SALIK COMPANY P.J.S.C.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2023 (UNAUDITED)

DIRECTORS' REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023

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 2023.

Board of Directors:

The directors of the company are:

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

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 2023, the Company reported revenue of AED 516.7 million and AED 1,036.8 million respectively (2022: AED 456.7 million for the period from 1 April 2022 to 1 July 2022 and AED 944.9 million for the period from 1 January 2022 to 1 July 2022). Profit for the three-month and six-month periods ended 30 June 2023 was AED 272.7 million and AED 547.9 million respectively (2022: profit of AED 393.6 million for the period from 1 April 2022 to 1 July 2022 and AED 796.7 million for the period from 1 January 2022 to 1 July 2022).

Dividend:

On 10 August 2023, the Board of Directors approved to distribute AED 547,927,500 dividend to the shareholders (7.3057 fils per share), reflecting 100% of the Company's distributable net profit for the first half of 2023.

for the Board of Directors

His Excellency Mattar Al Tayer
Chairman
Board of Directors
Salik Company P.J.S.C.

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 2023, the condensed interim statement of financial position as at 30 June 2023 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.

Emphasis of matter

We draw attention to Note 2 to the condensed interim financial statements, which describes the fact that Salik Company P.J.S.C. has not been incorporated as a standalone entity for the period up to 30 June 2022 and the assets and liabilities of the Salik Tolling Business were transferred from Roads and Transport Authority ("RTA") to the Company on 1 July 2022. Therefore, the condensed interim financial statements include the carve-out financial information of the Salik Tolling Business within RTA for the comparative period from 1 January 2022 to 30 June 2022. We also draw attention to Note 2 to the condensed interim financial statements, which details the basis of preparation and carve-out adjustments applied.

Our conclusion is not modified in respect of these matters.

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
10 August 2023

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

P.O.Box: 11987
DUBAI - U.A.E.
PRICEWATERHOUSECOOPERS LIMITED PARTNERSHIP DUBAI BR.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

		For the period			
		1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	*1 January 2023 to 30 June 2023 (unaudited) AED'000*	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
	Notes				
Revenue	6	**516,668**	456,717	**1,036,794**	944,905
Finance income		**6,623**	-	**10,616**	-
Other income		**1,008**	-	**1,008**	-
Cost of tags and recharge cards	7	**(3,158)**	(5,718)	**(10,275)**	(10,931)
Toll operation and maintenance expense	8	**(20,492)**	(23,453)	**(41,123)**	(47,593)
Employee benefit expense	9	**(5,973)**	(2,389)	**(12,993)**	(4,888)
Depreciation and amortisation expense	10	**(20,662)**	(1,868)	**(41,077)**	(3,317)
Service providers commissions	12	**(9,736)**	(6,856)	**(20,131)**	(15,279)
Concession fee expense	15	**(113,822)**	-	**(227,384)**	-
Software enhancement expense	18	**(3,063)**	(4,452)	**(4,955)**	(8,334)
Impairment loss on trade receivables	20	**(7,467)**	(2,805)	**(14,834)**	(12,528)
Directors' remuneration	22	**(3,145)**	-	**(3,375)**	-
Corporate allocation expense	22	-	(13,271)	-	(40,521)
Finance costs	11	**(59,211)**	-	**(115,117)**	-
Other expenses	13	**(4,918)**	(2,304)	**(9,221)**	(4,766)
Profit for the period		**272,652**	393,601	**547,933**	796,748
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**272,652**	393,601	**547,933**	796,748
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	31	**0.04**	0.05	**0.07**	0.11

