Emirates Driving Company PJSC and its subsidiary

Consolidated financial statements

31 December 2017

Principal business address
P.O Box: 2943
Abu Dhabi
United Arab Emirates

Emirates Driving Company PJSC
and its subsidiary

Consolidated financial statements

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Emirates Driving Company

Board of Directors Report
Year of 2017

Financial Aspect (Consolidated):

- Emirates Driving Company recorded net profit for the period from January to December 2017 **AED 104,217,429** compared to **AED 114,967,232** for the same period of 2016. Net profit for the year 2017 decreased by **9.35%** as compared with 2016.
- The company's total revenues for the year 2017 decreased by **6.21%** with a value of **AED 252,375,608** as compared to **AED 269,085,382** for the year 2016.
- The company's total expenses for the year 2017 decreased by 3.79% with a value of **AED 143,996,212** as compared to **AED 149,675,798** for the year 2016.
- The number of new students (registered for the first time) decreased by around **8%** for the period from January to December 2017 (**73,894**) students registered compared to (**80,214**) student for same period of 2016. Being in Abu Dhabi, (**49,691**) students in Al-Ain and (**19,194**) students in Madynat Zayed (**4,451**) students and registered (**558**) students in Dalma branch.
- The number of registered students in both theoretical & practical training decreased by around **1%** for the period from January to December 2017 (**116,362**) students registered compared to (**117,393**) student for same period of 2016.

شركة الامارات لتعليم قيادة السيارات ش.م.ع. أبوظبي ABU DHABI U.A.E. EMIRATES DRIVING COMPANY P.S.C

Khaled Al Mansoori
Chief Executive Officer

BE WISE... DRIVE SAFE كن حكيماً ... قد بأمان

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Independent Auditors' Report

To the Shareholders of Emirates Driving Company PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emirates Driving Company PJSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of financial position as at 31 December 2017, 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 December 2017, 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 *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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
(a) Valuation of investment properties	
Refer to note 7 of the consolidated financial statements	
The Group's direct investment property portfolio accounts for 25.6% of the Group's total assets as at 31 December 2017. The fair value of the investment property portfolio as at 31 December 2017 was assessed by management based on most recent transaction price available for the valuation of investment. Changes in fair value from one year to the next are recorded in profit or loss. Any bias or error in determining the fair value, whether deliberate or not, could lead to an over (or under) statement of profit in the period.	• Our audit procedures included the assessment of controls over the identification, measurement and management of valuation risk, and evaluating the methodologies, inputs and assumptions used by the Group in determining fair values by comparing to observable market data, where available. • Additionally, we assessed the Group's disclosures in relation to the valuation of investment properties. • Evaluating the adequacy of the consolidated financial statements disclosure of key management assumptions, judgements and sensitives
(b) Valuation of financial instrument	
Refer to note 9 of the consolidated financial statements	
There is a risk that the valuation of financial instruments may be misstated due to the application of valuation techniques which often involve the exercise of significant judgment and the use of assumptions and estimates. Financial instruments are classified at Level 3 because significant valuation inputs are unobservable and accordingly more subjective. In the Group's statement of financial position, AED 38,173,420 (2016: AED 28,325,000) of financial instruments were measured using level 3 inputs in the fair value hierarchy as at 31 December 2017.	• Our audit procedures included the assessment of controls over the identification, measurement and management of valuation risk, and evaluating the methodologies, inputs and assumptions used by the Group in determining fair values by comparing to observable market data, where available. • For significant unobservable valuation inputs, we used the most recent adjusted net asset method available for the valuation of investment. • Additionally, we assessed adequacy of the disclosure related to valuation of financial instruments.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report as set out on page 1.

Our opinion on the consolidated financial statements does not cover the other information and we do 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, we conclude that there is a material misstatement of this other information, then 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 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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.

- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Board of 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 9 to the consolidated financial statements, the Group has not purchase any shares during the year ended 31 December 2017;

(vi) note 20 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 December 2017 any of the applicable provisions of the UAE Federal Law No. (2) of 2015, or in respect of the Company and its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2017.

