

SALIK COMPANY P.J.S.C.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2024 (UNAUDITED)**

SALIK COMPANY P.J.S.C.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

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SALIK COMPANY P.J.S.C.

DIRECTORS' REPORT

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

The Board of Directors (the "Board") present their report together with the reviewed condensed interim financial statements of Salik Company P.J.S.C. ("Salik" or the "Company") for the three-month and six-month periods ended 30 June 2024.

Board of Directors

The Board of Directors of the Company comprises:

Chairman: His Excellency Mattar Al Tayer
Vice chairman: Mr. Abdul Muhsen Ibrahim Kalbat
Members: His Excellency Mohammed Abdulla Lengawi
His Excellency Mohammad Alhawi
Mr. Ibrahim Al Haddad (CEO)
Mr. Mohammed Al-Mudharreb
Eng. Maitha Bin Adai

Principal activities

The principal activities of the Company are the operations and maintenance of the existing tollgates throughout Dubai, UAE and for design, construction (including all the civil, electrical, gantry design and manufacturing, system integration, testing and commissioning) of new toll gates, including without limitation, the required tolling equipment, infrastructure and any interface requirements in relation to the new toll gates, but excluding the construction, operation and maintenance of the relevant toll roads.

Financial Performance

During the three-month and six-month periods ended 30 June 2024, the Company reported revenue of AED 532.7 million and AED 1,094.8 million respectively (2023: AED 516.7 million and AED 1,036.8 million respectively for the three-month and six-month periods ended 30 June 2023) and profit after tax for the three-month and six-month periods of AED 267.5 million and AED 544.8 million respectively (2023: AED 272.7 million and AED 547.9 million respectively for the three-month and six-month periods ended 30 June 2023).

Dividends

On 13th August 2024, the Board of Directors approved to distribute a dividend of AED 544,765 thousand to the shareholders (7.263 fils per share), reflecting 100% of the Company's distributable net profit for the first half of 2024 as per the Company's dividend policy.

Statement of disclosure

To the best of our knowledge, the condensed interim financial statements are prepared, in all material respects, in accordance with IAS 34.

for the Board of Directors



His Excellency Mattar Al Tayer

Chairman

Board of Directors

Salik Company P.J.S.C.

13th August 2024

Report on review of condensed interim financial statements to the Board of Directors of Salik Company P.J.S.C.

Introduction

We have reviewed the accompanying condensed interim statement of profit or loss and comprehensive income of Salik Company P.J.S.C. (the 'Company' or 'Salik') for the three-month and six-month periods ended 30 June 2024, the condensed interim statement of financial position as at 30 June 2024 and the related condensed interim statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial statements 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 condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers Limited Partnership Dubai Branch
13 August 2024



Wassim El Afchal
Registered Auditor Number 5454
Dubai, United Arab Emirates

SALIK COMPANY P.J.S.C.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	Notes	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
		<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
		<i>(unaudited) AED'000</i>	<i>(unaudited) AED'000</i>	<i>(unaudited) AED'000</i>	<i>(unaudited) AED'000</i>
Revenue	6	532,737	516,668	1,094,792	1,036,794
Other income		547	1,008	1,744	1,008
Finance income	20	14,967	6,623	29,189	10,616
Cost of tags and recharge cards	7	(7,516)	(3,158)	(14,608)	(10,275)
Toll operation and maintenance expense	8	(20,208)	(20,492)	(41,196)	(41,123)
Employee benefit expense	9	(7,318)	(5,973)	(14,491)	(12,993)
Depreciation and amortisation expense	10	(21,043)	(20,662)	(42,061)	(41,077)
Service providers commission	12	(7,814)	(9,736)	(18,450)	(20,131)
Concession fee expense	15	(104,106)	(113,822)	(226,883)	(227,384)
Software enhancement expense		(2,650)	(3,063)	(4,998)	(4,955)
Impairment loss on trade receivables	19	(12,035)	(7,467)	(21,904)	(14,834)
Directors' remuneration		-	(3,145)	-	(3,375)
Finance costs	11	(61,487)	(59,211)	(126,875)	(115,117)
Other expenses	13	(10,181)	(4,918)	(15,648)	(9,221)
Profit before tax		293,893	272,652	598,611	547,933
Income tax expense	26	(26,421)	-	(53,846)	-
Profit for the period		267,472	272,652	544,765	547,933
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		267,472	272,652	544,765	547,933
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	29	0.04	0.04	0.07	0.07

The accompanying notes 1 to 35 form an integral part of these condensed interim financial statements.

SALIK COMPANY P.J.S.C.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

Notes	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
ASSETS		
Non-current assets		
Property and equipment	16	6,673
Intangibles	14	3,839,705
Right-of-use assets	17	8,601
Other asset		480
		3,855,459
		3,889,478
Current assets		
Inventories	18	15,776
Trade and other receivables	19	179,850
Contract asset	15	7,871
Short-term deposit with bank	20	600,000
Due from related parties	21	142,336
Cash and cash equivalents	20	452,299
		1,398,132
Total assets		5,253,591
		5,223,785
LIABILITIES		
Non-current liabilities		
Long-term borrowings	22	3,990,382
Lease liabilities	17	6,879
Provision for employees' end-of-service benefits	23	2,993
Contract liabilities	25	58,932
		4,059,186
		4,050,695
Current liabilities		
Due to a related party	21	108,979
Lease liabilities	17	2,181
Trade and other payables	24	74,310
Provision for taxation	26	53,846
Contract liabilities	25	297,812
		537,128
Total liabilities		4,596,314
		4,561,238
EQUITY		
Share capital	27	75,000
Statutory reserve	28	37,500
Retained earnings		544,777
Total equity		657,277
Total equity and liabilities		5,253,591
		5,223,785

To the best of our knowledge, the condensed interim financial statements are prepared, in all material respects, in accordance with IAS 34. The condensed interim financial statements were approved by the Board of Directors on 13th August 2024 and were signed on its behalf by:



Chief Executive Officer



Chairman of the Board of Directors

The accompanying notes 1 to 35 form an integral part of these condensed interim financial statements.