The accompanying notes 1 to 38 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
ASSETS			
Non-current assets			
Property and equipment	16	**106**	90
Intangibles	14	**3,918,367**	3,959,183
Right-of-use asset	17	**7,842**	-
Other asset		**640**	720
		3,926,955	3,959,993
Current assets			
Inventories	19	**6,890**	11,536
Trade and other receivables	20	**158,674**	364,407
Due from related parties	22	**175,110**	144,308
Cash and cash equivalents	21	**910,260**	822,707
		1,250,934	1,342,958
Total assets		**5,177,889**	5,302,951
LIABILITIES			
Non-current liabilities			
Long-term borrowings	23	**3,987,176**	3,985,573
Lease liability	17	**6,822**	-
Provision for employees' end-of-service benefits	24	**2,747**	2,624
Contract liabilities	26	**48,566**	43,195
		4,045,311	4,031,392
Current liabilities			
Due to a related party	22	**119,129**	313,492
Trade and other payables	25	**58,991**	59,815
Contract liabilities	26	**293,113**	294,338
Lease liability	17	**906**	-
		472,139	667,645
Total liabilities		**4,517,450**	4,699,037
EQUITY			
Share capital	27	**75,000**	75,000
Statutory reserve	29	**37,500**	37,500
Retained earnings		**547,939**	491,414
Total equity		**660,439**	603,914
Total equity and liabilities		**5,177,889**	5,302,951

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 10 August 2023 and were signed on its behalf by:

Chief Executive Officer

Chairman of the Board of Directors

The accompanying notes 1 to 38 form an integral part of these condensed interim financial statements.

SALIK COMPANY P.J.S.C.
CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Notes	For the period *1 January 2023 to 30 June 2023 (unaudited)* ***AED'000***	 *1 January 2022 to 1 July 2022 (unaudited)* *AED'000*
Cash flows from operating activities			
Profit for the period		**547,933**	796,748
Adjustments for:			
Depreciation of property and equipment	10	**8**	3,317
Depreciation of right-of-use asset	10	**253**	-
Adjustment for property and equipment		**80**	-
Amortisation of intangibles	10	**40,816**	-
Provision for employees' end-of-service benefits	24	**123**	143
Finance income		**(10,616)**	-
Interest on lease liability	11	**73**	-
Other finance costs		**115,044**	-
Impairment loss on trade receivables	20	**14,834**	12,528
Operating cash flows before changes in working capital		**708,548**	812,736
Changes in working capital:			
Trade and other receivables excluding impact of impairment loss		**190,899**	(18,334)
Due from related parties		**(30,802)**	-
Inventories		**4,646**	10,811
Trade and other payables		**(824)**	20,337
Due to a related party		**(194,363)**	-
Other asset		**80**	(800)
Contract liabilities		**4,146**	3,386
Net cash flows generated from operating activities		**682,330**	828,136
Cash flows from investing activities			
Payment for purchase of property and equipment	16	**(104)**	(3,161)
Interest income on deposits		**10,616**	-
Net cash generated from / (used in) investing activities		**10,512**	(3,161)
Cash flows from financing activities			
Dividend paid	30	**(491,408)**	-
Finance charge on lease liability paid	17	**(73)**	-
Other finance costs paid		**(113,441)**	-
Principal element of lease payment		**(367)**	-
Net distribution to Parent	22	**-**	(826,711)
Proceeds from borrowings		**-**	4,001,736
Proceeds from issuance of share capital		**-**	75,000
Capital contribution received		**-**	130,000
Net cash (used in) / generated from financing activities		**(605,289)**	3,380,025
Increase in cash and cash equivalents		**87,553**	4,205,000
Cash and cash equivalents at the beginning of the period		**822,707**	-
Cash and cash equivalents at the end of the period		**910,260**	4,205,000

The accompanying notes 1 to 38 form an integral part of these condensed interim financial statements.