KPMG Lower Gulf Limited

Richard Ackland
Registration Audit No. 1015
Abu Dhabi, United Arab Emirates
Date: 04 FEB 2018

Emirates Driving Company PJSC

Consolidated statement of profit or loss
For the year ended 31 December

	Notes	2017 AED	2016 AED
Revenue		**239,006,521**	259,519,238
Direct costs	*17*	**(60,711,194)**	(71,030,481)
Gross profit		**178,295,327**	188,488,757
Interest income		**4,317,712**	4,724,788
Other income		**9,051,375**	4,841,356
General and administrative expenses	*18*	**(83,285,018)**	(78,645,317)
Profit for the year		**108,379,396**	119,409,584
Profit for the year attributable to:			
Equity holders of the parent		**104,217,429**	114,967,232
Non-controlling interests		**4,161,967**	4,442,352
		108,379,396	119,409,584
Basic earnings per ordinary share	*19*	**1.16**	1.28

The notes set out on pages 12 to 35 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 6.

Emirates Driving Company PJSC

Consolidated statement of other comprehensive income

For the year ended 31 December

	2017 AED	2016 AED
Profit for the year	**108,379,396**	119,409,584
Other comprehensive loss:		
Items that will not be reclassified to profit or loss:		
Directors' remuneration paid (note 20)	**(8,073,690)**	(6,625,080)
Items that are or may be reclassified subsequently to profit or loss:		
Gain on valuation of financial assets available for sale	**11,138,420**	13,327,975
Other comprehensive income for the year	**3,064,730**	6,702,895
Total comprehensive income for the year	**111,444,126**	126,112,479
Total comprehensive income attributable to:		
Equity holders of the parent	**107,282,159**	121,670,127
Non-controlling interests	**4,161,967**	4,442,352
	111,444,126	126,112,479

The notes set out on pages 12 to 35 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 6.

Emirates Driving Company PJSC

Consolidated statement of financial position

At 31 December

	Notes	2017 AED	2016 AED
Assets			
Non-current assets			
Property and equipment	*6*	**238,545,385**	246,968,122
Investment properties	*7*	**176,000,000**	-
Intangible assets	*8*	**2,096,035**	2,876,877
Financial assets available for sale	*9*	**38,173,420**	28,325,000
		454,814,840	278,169,999
Current assets			
Inventories		**2,159,821**	490,526
Trade and other receivables	*10*	**23,749,800**	27,477,168
Cash and cash equivalents	*11*	**204,583,803**	333,550,889
		230,493,424	361,518,583
Total assets		**685,308,264**	639,688,582
Equity			
Share capital	*12*	**89,786,400**	89,786,400
Legal reserve	*13*	**44,893,200**	44,893,200
General reserve	*14*	**44,893,200**	44,893,200
Fair value reserve		**24,466,395**	13,327,975
Retained earnings		**416,243,430**	373,971,531
Equity attributable to equity holders of the parent		**620,282,625**	566,872,306
Non-controlling interests		**19,603,398**	15,441,431
Total equity		**639,886,023**	582,313,737
Non-current liability			
Employees' end of service benefits	*15*	**6,712,756**	17,632,669
Current liability			
Trade and other payables	*16*	**38,709,485**	39,742,176
Total liabilities		**45,422,241**	57,374,845
Total equity and liabilities		**685,308,264**	639,688,582

Chairman of the Board of Directors

Chief Executive Officer

The notes set out on pages 12 to 35 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 6.

Emirates Driving Company PJSC

Consolidated statement of changes in equity

For the year ended 31 December

	Share capital AED	Legal reserve AED	General reserve AED	Fair value reserve AED	Retained earnings AED	Equity attributable to equity holders of the parent AED	Non-controlling interests AED	Total AED
At 1 January 2016	89,786,400	44,893,200	44,893,200	-	292,565,299	472,138,099	14,748,461	486,886,560
Profit for the year	-	-	-	-	114,967,232	114,967,232	4,442,352	119,409,584
Other comprehensive income for the year	-	-	-	13,327,975	(6,625,080)	6,702,895	-	6,702,895
Total comprehensive income for the year	-	-	-	13,327,975	108,342,152	121,670,127	4,442,352	126,112,479
Dividend paid (note 21)	-	-	-	-	(26,935,920)	(26,935,920)	(3,749,382)	(30,685,302)
At 31 December 2016	**89,786,400**	**44,893,200**	**44,893,200**	**13,327,975**	**373,971,531**	**566,872,306**	**15,441,431**	**582,313,737**
At 1 January 2017	89,786,400	44,893,200	44,893,200	13,327,975	373,971,531	566,872,306	15,441,431	582,313,737
Profit for the year	-	-	-	-	104,217,429	104,217,429	4,161,967	108,379,396
Other comprehensive loss for the year	-	-	-	11,138,420	(8,073,690)	3,064,730	-	3,064,730
Total comprehensive income for the year	-	-	-	11,138,420	96,143,739	107,282,159	4,161,967	111,444,126
Dividend paid (note 21)	-	-	-	-	(53,871,840)	(53,871,840)	-	(53,871,840)
At 31 December 2017	**89,786,400**	**44,893,200**	**44,893,200**	**24,466,395**	**416,243,430**	**620,282,625**	**19,603,398**	**639,886,023**