SALIK COMPANY P.J.S.C.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

Notes	<i>Six-month period ended</i>	
	<i>30 June 2024 (unaudited)</i>	<i>30 June 2023 (unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>
Cash flows from operating activities		
Profit before tax for the period	598,611	547,933
Adjustments for:		
Depreciation of property and equipment	10 489	8
Depreciation of right-of-use assets	10 756	253
Amortisation of intangibles	10 40,816	40,816
Provision for employees' end-of-service benefits	23 522	123
Finance charge on lease liabilities	11 203	73
Other finance costs		126,672
Finance income	20 (29,189)	(10,616)
Adjustment for property and equipment		-
Impairment loss on trade receivables	19 21,904	14,834
Operating cash flows before changes in working capital and payment of employees' end of service benefits	760,784	708,548
Changes in working capital:		
Trade and other receivables excluding impact of impairment loss		(27,245)
Due from related parties		(3,258)
Inventories		(10,210)
Trade and other payables		4,058
Due to a related party		(29,714)
Other asset		80
Contract asset		(7,871)
Contract liabilities		3,685
Cash generated from operations	690,309	682,330
Payment of employees' end of service benefits	23 (48)	-
Net cash generated from operating activities	690,261	682,330
Cash flows from investing activities		
Payment for purchase of property and equipment	16 (2,873)	(104)
Purchase of intangible assets	14 (2,970)	-
Movement in fixed deposits		150,000
Interest income on deposits		28,163
Net cash generated from investing activities	172,320	10,616
		10,512
Cash flows from financing activities		
Dividend paid		(550,035)
Finance charge on lease liabilities paid		(203)
Other finance costs paid		(125,069)
Principal element of lease payment		(1,155)
Net cash used in financing activities	(676,462)	(605,289)
Net increase in cash and cash equivalents	186,119	87,553
Cash and cash equivalents at the beginning of the period		266,180
Cash and cash equivalents at the end of the period	452,299	910,260

The accompanying notes 1 to 35 form an integral part of these condensed interim financial statements.

SALIK COMPANY P.J.S.C.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital AED'000	Statutory reserve AED'000	Retained earnings AED'000	Total equity AED'000
At 1 January 2023	75,000	37,500	491,414	603,914
Total comprehensive income for the period	-	-	547,933	547,933
<i>Transaction with owners in their capacity as owners:</i>				
Dividend declared and paid (Note 32)	-	-	(491,408)	(491,408)
At 30 June 2023 (unaudited)	75,000	37,500	547,939	660,439
At 1 January 2024	75,000	37,500	550,047	662,547
Total comprehensive income for the period	-	-	544,765	544,765
<i>Transaction with owners in their capacity as owners:</i>				
Dividend declared and paid (Note 32)	-	-	(550,035)	(550,035)
At 30 June 2024 (unaudited)	75,000	37,500	544,777	657,277

The accompanying notes 1 to 35 form an integral part of these condensed interim financial statements.

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

1 DESCRIPTION OF BUSINESS AND PRINCIPAL ACTIVITIES

Salik Company P.J.S.C. ('Salik' or the 'Company') is a Public Joint Stock Company incorporated on 30 June 2022 in the Emirate of Dubai, United Arab Emirates (UAE) under law no. 12 of 2022 issued by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the Ruler of Dubai, and started its operations on 1 July 2022. The Company is listed on the Dubai Financial Market on 29th September 2022.

The registered address of the Company is Suite No.400, 4th floor, Festival Tower, Dubai Festival City, PO Box 36003, Dubai, United Arab Emirates.

The Company is owned by the Dubai Investment Fund ("DIF" or the "Parent") which holds 75.1% of the Company's shares which is ultimately owned and controlled by the Government of Dubai ("ultimate controlling party"). The remaining shares of 24.9% are publicly traded on the Dubai Financial Market ("DFM") stock exchange.

The principal activities of the Company are the operations and maintenance of the existing tollgates throughout Dubai, UAE and for design, construction (including all the civil, electrical, gantry design and manufacturing, system integration, testing and commissioning) of new toll gates, including without limitation, the required tolling equipment, infrastructure and any interface requirements in relation to the new toll gates, but excluding the construction, operation and maintenance of the relevant toll roads.

These condensed interim financial statements for the three-month and six-month periods ended 30 June 2024 have been reviewed, not audited. The comparative information for the condensed interim statement of financial position and related explanatory notes is based on the audited financial statements as at 31 December 2023. The comparative information for the condensed interim statements of profit or loss and comprehensive income, changes in equity and cash flows, and related explanatory notes is based on the unaudited condensed interim financial statements for the three-month and six-month periods ended 30 June 2023.

2 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS): 34 *'Interim Financial Reporting'* and applicable requirements of the United Arab Emirates laws.

The condensed interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statement for the year ended 31 December 2023.

The condensed interim financial statements are presented at historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets, unless otherwise disclosed.

The condensed interim financial statements are presented in UAE Dirhams ("AED"), which is also the Company's functional currency. All values have been rounded to the nearest thousand ("000"), unless otherwise disclosed.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

New standards, interpretations and amendments to existing standards as adopted by the Company

A number of amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The amended standards did not have a material impact on the condensed interim financial statements.

New standards, interpretations and amendments issued but not yet effective

Certain amendments to accounting standards have been published that are not mandatory for the six-month period ended 30 June 2024 and have not been early adopted by the Company. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

(continued)

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied by the Company in its recent annual audited financial statements for the year ended 31 December 2023 except for the policies set out below and the adoption of new and amended standards as mentioned in Note 3.

Income taxes

Income taxes have been provided for in the condensed interim financial statements in accordance with legislation enacted or substantively enacted at the reporting date in the United Arab Emirates where the Company operates and generates taxable income. The income tax charge comprises current tax and is recognised in profit or loss for the period.