SUPPLEMENTAL NON-CASH INFORMATION

	For the period	
	1 January 2023 to 30 June 2023 (unaudited) AED '000	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Right-of-use asset	**8,095**	-
Lease liability	**8,095**	-
Intangibles	-	4,000,000
VAT receivable	-	200,000
Due to RTA	-	4,200,000
Property and equipment not transferred to the Company	-	107,178
End of service benefit liability of employees not transferred to the Company	-	741

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	Share capital AED'000	Reorganisation reserve AED'000	Statutory reserve AED'000	Net parent investment AED'000	Retained earnings AED'000	Total equity AED'000
At 1 January 2022	-	-	-	(10,080)	-	(10,080)
Issuance of share capital (Note 27)	75,000	-	-	-	-	75,000
Capital contribution received (Note 28)	-	130,000	-	-	-	130,000
Total comprehensive income for the period	-	-	-	796,748	-	796,748
Net distribution to parent (Note 22)	-	-	-	(826,711)	-	(826,711)
Property and equipment not transferred to the Company (Note 16)	-	-	-	(107,178)	-	(107,178)
End of service benefit liability of employees not transferred to the Company (Note 24)	-	-	-	741	-	741
Transfer during the period (Note 28)	-	(146,480)	-	146,480	-	-
At 1 July 2022 (unaudited)	75,000	(16,480)	-	-	-	58,520
At 1 January 2023	**75,000**	-	**37,500**	-	**491,414**	**603,914**
Total comprehensive income for the period	-	-	-	-	**547,933**	**547,933**
Transactions with owners in their capacity as owners:						
Dividend declared and paid (Note 30)	-	-	-	-	**(491,408)**	**(491,408)**
At 30 June 2023 (unaudited)	**75,000**	-	**37,500**	-	**547,939**	**660,439**

The accompanying notes 1 to 38 form an integral part of these condensed interim financial statements.

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 registered address of the Company is Floor 1, Block C, RTA Headquarter, Al-Garhoud, Marrakech Street, Dubai.

The Government of Dubai owns Salik Company P.J.S.C. represented by the Department of Finance ("DoF" or the "Parent"). The Company is ultimately owned and controlled by the Government of Dubai ("ultimate controlling party"). On 29 September 2022, DoF has sold 24.9% shares of the Company through an Initial Public Offering ("IPO") 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 2023 have been reviewed, not audited. The comparative information for the condensed interim statement of financial position is based on the audited Salik Company P.J.S.C. financial statements as at 31 December 2022. 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, for the period from 1 April 2022 to 1 July 2022 ('three-month') and 1 January 2022 to 1 July 2022 is based on the unaudited condensed interim financial statements. Refer to note 2 'Basis of preparation' for further details on the presentation of the comparatives (i.e. period from 1 January 2022 to 1 July 2022).

2 BASIS OF PREPARATION

These condensed interim financial statements for the three-month and six-month periods ended 30 June 2023 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 2022. 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 comparative condensed interim statements of profit or loss and comprehensive income, cash flows, and changes in equity are presented for the period from 1 April 2022 to 1 July 2022 ('three-month') and 1 January 2022 to 1 July 2022.

The Company extended the comparative reporting period by one day up to 1 July 2022 as this was the date when Salik started operating as a separate legal entity with the assets and liabilities being transferred from RTA to the Company and the occurrence of key transactions on 1 July 2022 which include:

- The Company entered into a Service Concession Agreement ("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 15);
- The Company also entered into a transitional services agreement with RTA effective 1 July 2022 wherein RTA shall provide services to Salik for performance of the tolling operations and back-office functions in accordance with the tolling Concession Agreement;
- Salik Company P.J.S.C. entered into a five-year financing arrangement with Emirates NBD Bank PJSC for a term loan of AED 4 billion and a revolving credit facility of AED 200 million for the purpose of making an upfront payment to RTA under the tolling Concession Agreement and for general corporate purposes (refer Note 23); and
- Receipt of capital contribution in the form of cash from the DoF.

Financial results and cash flows for the period 1 January 2022 to 1 July 2022

The transfer of the RTA - Salik Tolling Business to Salik Company P.J.S.C. represents a transfer of business under common control, whereby the condensed interim financial statements of the Company are presented as a continuation of RTA - Salik Tolling Business. The financial information presented in these condensed interim financial statements for the comparative period includes the financial results of Salik before the incorporation date of the Company as if the Company had historically operated as a standalone entity. Therefore, the transfer represents the predecessor method of accounting and retrospective presentation is used. As Salik was not a standalone legal entity, the comparative period presented from 1 January 2022 to 01 July 2022 includes the Company's results and financial performance during 1 January 2022 to 30 June 2022 carved-out from the accounting records of RTA and reflect the revenues and expenses of RTA - Salik Tolling Business as if these had always been a part of the Company. The assets and liabilities were transferred from RTA to the Company on 1 July 2022, at their predecessor carrying values and fair value measurement was not required.