The notes set out on pages 12 to 35 are an integral part of these consolidated financial statements.

Emirates Driving Company PJSC

Consolidated statement of cash flows

For the year ended 31 December

	2017 AED	2016 AED
Cash flows from operating activities		
Profit for the year	**108,379,396**	119,409,584
Adjustments for:		
Depreciation of property and equipment	**18,822,156**	18,883,285
Amortisation of intangible assets	**1,010,519**	154,681
Provision for employees' end of service benefits	**1,977,032**	2,677,223
Impairment loss of financial assets for sale	**1,290,000**	-
Reversal of excess provision	**(1,147,613)**	-
Gain on disposal of property and equipment	**(154,090)**	(1,154,880)
Dividend income	**(3,244,200)**	(2,703,500)
Interest income	**(4,317,712)**	(4,724,788)
	122,615,488	132,541,605
Changes in :		
Inventories	**(1,669,295)**	36,647
Trade and other receivables	**3,727,368**	(6,302,911)
Trade and other payables	**(1,032,691)**	(18,246,958)
Cash from operations	**123,640,870**	108,028,383
Employees' end of service benefits paid	**(11,749,332)**	(3,193,479)
Directors' remuneration paid	**(8,073,690)**	(6,625,080)
Net cash generated from operating activities	**103,817,848**	98,209,824
Cash flows from investing activities		
Interest received	**4,317,712**	4,724,788
Purchase of property and equipment	**(10,612,134)**	(18,071,601)
Purchase of investment properties	**(176,000,000)**	-
Purchase of intangible assets	**(66,767)**	-
Proceeds from disposal of property and equipment	**203,895**	2,621,779
Dividends received	**3,244,200**	2,703,500
Movement in bank deposits with maturities of greater than three months	**145,989,957**	(61,490,903)
Net cash used in investing activities	**(32,923,137)**	(69,512,437)
Cash flows from financing activities		
Dividends paid to equity holders of the parent	**(53,871,840)**	(26,935,920)
Dividends paid to non-controlling interest	**-**	(3,749,382)
Net cash used in financing activities	**(53,871,840)**	(30,685,302)
Net increase / (decrease) in cash and cash equivalents	**17,022,871**	(1,987,915)
Cash and cash equivalents at the beginning of the year	**46,793,840**	48,781,755
Cash and cash equivalents at 31 December	**63,816,711**	46,793,840

The notes set out on pages 12 to 35 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 6.

Emirates Driving Company PJSC

Notes to the consolidated financial statements

1 Legal status and principal activities

Emirates Driving Company P.J.S.C. ("the Company") was incorporated in the United Arab Emirates, as a Public Joint Stock Company with limited liability, in accordance with the provisions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) and the amended Emiri Decree no. (9) for the year 2002.

The Company, and its subsidiaries, (together "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 consolidated financial statements of the Group for the year ended 31 December 2017 were authorised for issue by the Chairman on behalf of the Board of Directors on 04 FEB 2018.

2 Basis of preparation

(a) *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the applicable provisions of UAE Federal Law No 2 of 2015.

(b) *Basis of measurement*

These consolidated financial statements have been prepared on the historical cost basis, except for the following investments, which are measured at fair value:

- Investment held at fair value through other comprehensive income; and
- Investment properties.

(c) *Functional and presentation currency*

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional and presentational currency.

