
- the methods used to distribute their products or provide their services;

Based on the criteria and evaluation above, the CODM has determined that the Group has only one operating segment, which is consistent with the internal reporting and performance measurement.

3 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 31 March	
	2024	*2023*
	AED' 000	*AED' 000*
	(Unaudited)	*(Unaudited)*
Profit for the period attributable to equity holders of the parent (AED'000)	**63,974**	63,154
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share ('000)	**1,077,437**	1,077,437
Basic and diluted earnings per share (AED)	**0.06**	0.06

The calculation of basic and diluted earnings per share for the comparative period has been adjusted to reflect the impact of the split of the Company's nominal value per share to be 50 Fils instead of the previous nominal value of AED 1 and the issuance of new shares approved by the shareholders on 9 January 2024 (note 10).

4 PROPERTY AND EQUIPMENT

During the three months ended 31 March 2024, the Group acquired assets with a cost of AED 4,739 thousand (31 March 2023: AED 6,194 thousand). Depreciation charges for the three months ended 31 March 2024 amounted to AED 4,728 thousand (31 March 2023: AED 3,968 thousand).

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Right-of-use assets ***AED' 000***	***Lease liabilities*** ***AED' 000***
As at 1 January 2024 (audited)	**40,264**	**44,659**
Depreciation expense	**(366)**	**-**
Finance cost	**-**	**795**
Payments	**-**	**(3,387)**
As at 31 March 2024 (unaudited)	**39,898**	**42,067**
As at 1 January 2023	37,723	41,731
Additions	3,833	3,833
Depreciation expense	(1,292)	-
Finance cost	-	2,944
Payments	-	(3,849)
As at 31 December 2023	40,264	44,659

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

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

	31 March 2024 AED' 000 (Unaudited)	*31 December 2023 AED' 000 (Audited)*
Current	**3,656**	3,656
Non-current	**38,411**	41,003
Total	**42,067**	44,659

6 INVESTMENT PROPERTIES

	31 March 2024 AED' 000 (Unaudited)	*31 December 2023 AED' 000 (Audited)*
Balance at the beginning of the period/year	**164,100**	148,500
Change in fair value	**-**	15,600
Balance at the end of the period/year	**164,100**	164,100

7 FINANCIAL ASSETS

a) Financial assets at fair value through other comprehensive income

	31 March 2024 AED' 000 (Unaudited)	*31 December 2023 AED' 000 (Audited)*
At 1 January	**36,660**	36,227
Change in fair value	**-**	433
Balance at the end of the period/year	**36,660**	36,660

Financial assets at fair value through other comprehensive income represent investments in quoted shares of a UAE Company.

During the three months period ended 31 March 2024 the Group received dividends amounting to AED nil (31 March 2024: AED 541 thousand) from financial assets at fair value through other comprehensive income. The fair value measurement has been categorised as a level 1 fair value based on the input to the valuation technique used.

	Level 1 AED' 000	*Level 2 AED' 000*	*Level 3 AED' 000*	*Total AED' 000*
31 March 2024 (Unaudited)				
Financial assets at fair value through other comprehensive income	**36,660**	-	-	**36,660**
31 December 2023 (Audited)				
Financial assets at fair value through other comprehensive income	36,660	-	-	36,660

7 FINANCIAL ASSETS continued

b) Financial assets at fair value through profit or loss

	31 March 2024 AED' 000 (Unaudited)	*31 December 2023 AED' 000 (Audited)*
At 1 January	**76,969**	59,816
Additions during the period /year	**801**	27,622
Disposals during the period /year	**(5,163)**	(13,613)
Change in fair value	**1,964**	3,144
Balance at the end of the period / year	**74,571**	76,969

Financial assets at fair value through profit or loss represent investments in a quoted equity portfolio mandatorily measured at fair value through profit or loss. The fair value measurement has been categorised as a level 1 fair value based on the input to the valuation technique used.

	Level 1 AED' 000	*Level 2 AED' 000*	*Level 3 AED' 000*	*Total AED' 000*
31 March 2024 (Unaudited)				
Financial assets at fair value through profit or loss	**64,690**	-	**9,881**	**74,571**
31 December 2023 (Audited)				
Financial assets at fair value through profit or loss	66,675	-	10,294	76,969

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).