Taxable profits or losses are based on estimates if the condensed interim financial statements are authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Revenue recognition - toll gate construction

Salik has the exclusive rights for the construction of new toll gates for and on behalf of Roads and Transport Authority (“RTA”) (Note 15). The Company has concluded that for such arrangements it is creating an asset controlled by the customer and has an enforceable right to payment for work completed. Therefore, it meets the criteria to recognise revenue over time.

The Company is reimbursed for all costs and expenses associated with toll gate construction at a consideration equal to cost plus a 10% mark-up. The Company has determined it acts as an agent under IFRS 15 ‘Revenue from Contracts with Customers’ as toll gate construction service is provided using third parties without taking control. Accordingly, revenue is recognised on a net basis (which is equivalent to the 10% markup) as and when the construction progresses.

When the services rendered by the Company exceeds the payment from the customer, a contract asset is recognised. If the payment exceeds the services rendered, a contract liability is recognised.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the financial statements of the Company as at and for the year ended 31 December 2023.

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

(continued)

6 REVENUE

Set out below is the disaggregation of the Company's revenue:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Tolling revenue				
- Toll usage fees	462,691	455,289	953,801	909,535
- Tag activation fees*	9,972	6,519	19,748	15,121
	472,663	461,808	973,549	924,656
Fines	57,188	52,778	116,095	108,124
Inactive balance write-off (Note 25)	1,576	1,456	3,046	2,840
Toll gate construction** (Note 15)	585	-	716	-
Miscellaneous	725	626	1,386	1,174
	532,737	516,668	1,094,792	1,036,794

*Tag activation fees are recognised on a straight-line basis over the estimated customer life of 5 years.

**Represents a 10% mark-up that Salik is entitled to in relation to construction work carried out during the period for new toll gates.

7 COST OF TAGS AND RECHARGE CARDS

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Salik tags	7,483	3,107	14,525	10,169
Salik recharge cards	33	51	83	106
	7,516	3,158	14,608	10,275

8 TOLL OPERATION AND MAINTENANCE EXPENSE

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Operating expenses	15,002	15,079	30,425	30,167
Maintenance expenses	5,206	5,413	10,771	10,956
	20,208	20,492	41,196	41,123

The operations and maintenance of the tolling system is outsourced to a third-party service provider. Operating expenses comprise of account management charges, customer service charges, processing of violations charges, and charges relating to general requirements to operate the tolling business. Maintenance expense comprises back-office software support, maintaining and replacing equipment, and mobile application maintenance expenses. Operating and maintenance expenses are recorded in the period in which the services are provided.

SALIK COMPANY P.J.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(continued)

9 EMPLOYEE BENEFITS EXPENSE

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(unaudited)</i> <i>AED'000</i>	<i>(unaudited)</i> <i>AED'000</i>	<i>(unaudited)</i> <i>AED'000</i>	<i>(unaudited)</i> <i>AED'000</i>
Salaries and wages	6,601	5,248	12,871	11,527
End of service benefits	435	261	957	510
Bonus	-	-	-	518
Other benefits and allowances	282	464	663	438
	7,318	5,973	14,491	12,993

10 DEPRECIATION AND AMORTISATION EXPENSE

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(unaudited)</i> <i>AED'000</i>	<i>(unaudited)</i> <i>AED'000</i>	<i>(unaudited)</i> <i>AED'000</i>	<i>(unaudited)</i> <i>AED'000</i>
Depreciation of property and equipment (Note 16)	256	-	489	8
Depreciation of right-of-use assets (Note 17)	378	253	756	253
Amortisation of intangibles (Note 14)	20,409	20,409	40,816	40,816
	21,043	20,662	42,061	41,077

11 FINANCE COSTS

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(unaudited)</i> <i>AED'000</i>	<i>(unaudited)</i> <i>AED'000</i>	<i>(unaudited)</i> <i>AED'000</i>	<i>(unaudited)</i> <i>AED'000</i>
Finance cost on borrowings	61,348	59,098	126,592	114,964
Finance charge on lease liabilities (Note 17)	99	73	203	73
Other finance costs	40	40	80	80
	61,487	59,211	126,875	115,117

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(continued)**12 SERVICE PROVIDERS COMMISSION**

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Service provider commission				
- Banks and other providers	3,950	3,834	8,118	7,624
- Other Emirates commission	999	2,710	4,130	6,031
Commission on card sales	1,542	2,024	3,496	4,273
Commission on tag sales	1,323	1,168	2,706	2,203
	7,814	9,736	18,450	20,131

13 OTHER EXPENSES

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Professional fees	5,103	1,370	7,137	3,502
Transitional service expense (Note 21)	1,217	2,354	2,483	3,148
Wireless communication for Salik				
RFID tags	569	525	750	525
Insurance	542	-	1,085	-
Marketing and advertisement	436	192	842	447
Rent and service charge	405	383	814	767
Repairs and maintenance	352	69	354	69
Travel and accommodation	219	-	265	77
Corporate social responsibility	200	-	200	-
Other expenses	1,138	25	1,718	686
	10,181	4,918	15,648	9,221

SALIK COMPANY P.J.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(continued)

14 INTANGIBLES

Six-month period ended 30 June 2024

	<i>Toll operation rights</i> (Note 15) AED '000	<i>Software</i> AED '000	<i>Work in progress</i> AED '000	<i>Total</i> AED '000
Cost				
At 1 January 2024	4,000,000	-	-	4,000,000
Additions*	-	-	2,970	2,970
Transfers	-	2,970	(2,970)	-
At 30 June 2024	4,000,000	2,970	-	4,002,970
Accumulated amortisation				
At 1 January 2024	122,449	-	-	122,449
Charge for the period (Note 10)	40,816	-	-	40,816
At 30 June 2024	163,265	-	-	163,265
Net carrying amount				
At 30 June 2024	3,836,735	2,970	-	3,839,705

*Additions to software is associated with major modifications to existing fully amortised toll operations software, for the parking management business.