(d) *Use of estimates and judgements*

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2 Basis of preparation *(continued)*

(d) ***Use of estimates and judgements*** *(continued)*

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements are described in note 4.

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) ***Basis of consolidation***

(i) Subsidiary

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

Details of the Company's subsidiaries are as follows:

Name of subsidiary	*Country of incorporation*	*Percentage of holding*	*Principal activities*
Qeyadah Driving Institute LLC	UAE	50%	To establish, operate and manage automobile driving schools.
Tabieah Property Investments LLC	UAE	100%	To manage investment properties

Subsidiaries are entities controlled by the Group. The Group controls an entity it is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

3 Significant accounting policies *(continued)*

(a) ***Basis of consolidation*** *(continued)*

(ii) Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction.

(iii) Loss of control

When the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) ***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue represents fees charged to customers during the year. Revenue is recognised over the period of the courses on a time proportion basis, when services are provided to customers and the amount of revenue can be reliably measured.

Fees paid in advance are deferred and released to income when the related service is provided.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

(c) ***Dividends***

Dividend income is recognised when the right to receive the dividend has been established.

3 Significant accounting policies *(continued)*

(d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of assets, as follows:

Buildings and improvements	5 - 30 years
Furniture and decorations	5 years
Equipment and vehicles	2 – 15 years

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 values less costs to sell and their values in use. Impairment losses are recognised in the income statement.

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 income statement as the expense is incurred

An item of property, plant and equipment and any significant part initially recognised 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 comprehensive income when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(e) Investment properties

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

4 Significant accounting policies *(continued)*

(f) Intangible assets

Intangible assets, which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. The intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

	Years
Business system license	3-5
Software	3-5

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Capital-work-in-progress

Expenditure incurred on property and equipment, which are not complete and ready for use at the reporting date are treated as capital-work-in-progress. Depreciation is not provided on such assets until they are put to use and reclassified to the appropriate asset category.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories are valued using the first in, first out basis.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Provision is made for obsolete and slow moving items.

(i) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. In prior years, a reversal of an impairment loss is recognised immediately in profit or loss.

3 Significant accounting policies *(continued)*

(j) Impairment of intangible assets

Intangible assets are assessed for impairment in accordance with IAS 36, *Impairment of Assets.* When there is an indication of impairment, Group assesses cash flows on individual cash generating units. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment.

(k) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

(l) Financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets comprise cash and bank balances, available for sale investments and trade and other receivables. Financial liabilities comprise trade payables, due to related parties, and certain other liabilities. Fair values of financial instruments are based on estimated fair values, calculated using methods such as net present values of future cash flows.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

(n) Trade receivables

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

(o) Financial assets available for sale

Financial assets available for sale include equity investments. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, financial assets available for sale are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available for sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in income statement, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available for sale reserve to the income statement.

3 Significant accounting policies *(continued)*

(p) Impairment of financial assets

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an effect on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably measured.

(q) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership or the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

(r) Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and could be reliably measured.

(t) Employees' benefits

The Group provides end of service benefits to its expatriate 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.

With respect to its national employees, the Group makes contributions to the Abu Dhabi Pension and Retirement Fund calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

(u) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3 Significant accounting policies *(continued)*

(v) Offsetting

Financial assets and financial liabilities are only 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 the Group intends to settle on a net basis.

(w) 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. Liabilities which are probable are recorded in the consolidated financial statement under accounts trade and other payables. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

(x) Fair value measurement

The Group measures financial instruments, such as financial assets available for sale and investment properties, at fair value at each statement of financial position date.

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:

- In the principal market for the asset or liability, or
- 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 by 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 financial statements are categorized 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.

3 Significant accounting policies *(continued)*

(x) ***Fair value measurement*** *(continued)*

For assets and liabilities that are recognised in the financial statements 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.

4 Use of estimates and judgements

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:

Classification of investments
Management decides on acquisition of an investment whether it should be classified as carried at fair value through profit and loss or as available for sale.

Classification of investments as fair value through profit and loss depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit and loss in the management accounts, they are classified as fair value through profit and loss.

All other investments are classified as available for sale.

Impairment of available for sale investments
The Group treats available for sale investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment and includes factors such as normal volatility in share price for quoted equities and the future cash flows and discount factors for unquoted equities.