8 TRADE AND OTHER RECEIVABLES

	31 March 2024 AED' 000 (Unaudited)	*31 December 2023 AED' 000 (Audited)*
Trade receivables	**12,802**	11,005
Less: allowance for expected credit losses	**(1,977)**	(1,977)
Net trade receivables	**10,825**	9,028
Prepaid expenses	**7,260**	4,709
Accrued interest income	**9,673**	15,815
Advances to suppliers	**1,197**	2,110
Security deposits	**357**	357
Other receivables	**442**	442
	29,754	32,461

9 CASH AND CASH EQUIVALENTS

	31 March 2024 AED' 000 (Unaudited)	*31 December 2023 AED' 000 (Audited)*
Cash in hand	**30**	26
Cash at banks	**7,941**	44,174
Bank deposits with UAE banks	**746,656**	639,893
Cash and bank balances	**754,627**	684,093
Less: bank deposits with original maturities for more than three months	**-**	(250,000)
Cash and cash equivalents	**754,627**	434,093

The effective interest rate on bank deposits ranges from 5.15% to 5.5% per annum (31 December 2023: 5.15% to 5.5%).

10 SHARE CAPITAL

	31 March 2024 AED' 000 (Unaudited)	*31 December 2023 AED' 000 (Audited)*
Authorised, issued, and fully paid		
1,077,437 thousand (31 December 2023: 89,786 thousand) shares of 50 Fils each (31 December 2023: AED 1 each)	**538,718**	89,786

10 SHARE CAPITAL continued

On 9 January 2024, the Shareholders at the General Assembly approved:

- the split of the Company's share nominal value to be 50 Fils instead of the current nominal value of AED 1 resulting in an increase in the number of issued shares by the Company from 89,786,400 shares to 179,572,800 shares.
- the capitalization of a part of the Group's retained earnings amounting to AED 448,932,000 to the Company's share capital resulting in the share capital subsequent to capitalization to become AED 538,718,400 divided into 1,077,436,800 shares with a nominal value of 50 Fils via the issuance of 897,864,000 new shares.
- the amendment of article No. 6 of the Company's Article of Association reflecting the Company's updated number of shares and the related share nominal value.

11 LEGAL RESERVES

In accordance with UAE Federal Law No. (32) of 2021, 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.

12 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.

13 TRADE AND OTHER PAYABLES

	31 March 2024 AED' 000 (Unaudited)	*31 December 2023 AED' 000 (Audited)*
Trade payables	**8,585**	2,325
Accruals and other payables	**15,427**	28,152
Advances received from customers (*)	**27,249**	23,492
Amounts due to related parties (note 14)	**449**	65
	51,710	54,034

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

14 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.

Balances with related parties included in the interim condensed consolidated statement of financial positions are follows:

	31 March 2024 AED' 000 (Unaudited)	*31 December 2023 AED' 000 (Audited)*
Due to related parties:		
Multiply Group PJSC	**425**	-
Emircom LLC	**24**	65
	449	65

Transactions with related parties included in the interim condensed consolidated statement of profit or loss are as follows:

	31 March 2024 AED' 000 (Unaudited)	*31 March 2023 AED' 000 (Unaudited)*
General and administrative expenses		
Management and performance fees	**92**	143
Compensation of key management personnel		
Salaries and short-term benefits	**538**	819
Post-employment benefits	**59**	90
	597	909

15 DIVIDENDS AND DIRECTORS' REMUNERATION

On 27 March 2024, the Shareholders at the Annual General Assembly approved the distribution of cash dividends of 17 Fils per share amounting to AED 183,164 thousand (2023: AED 1 per share amounting to AED 89,786 thousand).

On 27 March 2024, the Shareholders at the Annual General Assembly approved directors' remuneration relating to the results of the 2023 financial year amounting to AED 5,000 thousand (2023: AED 5,000 thousand relating to the results of the 2022 financial year).

16 INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	Three months ended 31 March	
	2024	*2023*
	AED' 000	*AED' 000*
	(Unaudited)	*(Unaudited)*
Current income tax expense	**6,000**	-
Deferred income tax expense	**177**	-
Income tax expense recognized in the consolidated statement of profit or loss	**6,177**	-

17 COMMITMENTS

	31 March	*31 December*
	2024	*2023*
	AED' 000	*AED' 000*
	(Unaudited)	*(Audited)*
Contingent liabilities		
Letter of guarantees	**357**	357