Year ended 31 December 2023

	<i>Toll operation rights</i> (Note 15) AED'000
Cost	
At 1 January and 31 December 2023	4,000,000
Accumulated amortisation	
At 1 January 2023	40,817
Charge for the year	81,632
At 31 December 2023	122,449
Net carrying amount	
At 31 December 2023	3,877,551

Six-month period ended 30 June 2023

	<i>Toll operation rights</i> (Note 15) AED'000
Cost	
At 1 January and 30 June 2023	4,000,000
Accumulated amortisation	
At 1 January 2023	40,817
Charge for the period (Note 10)	40,816
At 30 June 2023	81,633
Net carrying amount	
At 30 June 2023	3,918,367

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

(continued)

15 SERVICE CONCESSION ARRANGEMENT

Salik Company P.J.S.C. entered into a concession agreement with RTA effective 1 July 2022 to undertake the Dubai tolling operations for which Salik ("Operator") made an upfront concession payment of AED 4,000 million plus VAT of AED 200 million to RTA ("Grantor") for existing toll gates and an amount to be agreed upon as and when new toll gates are constructed.

Additionally, a variable concession fee of 22.5% (2023: 25%) of toll usage fee earned excluding tag activation fees, violations revenue, inactive balance write-off or any other miscellaneous revenue is payable to RTA for each quarter period. The agreement term is 49 years ("the concession period") unless terminated or extended as per the terms of the concession agreement. As per the terms of the concession agreement, there are no decommissioning obligations at the end of the contractual period and therefore, no liability has been recorded as of 30 June 2024 and 31 December 2023.

The variable concession fee for the three-month and six-month periods ended 30 June 2024 amounts to AED 104.1 million and AED 226.9 million respectively (2023: AED 113.8 million and AED 227.4 million respectively for the three-month and six-month periods ended 30 June 2023), which has been recorded as an expense in the condensed interim statement of profit or loss and comprehensive income.

Key elements of concession agreement

- *Tolling Operations, Tolling Systems, Tolling Assets:* The Company have the absolute responsibility for the Dubai tolling operations and the operation, maintenance, development and/or upgrade of the tolling system. All costs and expenses incurred in this relation are at expense of the Company. Ownership over tolling assets vests with RTA.
- *Revisions to toll fee:* The Company has exclusive right to charge, collect and keep for its account toll fees and other road user charges from vehicles utilizing the toll roads. The Company has a right to increase the toll fees to account for increase in operational cost or to consider the impact of inflation. Such increase in toll fees has to be approved by Dubai Executive Council. In case the revision in toll rate is not approved by the Dubai Executive Council, the Company will be compensated for such non approval by reduction in the variable concession fee charged by RTA only if the proposed increase was on account of increased inflation rates. Effective from 1st April 2024, RTA reduced the variable concession fee from 25% to 22.5% of toll usage revenue.
- *New toll gates:* The Company has exclusive right to undertake any tolling works (construction) with respect to the new toll gates and all costs and expenses incurred for the tolling works will be reimbursed by RTA on a cost plus 10% basis. For obtaining the right to charge users, the Company shall pay to RTA a fee determined based on the valuation of the new toll gate. In case of a difference in the valuation performed by RTA and that performed by Salik by more than 5%, an earnout mechanism will apply, whereby during the period of 5 years following the completion and commissioning of the new toll gate, the Company shall be liable to pay earn-out payments only if there is a positive traffic delta.

On 19th January 2024, RTA formally assigned Salik to install two new toll gates to optimise traffic flow and reduce congestion on key routes within Dubai. The addition of two gates will increase the total number of gates in Dubai from eight to ten, with the new gates expected to be operational by November 2024.

During the three-month and six-month periods ended 30 June 2024, the Company recorded revenue of AED 0.6 million and AED 0.7 million respectively (2023: Nil) from toll gate construction. As on 30 June 2024, the unbilled portion associated with toll gate construction amounts to AED 7.9 million which is shown as contract assets in the condensed interim statement of financial position.

- *Replacement of end-of-life tolling assets:* The Company shall be reimbursed by RTA on a cost plus 5% basis for replacement of each tolling asset upon the end of its useful life.

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

(continued)

15 SERVICE CONCESSION ARRANGEMENT (continued)

Key elements of concession agreement (continued)

- Termination:** The Company may terminate the agreement if RTA is in breach of its obligations and if a change in law were to make it illegal or impossible for the Company to perform substantially all its obligations under the agreement. RTA may terminate the agreement by giving notice to the Company, if an insolvency event occurs, if the Company commits a prohibited act or if certain type of breaches of the agreement occur. Further, RTA also has an option to voluntarily terminate the agreement by giving notice of voluntary termination to the Company. Compensation amounts will have to be paid by either of the parties upon occurrence of certain events, that is, it will have to be paid by RTA in case of exercise of voluntary termination or breach by RTA of its obligations and will have to be paid by the Company if it commits a prohibited act.
- Transfer of Assets and Rights:** At the end of the agreement, the Operator shall, without consideration, transfer to the Grantor all rights, title and interest of assets, intellectual property rights used in Dubai tolling operations.