Allowances on trade and other receivables
Management has estimated the recoverability of trade receivables and has considered the allowance required for doubtful debts based on the current economic environment and past default history.

Useful lives and residual values of property and equipment
The Group reviews the estimated useful lives and residual values of the property and equipment on the basis of management's judgement of the historical pattern of useful lives and the general standards in the industry. The useful lives and residual values are reviewed for reasonableness by management on an annual basis.

5 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

(i) IFRS 15 Revenue from Contracts with Customers

Rendering of services
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group is 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. 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 using the stage-of-completion method.

Under IFRS 15, 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 the list prices at which the Group sells the services in separate transactions.

Based on the Group's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the Group does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these services.

Transition
The Group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

(ii) IFRS-9 'Financial instruments'
IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 Financial Instruments: Recognition and Measurement.

- *Classification – Financial assets*

IFRS 9 contains new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categoreis of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for trade receivables and amounts due from related parties that are managed on a fair value basis as most of the Group operation with customers are cash based transactions. The total trade receivable outstanding as at 31 December 2017 represents 0.03% of total revenue which is due from 14 customers and are considered recoverable.

5 Standards issued but not yet effective *(continued)*

(ii) IFRS-9 'Financial instruments' (continued)

- *Impairment – Financial assets and contract assets*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to the financial assets measured at amortised cost or FVOCI, except for investment equity instruments, and to contract assets.

Under IFRS 9, loss allowance will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Group has chosen to apply this policy also for trade receivables and contract assets with a significant financing component.

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A1 to A2+ based on Moodys' Investor Service Global Creditor research ratings as at 31 December 2017.

- *Classification – Financial liabilities*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

5 Standards issued but not yet effective *(continued)*

(iii) IFRS-9 'Financial instruments' (continued)

- *Disclosures*

IFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs. The Group's assessment included an analysis to identify data gaps against current processes and the Company is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data

- *Transition*

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.
- The new hedge accounting requirements should generally be applied prospectively. Since there is no hedge relationship, above transition will not take effect.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application :

  -The determination of the business model within which a financial asset is held.

  -The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  -The designation of certain investments in equity instruments not held for trading as at FVOCI.

(iv) IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group is currently assessing the initial potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the consolidated financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

Emirates Driving Company PJSC

Notes to the consolidated financial statements

6 Property and equipment

	Buildings and improvements AED	Furniture and decorations AED	Equipment and vehicles AED	Capital work in progress AED	Total AED
Cost					
At 1 January 2016	251,540,873	4,050,579	60,806,814	6,821,707	323,219,973
Additions	-	17,046	1,316,433	16,738,122	18,071,601
Disposals	(69,950)	-	(7,454,694)	-	(7,524,644)
Transfers	356,345	160,020	15,013,822	(15,530,187)	-
Transfer to intangible assets	-	-	-	(3,031,558)	(3,031,558)
At 31 December 2016	**251,827,268**	**4,227,645**	**69,682,375**	**4,998,084**	**330,735,372**
At 1 January 2017	251,827,268	4,227,645	69,682,375	4,998,084	330,735,372
Additions	39,385	98,102	1,852,612	8,622,035	10,612,134
Disposals	-	-	(926,536)	-	(926,536)
Transfers	224,035	41,075	977,380	(1,242,490)	-
Transfer to intangible assets	-	-	-	(162,910)	(162,910)
At 31 December 2017	**252,090,688**	**4,366,822**	**71,585,831**	**12,214,719**	**340,258,060**
Depreciation					
At 1 January 2016	33,288,219	3,039,542	34,613,949	-	70,941,710
Charge for the year	11,358,717	374,416	7,150,152	-	18,883,285
Disposals	(40,316)	-	(6,017,429)	-	(6,057,745)
At 31 December 2016	**44,606,620**	**3,413,958**	**35,746,672**	**-**	**83,767,250**
At 1 January 2017	44,606,620	3,413,958	35,746,672	-	83,767,250
Charge for the year	9,383,130	419,394	9,019,632	-	18,822,156
Disposals	-	-	(876,731)	-	(876,731)
At 31 December 2017	**53,989,750**	**3,833,352**	**43,889,573**	**-**	**101,712,675**
Carrying amount					
At 31 December 2016	207,220,648	813,687	33,935,703	4,998,084	246,968,122
At 31 December 2017	**198,100,938**	**533,470**	**27,696,258**	**12,214,719**	**238,545,385**