2 BASIS OF PREPARATION (continued)

Financial results and cash flows for the period 1 January 2022 to 1 July 2022 (continued)

Consistent with the Company's audited financial statements for the year ended 31 December 2022, the financial results and cash flows for 1 January 2022 to 30 June 2022 included in the comparative period 1 January 2022 to 1 July 2022 represent historical operations of the RTA - Salik Tolling Business and have been prepared from the accounting records of RTA wherein revenues, expenses, assets, and liabilities of the Salik tolling business were separately maintained in the RTA books except for corporate shared overheads. Throughout 1 January 2022 to 30 June 2022, the Company functioned as part of the Traffic and Roads Agency ("TRA") which is one of the four agencies forming part of RTA. Accordingly, both RTA and TRA have historically performed certain corporate overhead functions for Salik. These include, but are not limited to, executive oversight, legal, finance, human resources, and financial reporting. The costs of such services have been allocated to the Company based on the most relevant allocation method to the service provided. Management believes such allocations are reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Company been operating as a separate entity apart from RTA.

The cost allocated for these functions is included in corporate allocation expense in the condensed interim statement of profit or loss and comprehensive income for the comparative period presented. A complete discussion of the Company's relationship with RTA, together with the cost allocations, is included in Note 22 to the condensed interim financial statements. Because Salik was not a standalone legal entity during 1 January 2022 to 30 June 2022, Parent's net investment is shown which represents the cumulative net investment by RTA in the Company through that date. The impact of transactions between the Company and RTA that were not historically settled in cash are also included in the Net parent investment.

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

The following are new standards, amendments and interpretations of IFRS that have been adopted by the Company. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

Amendments to IFRS 4: *amendments regarding the expiry date of the deferral approach.*
Amendments to IFRS 17: *amendments to address concerns and implementation challenges that were identified after IFRS 17 was published.*
Amendments to IAS 1: *amendments regarding the disclosure of accounting policies.*
Amendments to IAS 8: *amendments regarding the definition of accounting estimates.*
Amendments to IAS 12: *amendments regarding deferred tax on leases decommissioning obligations*
Amendments to IAS 12: *amendments to provide temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.*

New standards, interpretations and amendments issued but not yet effective

The following are new standards, amendments, and interpretations of IFRS that have been issued but not yet effective.

IFRS S1: *General Requirements for Disclosure of Sustainability-related Financial Information.*
IFRS S2: *Climate-related Disclosures.*
Amendments to IAS 1: *amendments regarding the classification of liabilities*
Amendments to IAS 1: *amendments regarding the classification of debt with covenants*
Amendments to IAS 1: *amendment to defer the effective date of the January 2020 amendments.*
Amendments to IFRS 7: *amendments regarding supplier finance arrangements.*
Amendments to IAS 7: *amendments regarding supplier finance arrangements*
Amendments to IFRS 16: *amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.*

The Company has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective. The Company does not expect the adoption of the above new standards and amendments to have a material impact on the future financial statements of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 2022, unless otherwise stated, except for the adoption of new and amended standards as mentioned in Note 3.

4.1 Leases

The Company's lease represents lease of office space. Rental contract is made for a fixed period of five years. Contracts contains both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor, but leased assets may not be used as security for borrowing purposes. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company entities use that rate as a starting point to determine the incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to condensed interim statement of profit or loss and comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and,
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Company does not revalue right-of-use assets held by the Company.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in condensed interim statement of profit or loss and comprehensive income. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

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 2022.