16 PROPERTY AND EQUIPMENT

	<i>Office furniture and equipment AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Leasehold improvements AED '000</i>	<i>Total AED '000</i>
<i>Six-month period ended 30 June 2024</i>				
Cost				
At 1 January 2024	1,707	362	2,555	4,624
Additions	2,873	-	-	2,873
At 30 June 2024	4,580	362	2,555	7,497
Accumulated depreciation				
At 1 January 2024	138	26	171	335
Depreciation charge for the period (Note 10)	198	36	255	489
At 30 June 2024	336	62	426	824
Net carrying amount				
At 30 June 2024	4,244	300	2,129	6,673
<i>Year ended 31 December 2023</i>				
Cost				
At 1 January 2023	150	-	-	150
Additions	1,685	362	2,555	4,602
Adjustment	(128)	-	-	(128)
At 31 December 2023	1,707	362	2,555	4,624
Accumulated depreciation				
At 1 January 2023	60	-	-	60
Depreciation charge for the year	126	26	171	323
Adjustment	(48)	-	-	(48)
At 31 December 2023	138	26	171	335
Net carrying amount				
At 31 December 2023	1,569	336	2,384	4,289

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(continued)**16 PROPERTY AND EQUIPMENT** (continued)*Six-month period ended 30 June 2023*

	<i>Office furniture and equipment AED'000</i>
Cost	
At 1 January 2023	150
Additions	104
Adjustment	(128)
At 30 June 2023	<u>126</u>
Accumulated depreciation	
At 1 January 2023	60
Depreciation charge for the period (Note 10)	8
Adjustment	(48)
At 30 June 2023	<u>20</u>
Net carrying amount	
At 30 June 2023	<u>106</u>

17 LEASES**(i) Right-of-use assets***Six-month period ended 30 June 2024*

	<i>Office space AED '000</i>
Cost	
At 1 January	8,096
Additions	2,279
At 30 June 2024	<u>10,375</u>
Accumulated depreciation	
At 1 January 2024	1,018
Charge for the period (Note 10)	756
At 30 June 2024	<u>1,774</u>
Net book value	
At 30 June 2024	<u>8,601</u>

Year ended 31 December 2023

	<i>Office space AED '000</i>
Cost	
At 1 January 2023	-
Additions	8,096
At 31 December 2023	<u>8,096</u>
Accumulated depreciation	
At 1 January 2023	-
Charge for the year	1,018
At 31 December 2023	<u>1,018</u>
Net book value	
At 31 December 2023	<u>7,078</u>

SALIK COMPANY P.J.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(continued)

17 LEASES (continued)

(i) Right-of-use assets (continued)

Six-month period ended 30 June 2023

	<i>Office space AED '000</i>
Cost	
At 1 January	-
Additions	8,096
At 30 June 2023	<u>8,096</u>
Accumulated depreciation	
At 1 January 2023	-
Charge for the period (Note 10)	253
At 30 June 2023	<u>253</u>
Net book value	
At 30 June 2023	<u>7,843</u>

(ii) Lease liabilities

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>	<i>30 June 2023 (unaudited) AED'000</i>
At beginning of the period / year / period	7,936	-	-
Lease additions during the period / year / period	2,279	8,096	8,096
Finance charge for the period / year / period	203	293	73
Lease repayments during the period / year / period	(1,358)	(453)	(441)
At end of the period / year / period	<u>9,060</u>	<u>7,936</u>	<u>7,728</u>

Lease liabilities is bifurcated into:

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>	<i>30 June 2023 (unaudited) AED'000</i>
Current	2,181	1,889	906
Non-current	6,879	6,047	6,822
	<u>9,060</u>	<u>7,936</u>	<u>7,728</u>

(iii) Amounts recognised in profit or loss

	<i>Three-month period ended 30 June 2024 (unaudited) AED'000</i>	<i>30 June 2023 (unaudited) AED'000</i>	<i>Six-month period ended 30 June 2024 (unaudited) AED'000</i>	<i>30 June 2023 (unaudited) AED'000</i>
Finance charge on lease liabilities (Note 11)	99	73	203	73
Depreciation of right-of-use assets (Note 10)	378	253	756	253

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

(continued)

17 LEASES (continued)

(iv) Contractual undiscounted cash flows

The contractual undiscounted cash flows associated with the lease are as follows:

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
Not later than 1 year	2,635	2,264
Between 1 to 5 years	<u>7,443</u>	<u>6,703</u>
	<u>10,078</u>	<u>8,967</u>

18 INVENTORIES

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
Salik tags	15,548	5,461
Salik recharge scratch cards	<u>228</u>	<u>105</u>
	<u>15,776</u>	<u>5,566</u>

All inventories are in the form of finished goods. The cost of inventories recognised as expense during the period is disclosed as 'Cost of tags and recharge cards' on the condensed interim statement of profit or loss and comprehensive income. None of the inventories are carried at net realisable value being lower than cost for all periods presented. There are no obsolete or slow-moving inventories. There has been no write-off of inventory in the periods presented.

19 TRADE AND OTHER RECEIVABLES

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>	<i>30 June 2023 (unaudited) AED'000</i>
Trade receivables (including fines receivable)	306,440	301,192	300,864
Less: loss allowance on fines receivable	<u>(182,335)</u>	<u>(177,827)</u>	<u>(177,456)</u>
	<u>124,105</u>	<u>123,365</u>	<u>123,408</u>
VAT receivable	9,342	17,246	16,857
Accrued interest	13,747	12,721	2,103
Advance to supplier	31,486	19,484	15,989
Prepayments and other assets	<u>1,170</u>	<u>667</u>	<u>317</u>
	<u>179,850</u>	<u>173,483</u>	<u>158,674</u>

Break up of trade receivables is as follows:

Fines	290,272	284,066	282,476
Taxi	9,014	10,154	7,026
Banks	3,033	2,647	4,823
Other Emirates	353	353	353
Telecom	52	94	5,331
Gas stations	-	-	855
Others	<u>3,716</u>	<u>3,878</u>	<u>-</u>
	<u>306,440</u>	<u>301,192</u>	<u>300,864</u>

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(continued)**19 TRADE AND OTHER RECEIVABLES** (continued)

Trade and other receivables are measured at amortised cost using the effective interest method.

Trade and other receivables from Other Emirates, taxi, gas stations, telecom, banks and others are not secured, non-interest bearing and are generally on terms of 30 to 90 days. The allowance for expected credit losses or impairment incurred for trade and other receivables from other Emirates, taxi, gas stations, telecom, banks and others is considered to be not material.