6 Property and equipment *(continued)*

The depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2017 AED	2016 AED
Direct expenses (note 17)	**9,063,667**	9,040,764
General and administrative expenses (note 18)	**9,758,489**	9,842,521
	18,822,156	18,883,285

7 Investment properties

	2017 AED	2016 AED
At 1 January	-	-
Add: Purchases made during the year	**176,000,000**	-
	176,000,000	-

On 28 August 2017, the Group purchased a building located in Sadyaat Island and transferred it within the Group to a newly formed subsidiary named "Tabeiah Property Investment LLC".

The fair value measurement for revalued investment properties has been categorised as at level 3 based on the input to the valuation technique used.

8 Intangible assets

	2017 AED	2016 AED
Cost		
At 1 January	**3,031,558**	-
Addition	**66,767**	-
Transfer from capital work in progress	**162,910**	3,031,558
At 31 December	**3,261,235**	3,031,558
Accumulated amortisation		
At 1 January	**154,681**	-
Charge for the year	**1,010,519**	154,681
At 31 December	**1,165,200**	154,681
Carrying amount		
At 31 December	**2,096,035**	2,876,877

The amortisation charge for the year has been allocated to general and administrative expenses in the consolidated statement of profit or loss.

9 Financial assets available for sale

	2017 AED	2016 AED
At 1 January	**28,325,000**	4,997,025
Addition during the year	**-**	10,000,000
Gain on fair valuation	**11,138,420**	13,327,975
Impairment loss	**(1,290,000)**	-
At 31 December	**38,173,420**	28,325,000

Financial assets available for sale represent investments in two unquoted UAE Companies.

The fair value measurement has been categorised as a level 3 fair value based on the input to the valuation technique used.

10 Trade and other receivables

	2017 AED	2016 AED
Trade receivables	**1,748,474**	2,108,395
Due from related parties (note 20)	**592,358**	592,358
Less: allowance for doubtful receivables	**(1,446,533)**	(1,446,533)
	894,299	1,254,220
Prepaid expenses	**7,888,095**	10,482,981
Advances and other receivables	**14,967,406**	15,739,967
	23,749,800	27,477,168

Movement in the allowance for doubtful receivables is as follows:

	2017 AED	2016 AED
At 1 January	**1,446,533**	1,446,533
At 31 December	**1,446,533**	1,446,533

11 Cash and cash equivalents

	2017 **AED**	2016 AED
Cash on hand	**298,186**	180,108
Cash at bank	**63,518,525**	46,613,732
Bank deposits with UAE banks	**140,767,092**	286,757,049
Cash and bank balances	**204,583,803**	333,550,889
Less: bank deposits with maturities of greater than 3 months	**(140,767,092)**	(286,757,049)
Cash and cash equivalents	**63,816,711**	46,793,840

Bank deposits with banks carry interest rates of 2.70% to 3.0% *(2016: 1.80% to 3.0%)* per annum.

12 Share capital

	2017 **AED**	2016 AED
Authorised, issued and fully paid		
89,786,400 shares of AED 1 each	**89,786,400**	89,786,400

13 Legal reserve

In accordance with the UAE Federal Law No. (2) of 2015 concerning Commercial Companies and the Company's Articles 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 share capital.

14 General reserve

In accordance with the Company's Articles of Association, 10% of the 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.

15 Employees' end of service benefits

	2017 AED	2016 AED
At 1 January	**17,632,669**	18,148,925
Charge for the year	**1,977,032**	2,677,223
Paid during the year	**(11,749,332)**	(3,193,479)
Reversal of excess provision	**(1,147,613)**	-
At 31 December	**6,712,756**	17,632,669

16 Trade and other payables

	2017 AED	2016 AED
Trade payables	**9,398,200**	6,574,555
Accruals and other payables	**13,279,628**	14,233,357
Concession compensation payable	**8,086,553**	8,907,140
Advances received from customers	**7,387,643**	9,470,186
Retention payable	**294,999**	424,037
Due to related parties (note 20)	**262,462**	132,901
	38,709,485	39,742,176