Receivables from fines are not secured, non-interest bearing, and customers are generally required to pay the violation within 12 months from the issuance date. The movement of loss allowance on receivable relating to fines were as follows:

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000	30 June 2023 (unaudited) AED'000
Balance at the beginning of the period / year / period	177,827	183,074	183,074
Provision for expected credit losses	21,904	34,412	14,834
Write offs during the period / year / period	(17,396)	(39,659)	(20,452)
Balance at the end of the period / year / period	182,335	177,827	177,456

The provision for expected credit losses for the period has been included as "Impairment loss on trade receivables" in the condensed interim statement of profit or loss and other comprehensive income. The Company fully writes off a trade receivable arising from a violation when there is no realistic prospect of recovery, which is estimated by management to be at the end of the average customer useful life, which is five years.

Set out below is the ageing analysis of the Company's trade receivables from violations using a provision matrix:

30 June 2024 (unaudited)	Expected credit loss %	Gross carrying amount AED'000	Loss allowance AED'000
Current	40%	126,120	50,894
1-90 days	60% - 65%	13,906	8,741
91-180 days	67% - 69%	13,377	9,081
180 - 365 days	71% - 78%	20,034	14,984
365+ days	84%	116,835	98,635
		290,272	182,335

31 December 2023 (audited)	Expected credit loss%	Gross carrying amount AED'000	Loss allowance AED'000
Current	40%	121,814	48,378
1-90 days	59% - 64%	12,340	7,625
91-180 days	66% - 68%	10,545	7,048
180 - 365 days	71% - 77%	21,414	15,915
365+ days	84%	117,953	98,861
		284,066	177,827

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(continued)**19 TRADE AND OTHER RECEIVABLES (continued)**

	Expected credit loss%	Gross carrying amount AED'000	Loss allowance AED'000
30 June 2023 (unaudited)			
Current	39%	114,996	44,492
1-90 days	58% - 64%	11,968	7,217
91-180 days	65% - 68%	12,393	8,154
180 - 365 days	70% - 79%	19,692	14,598
365+ days	84%	123,427	102,995
		<u>282,476</u>	<u>177,456</u>

20 CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSIT WITH BANK

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
<i>Cash and cash equivalents</i>		
Islamic Mudarabah call account	<u>152,299</u>	266,180
Fixed deposits with original maturity less than 3 months	<u>300,000</u>	-
	<u>452,299</u>	<u>266,180</u>
<i>Short term deposit with bank</i>		
Fixed deposits with original maturity of 3 to 12 months	<u>600,000</u>	750,000

Cash in bank represents amounts held in current account, call account and Wakala deposits maintained with Emirates NBD Bank PJSC operating in the UAE. The fixed deposits as on 30 June 2024 and 31 December 2023 earn expected profits of 4.9% to 5.1% (2023: 5.3%). During the three-month and six-month periods ended 30 June 2024, the Company earned a profit of AED 15.0 million and AED 29.2 million respectively (2023: AED 6.6 million and AED 10.6 million respectively for three-month and six-month periods ended 30 June 2023) on these Wakala deposits and Mudarabah call account.

21 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise the Parent, ultimate controlling party, the shareholders, key management personnel, subsidiaries, joint venture, directors and businesses which are controlled directly or indirectly by the ultimate controlling party, or directors or over which they exercise significant management influence. The Company has availed the exemption under para 25 of IAS 24 Related Party Disclosure and consider the entities controlled by Government of Dubai as non-related except for RTA, Dubai Taxi Company PJSC (“DTC”), Dubai E-Government, Dubai Digital Authority, Emirates NBD Bank PJSC (“ENBD”) and Emirates National Oil Company (“ENOC”).

The Company, in the normal course of business, receives services from and provides services to related parties. These transactions comprise the purchase and sale of goods and services in the normal course of business at mutually agreed terms. Additionally, the Company entered into a Service Concession Agreement with RTA (Note 15), Transitional Services agreement with RTA and debt agreement with Emirates NBD Bank PJSC (Note 22).

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(continued)**21 RELATED PARTY BALANCES AND TRANSACTIONS** (continued)

The following table summarizes related party balances for the relevant financial period.

	<i>30 June 2024</i> (unaudited) AED'000	<i>31 December 2023</i> (audited) AED'000
Due from related parties		
<i>Entities under common control of the Government of Dubai</i>		
Dubai E-Government	76,428	79,567
Roads and Transport Authority*	54,853	47,563
Dubai Taxi Company PJSC	11,055	11,948
	142,336	139,078

Due to related parties

Entities under common control of the Government of Dubai

Roads and Transport Authority*	108,979	138,693
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*With respect to the balance due to and due from Roads and Transport Authority, the Company does not have an enforceable right to offset and therefore these have been presented separately.

	<i>30 June 2024</i> (unaudited) AED'000	<i>31 December 2023</i> (audited) AED'000
Loan from a related party		
<i>Entities under common control of the Government of Dubai</i>		
Emirates NBD Bank PJSC	3,990,382	3,988,779

The Company obtained a financing facility with ENBD, related party, as has been disclosed in Note 22. Bank balances as disclosed in Note 20 are also held with ENBD.

	<i>30 June 2024</i> (unaudited) AED'000	<i>31 December 2023</i> (audited) AED'000
Contract asset	7,871	-

It represents unbilled portion of revenue to Roads and Transport Authority, associated with toll gate construction, as detailed in Note 15.

Transactions with related parties

Commission expense

Transactions with ENBD, other than finance cost on borrowings as explained in Note 22, relates to commission paid for collection services provided by ENBD and amounts to AED 0.6 million and AED 1.3 million respectively for the three-month and six-month periods ended 30 June 2024 (2023: AED 0.7 million and AED 1.3 million respectively for the three-month and six-month periods ended 30 June 2023). Transactions, gross of commission earned, with ENOC relate to the sale of Salik tag and recharge cards and amounts to AED 24.5 million and AED 56.2 million respectively for three-month and six-month periods ended 30 June 2024 (2023: AED 37 million and AED 74 million respectively for the three-month and six-month periods ended 30 June 2023).

Tolling fees collected by Dubai Taxi Company PJSC

Dubai Taxi Company PJSC (“DTC”) is ultimately controlled by the Government of Dubai. Tolling fees collected by DTC represent toll fee collection by the taxis operated by DTC within the Emirate of Dubai and are based on trips under toll gates where there is a passenger in the taxi vehicle. Tolling fees collected by DTC are AED 16.3 million and AED 34.0 million respectively for the three-month and six-month periods ended 30 June 2024 (2023: AED 16.9 million and AED 34.5 million respectively for the three-month and six-month periods ended 30 June 2023).

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

(continued)

21 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions with related parties (continued)

Service concession arrangement

As part of formation of Salik Company P.J.S.C., the Company entered into a Service Concession Agreement with RTA, pursuant to which RTA grants some of its mandates and powers under Dubai Law No. 17 of 2005 regarding the operation, maintenance and management of Salik i.e. Dubai's automatic road toll collection system. Refer Note 14 and Note 15 for the financial impact associated with the Concession Agreement.

Transitional service agreement

The Company entered into a transitional services agreement ("TSA") with RTA, effective from 1 July 2022, wherein RTA provides services to Salik for performance of the tolling operations and back-office functions such as financial services, information technology (IT), human resources, administration, marketing and communication in accordance with the tolling Concession Agreement. During the three-month and six-month periods ended 30 June 2024, an amount of AED 1.2 million and AED 2.5 million respectively (2023: AED 2.4 million and AED 3.1 million respectively for the three-month and six-month periods ended 30 June 2023) has been charged by RTA for such transitional services and these have been included as 'Transition service expense' under 'Other expenses'.

Key management remuneration

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Salaries and other benefits	1,884	1,477	3,752	3,744
End of service benefits	175	128	459	297
	2,059	1,605	4,211	4,041
Directors' remuneration	-	3,145	-	3,375

22 BORROWINGS

	<i>30 June 2024</i>		<i>31 December 2023</i>	
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Term loan from Emirates NBD Bank PJSC		4,000,000		4,000,000
Unamortised loan cost		(9,618)		(11,221)
Total borrowing		3,990,382		3,988,779

On 30 June 2022, the Company and Emirates NBD Bank PJSC entered into an agreement to underwrite a 5-year, AED 4,200 million unsecured Islamic Mudarabah credit facility (the "Facility"). The Facility is bifurcated further into a term facility commitment of AED 4,000 million and a revolving facility commitment of AED 200 million. On 19 May 2023, the Company agreed with the bank for a partial reduction of Facility B, that is, revolving Murabaha facility commitment, to reduce the commitment to AED 50 million instead of the original commitment of AED 200 million. The purpose of the overall borrowing facility is firstly, towards making an upfront payment under the requirements of the Concession Agreement; and secondly, for general corporate purposes including fees and expenses in relation to the Facilities.

Borrowings under the term facility carries variable interest at 3-month EIBOR plus a margin at a rate per annum of 0.82%. The upfront fee under the Facility is 0.4% flat and the commitment fee on the revolving credit facility is 0.25% per annum, calculated on daily undrawn and available commitments, and payable quarterly in arrears. Transaction costs incurred in relation to the term facility have been deducted from the financial liability amount and considered in the computation of the effective interest rate. The upfront fee allocated to the revolving facility has been capitalised and is amortized on a straight-line basis over the term of the agreement and is disclosed as an 'Other asset' in the condensed interim statement of financial position.

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(continued)**22 BORROWINGS** (continued)

Principal amounts outstanding under the term facility will be due and payable in full on final maturity which is 5 years from the date of the facility agreement.

The Facility contains customary representations and warranties, subject to limitations and exceptions and customary covenants restricting the Company's ability to declare dividends or make distributions in the event of outstanding default or a default that may occur as a result of such dividend distribution. The Company is also required to comply with a financial covenant, leverage (Net Debt to EBITDA): 5x or lower tested semi-annually with testing commencing from June 2023. The Company complied with the financial covenant throughout the six-month period ended 30 June 2024 and year ended 31 December 2023.

As at 30 June 2024, the Company has access to the following borrowing facilities:

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
Total available facilities	4,050,000	4,050,000
Facility utilised	(4,000,000)	(4,000,000)
Available financing facility	50,000	50,000

23 PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
Balance at the beginning of the period / year	2,519	2,624
Charge for the period / year	522	699
Payment during the period / year	(48)	-
Adjustment	-	(804)
Balance at the end of the period / year	2,993	2,519

24 TRADE AND OTHER PAYABLES

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
Trade payables - Operation and maintenance service provider	56,474	39,638
Advance from customers	1,369	5,350
Fine refund payables	2,896	2,888
Employee benefits	1,838	1,400
Commission accruals and other payables	11,733	20,976
	74,310	70,252

Trade and other payables are short-term in nature and are non-interest bearing. These are measured at amortised cost using the effective interest method.