17 Direct costs

	2017 AED	2016 AED
Staff costs	**43,908,444**	53,748,247
Depreciation (note 6)	**9,063,667**	9,040,764
Petrol expenses	**2,214,095**	2,062,889
Repairs and maintenance	**1,104,768**	3,053,938
Insurance expenses	**464,542**	715,842
Other expenses	**3,955,678**	2,408,801
	60,711,194	71,030,481

18 General and administrative expenses

	2017 AED	2016 AED
Staff costs	**36,875,475**	43,986,010
Depreciation (note 6)	**9,758,489**	9,842,521
Concession compensation	**8,086,553**	8,907,140
Rent*	**6,492,176**	946,162
Consultancy fees	**5,014,699**	1,052,920
Office expenses	**4,799,360**	5,252,265
Water and electricity	**3,756,639**	1,877,305
Repairs and maintenance	**1,726,509**	2,576,394
Telephone and internet	**1,148,648**	896,493
Amortization (note 8)	**1,010,519**	154,681
Impairment loss on financial assets available for sale	**1,290,000**	-
Advertising and sponsorship expenses	**740,849**	1,846,561
Other expenses	**2,585,102**	1,306,865
	83,285,018	78,645,317

*During the period the land lease agreement with Abu Dhabi City Municipality Company *(refer note 23*) was amended resulting in additional lease charge of AED 5,516,014.

19 Basic earnings per ordinary share

	2017	2016
Profit for the year attributable to equity holders of the parent (AED)	**104,217,429**	114,967,232
Ordinary shares in issue throughout the year	**89,786,400**	89,786,400
Basic earnings per ordinary share (AED)	**1.16**	1.28

As of 31 December 2017, the Company has not issued any instruments that have a potential impact on earnings per share when exercised.

20 Related party transactions and balances

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24. Related parties represent associated companies, majority shareholders, directors and key management personnel of the Group, management entities engaged by the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

20 Related party transactions and balances *(continued)*

The Group maintains significant balances with these related parties as follows:

	2017 AED	2016 AED
Amounts due from a related party:		
Ras Al Khaimah Driving Academy L.L.C	**592,358**	592,358
Less: allowance for doubtful receivables	**(592,358)**	(592,358)
	-	-

As at 31 December 2017, amounts due from related party of AED 592,358 (2016: AED 592,358) were impaired and fully provided.

	2017 AED	2016 AED
Amounts due to a related party:		
Emirates Driving Institute	**262,462**	132,901
	262,462	132,901

Significant transactions with related parties during the year are as follows:

	2017 AED	2016 AED
Directors' remuneration	**8,073,690**	6,625,080
Compensation of key management personnel		
Salaries and other short-term employee benefits	**4,497,738**	4,752,565
Post employment benefits	**52,788**	31,926
	4,550,526	4,784,491

21 Dividends

At the Annual General Meeting (AGM) held on 23 March 2017, the shareholders of the Group approved a cash dividend of AED 0.60 per ordinary share (31 December 2016: AED 0.30 per ordinary share).

22 Financial risk management

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustment to it in light of changes in business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder. No changes were made in the objectives, policies or processes during the year ended 31 December 2017 and the year ended 31 December 2016.

The Group has exposure to the following primary risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	**Carrying amounts**	
		2017	2016
		AED	AED
Trade and other receivable	*10*	**13,282,673**	16,221,521
Cash and cash equivalent	*11*	**204,285,617**	333,370,781
		217,568,290	349,592,302

Management of credit risk
The Group has adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by management. Credit risk on trade receivables is limited to their carrying values as management regularly reviews these balances to assess recoverability; however no impairment provision of trade receivable has been made during the year. The credit risk with the cash and cash equivalents and restricted bank deposits is limited as the banks are UAE local banks with appropriate credit ratings.

22 Financial risk management *(continued)*

ii) Liquidity risk

Liquidity risk is the risk that a Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Liquidity requirements are monitored on a daily basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Details of the Group's financial liabilities are summarised in the table below by the maturity profile of the Company's assets and liabilities based on the contractual repayment arrangements. The contractual maturities of the financial instruments based on existing contractual repayment arrangements of one year from statement of financial position date are as follows:

31 December 2017	*Notes*	**Carrying value AED**	**Contractual cash flows AED**	**1 year or less AED**	**More than 1 year AED**
Trade and other payables	*16*	**31,321,842**	**(31,321,842)**	**(31,321,842)**	-

31 December 2016	*Notes*	Carrying value AED	Contractual cash flows AED	1 year or less AED	More than 1 year AED
Trade and other payables	*16*	30,271,990	(30,271,990)	(30,271,990)	-

iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

(a) Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets (bank deposits).