25 CONTRACT LIABILITIES

As of 30 June 2024, current contract liabilities of AED 297.8 million (31 December 2023: AED 299.7 million), and non-current contract liabilities of AED 58.9 million (31 December 2023: AED 53.4 million), either relate to account balances paid in advance by the customer or arise from tag sale activation fees. The Company expects to recognise these unsatisfied performance obligations as revenue over a period of up to 5 years. At the end of 5 years any inactive customer account balances will be released and recognised as revenue.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

(continued)

25 CONTRACT LIABILITIES (continued)

As of 30 June 2024, contract liabilities of AED 84.3 million (31 December 2023: AED 76.6 million), arising from tag activation fees will be recognized as revenue as follows:

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
- 0 to 12 months	25,340	23,236
- 13 to 24 months	22,837	20,543
- 25 – 36 months	18,666	17,149
- 37 – 48 months	12,823	11,562
- 49 – 60 months	4,606	4,096
	<u><u>84,272</u></u>	<u><u>76,586</u></u>

Movements in contract liabilities is as follows:

	<i>30 June 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>	<i>30 June 2023 (unaudited) AED'000</i>
Balance at the beginning of the period / year / period	353,059	337,533	337,533
Add: Recharges during the period / year / period	952,846	1,859,152	909,728
Add: Tag activation fees received	27,434	45,732	21,914
Less: Revenue recognised – toll usage	(953,801)	(1,845,477)	(909,535)
Less: Revenue recognised – tag activation fee	(19,748)	(38,200)	(15,121)
Less: Inactive balance write-off	(3,046)	(5,681)	(2,840)
Balance at the end of the period / year / period	<u><u>356,744</u></u>	<u><u>353,059</u></u>	<u><u>341,679</u></u>

26 INCOME TAX

On 9 December 2022 UAE Federal Decree-Law no 47 of 2022 was published setting in place a general corporate income tax for the first time. The profit threshold of AED 375,000 at which the 9% tax will apply for the Company's financial year commencing on 1 January 2024. The Company is required to file its first annual tax return and pay the declared income tax, pertaining to the financial year ending 31 December 2024, before 30 September 2025.

While current taxes are not payable on profits generated before the Company's financial year commencing on 1 January 2024, the existence of an enacted tax law results in the need to immediately record deferred taxes on assets and liabilities where the carrying amount differs from the tax base. Based on the assessment performed by the management, an immaterial deferred tax impact has been noted as of and for the six-month period ended 30 June 2024 and for the year ended 31 December 2023. As certain other cabinet decisions are pending as on the date of these financial statements, the Company will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalized and published.

(i) Components of income tax expense

Income tax expense comprise the following:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June 2024 (unaudited) AED'000</i>	<i>30 June 2023 (unaudited) AED'000</i>	<i>30 June 2024 (unaudited) AED'000</i>	<i>30 June 2023 (unaudited) AED'000</i>
	Current tax	26,421	-	53,846

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(continued)

26 INCOME TAX (continued)

(ii) Reconciliation between tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the Company's income is 9%. A reconciliation between the expected and actual taxation charge is as follows:

	<i>30 June 2024 (unaudited) AED'000</i>
Profit before tax	<u>598,611</u>
- Tax charge of 0% on profit up to AED 375,000	-
- Tax charge of 9% on profit beyond AED 375,000	<u>53,846</u>
Income tax expense	<u>53,846</u>

27 SHARE CAPITAL

The share capital of the Company comprised of AED 7,500,000,000 (31 December 2023: 7,500,000,000) shares of AED 0.01 each. All shares are authorised, issued and fully paid up.

28 STATUTORY RESERVE

In accordance with the UAE Federal Decree Law No. (32) of 2021, 5% of net profit of the Company is to be allocated every year to a statutory reserve. This statutory reserve, as per the Articles of Association, is subject to a maximum of 50%, of the Company's issued share capital. This reserve is not available for distribution except as stipulated by the law. There was no allocation from net profit to statutory reserve during the period ended 30 June 2024 and year ended 31 December 2023 as the Company has reached the maximum limit for the reserve.

29 EARNINGS PER SHARE

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	<i>Three-month period ended 30 June 2024 (unaudited) AED'000</i>	<i>30 June 2023 (unaudited) AED'000</i>	<i>Three-month period ended 30 June 2024 (unaudited) AED'000</i>	<i>30 June 2023 (unaudited) AED'000</i>
Profit attributable to ordinary equity holders of the Company (AED '000)	267,472	272,652	544,765	547,933
Weighted average number of ordinary shares for basic and diluted EPS (number)	7,500,000,000	7,500,000,000	7,500,000,000	7,500,000,000
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	0.04	0.04	0.07	0.07

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary equity holders of the Company and the number of shares on formation for the effects of all dilutive potential ordinary shares. There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

(continued)

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Financial risk factors

The Company's activities and borrowings expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk.

These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. As such, they should be read in conjunction with the Company's financial statements for the year ended 31 December 2023. There has been no change in any financial risk management policies since year end.

30.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There has been no material change in the capital risk management policies of the Company during this period.

31 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. The Company's financial assets consist of trade and other receivables (excluding VAT receivable and advance to supplier), contract assets, due from related parties, short-term deposit with bank and cash and cash equivalents. The Company's financial liabilities consist of borrowings, lease liabilities, trade and other payables (excluding advance from customers) and due to a related party. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the above financial assets and liabilities approximate their carrying amounts.

32 DIVIDENDS

For the six-month period ended 30 June 2024:

A dividend of AED 550,035 thousand (7.3338 fils per share) was declared and approved in the Annual General Assembly Meeting held on 2nd April 2024, which was subsequently paid on 19th April 2024.

For the six-month period ended 30 June 2023:

A dividend of AED 491,408 thousand (6.5521 fils per share) was declared and approved in Annual General Assembly Meeting held on 6th April 2023, which was subsequently paid on 26 April 2023.

33 SUBSEQUENT EVENTS

On 13th August 2024, the Board of Directors approved to distribute AED 544,765 thousand dividend to the shareholders (7.263 fils per share).

34 IMPACT OF SEASONALITY ON THE BUSINESS

The Company is subject to moderate seasonal fluctuations, interim period revenue and earnings are typically sensitive to the traffic activity that tends to slow down during the summer months. As a result of moderate seasonal fluctuations, results for any quarter are not necessarily indicative of the results that may be achieved for any other quarter or for the full fiscal year.

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FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(continued)

35 APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by the Board of Directors of Salik Company P.J.S.C. on 13th August 2024 and signed on its behalf by His Excellency Mattar Al Tayer, Chairman of the Board of Directors and Ibrahim Sultan Al Haddad, Chief Executive Officer.