Interest rate risk table
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit for the year.

	Effect on profit AED
2017	
+100 increase in basis point	**1,407,671**
-100 decrease in basis point	**(1,407,671)**
2016	
+100 increase in basis point	2,867,570
-100 decrease in basis point	(2,867,570)

22 Financial risk management *(continued)*

iii) ***Market risk*** *(continued)*

(b) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Group's functional currency is the UAE Dirham. The Group does not have any significant position in foreign exchange and is not exposed to currency risk.

(c) *Fair value of financial assets and liabilities*

Management provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which fair value is observable.

As at 31 December 2017, all of the Group's financial assets are grouped in Level 3.

31 December 2017	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
Financial assets available for sale				
Unquoted shares	**-**	**-**	**38,173,420**	**38,173,420**

31 December 2016	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets available for sale				
Unquoted shares	-	-	28,325,000	28,325,000

23 Commitments

Capital commitments

As at 31 December 2017, the Group has commitments in respect of future expenditure amounted to AED 30.7 million *(31 December 2016: AED 30.7 million).*

Operating lease

The Company has an operating lease arrangement with Abu Dhabi City Municipality with respect to the rental of land in Mussafah Industrial area for a period of 49 years, valid until April 2051. Future minimum lease payments under this lease arrangement is as follows:

	2017 AED	2016 AED
Less than one year	**3,371,233**	449,498
Between one and five year	**13,484,932**	1,796,984
More than five years	**95,308,913**	14,075,115
	112,165,078	16,321,597

24 Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group and its subsidiaries are regularly reviewed by the CEO in order to allocate resources to the segment and to assess its performance. The Group's geographic area of operation is only UAE.

For operating purposes, the Group is organised into three major business segments:

(i) Emirates Driving Company which is engaged in the management and development of motor vehicles driving training and services are rendered to the national and expatriates living in Abu Dhabi;
(ii) Qeyadah Driving Institute LLC which is engaged in the management and development of motor vehicles driving training and services are rendered to the national and expatriates living in Ajman; and
(iii) Tabieah Properties Investment LLC which is engaged in the management of investment properties.

Information regarding these segments is presented below:

31 December 2017:

	Eimartes Driving Company PSC AED	Qeyadah Driving Institute LLC AED	Tabieah Property Investments LLC AED	Elimination AED	Consolidated AED
Revenue – external	**214,383,099**	**20,914,180**	**3,709,242**	**-**	**239,006,521**
Revenue – internal	**-**	**-**	**-**	**-**	**-**
Profit for the year	**97,446,048**	**8,323,933**	**2,609,415**	**-**	**108,379,396**

24 Segment information *(continued)*

31 December 2016:

	Eimartes Driving Company PSC AED	Qeyadah Driving Institute LLC AED	Tabieah Property Investments LLC AED	Elimination AED	Consolidated AED
Revenue – external	237,265,888	22,253,350	-	-	259,519,238
Revenue – internal	3,749,382	-	-	(3,749,382)	-
Profit for the year	107,649,182	8,884,704	-	2,875,698	119,409,584

The segment assets and liabilities are as follows:

31 December 2017:

	Eimartes Driving Company PSC AED	**Qeyadah Driving Institute LLC AED**	**Tabieah Property Investments LLC AED**	**Elimination AED**	**Consolidated AED**
Asset	**650,995,291**	**49,820,968**	**178,161,198**	**(193,669,193)**	**685,308,264**
Liabilities	**40,615,462**	**10,614,171**	**1,761,801**	**(7,569,193)**	**45,422,241**

31 December 2016:

	Eimartes Driving Company PSC AED	Qeyadah Driving Institute LLC AED	Tabieah Property Investments LLC AED	Elimination AED	Consolidated AED
Assets	614,657,121	42,531,461	-	(17,500,000)	639,688,582
Liabilities	53,226,246	11,648,599	-	(7,500,000)	57,374,845