6 REVENUE

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

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Tolling revenue				
- Toll usage fees	**455,289**	400,228	**909,535**	821,341
- Tag activation fees*	**6,519**	4,736	**15,121**	16,130
Total tolling revenue	**461,808**	404,964	**924,656**	837,471
Fines and penalties	**52,778**	50,249	**108,124**	104,455
Inactive balance write-off (Note 26)	**1,456**	1,447	**2,840**	2,864
Miscellaneous	**626**	57	**1,174**	115
	516,668	456,717	**1,036,794**	944,905

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

7 COST OF TAGS AND RECHARGE CARDS

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Inventories expensed - Salik tags	**3,107**	5,675	**10,169**	10,818
Inventories expensed - Salik recharge cards	**51**	43	**106**	113
	3,158	5,718	**10,275**	10,931

8 TOLL OPERATION AND MAINTENANCE EXPENSE

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Operating expenses	**15,079**	15,248	**30,167**	32,233
Maintenance expenses	**5,413**	8,205	**10,956**	15,360
	20,492	23,453	**41,123**	47,593

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.

9 EMPLOYEE BENEFITS EXPENSE

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Salaries and wages	**5,003**	2,224	**10,718**	4,401
End of service benefits	**61**	80	**123**	143
Bonus expense	-	-	**518**	-
Other benefits and allowances	**909**	85	**1,634**	344
	5,973	2,389	**12,993**	4,888

10 DEPRECIATION AND AMORTISATION EXPENSE

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Depreciation of property and equipment (Note 16)	-	1,868	**8**	3,317
Depreciation of right-of-use asset (Note 17)	**253**	-	**253**	-
Amortisation of intangibles (Note 14)	**20,409**	-	**40,816**	-
	20,662	1,868	**41,077**	3,317

11 FINANCE COSTS

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Finance cost on borrowings	**59,098**	-	**114,964**	-
Finance charge on lease liability	**73**	-	**73**	-
Other finance costs	**40**	-	**80**	-
	59,211	-	**115,117**	-

12 SERVICE PROVIDERS COMMISSIONS

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Service provider expense				
- Bank commissions	**3,834**	1,719	**7,624**	3,478
- Other Emirates commissions	**2,710**	2,540	**6,031**	5,355
Commission on card sales	**943**	1,731	**3,183**	4,475
Commission on tag sales	**2,249**	866	**3,293**	1,971
	9,736	6,856	**20,131**	15,279

13 OTHER EXPENSES

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Transition service expense (Note 22)	**2,354**	-	**3,148**	-
Professional fees	**1,416**	1,402	**3,510**	2,407
Wireless communication for Salik RFID tags	**525**	-	**525**	52
Utilities	**384**	191	**767**	349
Marketing and advertisement	**194**	-	**447**	-
Travel and accommodation	**-**	-	**73**	-
Entertainment	**-**	-	**26**	-
Other expenses	**45**	711	**725**	1,958
	4,918	2,304	**9,221**	4,766

14 INTANGIBLES

This represents the Company's right under the service concession agreement (Note 15), that is, an upfront concession fee of AED 4,000 million (31 December 2022: AED 4,000 million) to RTA under the service concession agreement between RTA and the Company.

For the period 1 January 2023 to 30 June 2023:

	AED'000
Cost	
At 1 January 2023 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**

For the year ended 31 December 2022:

	AED'000
Cost	
At 1 January 2022	-
Additions (Note 15)	4,000,000
At 31 December 2022	4,000,000
Accumulated amortisation	
At 1 January 2022	-
Charge for the year	40,817
At 31 December 2022	40,817
Net carrying amount	
At 31 December 2022	3,959,183

For the period 1 January 2022 to 1 July 2022:

	AED'000
Cost	
At 1 January 2022	-
Additions (Note 15)	4,000,000
At 1 July 2022	4,000,000
Accumulated amortisation	
At 1 January 2022	-
Charge for the period	-
At 1 July 2022	-
Net carrying amount	
At 1 July 2022	4,000,000

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 acquiring the right to operate Salik's existing gates and any future gates.

Additionally, a variable concession fee of 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 2023.

Variable concession fee for three-month and six-month periods ended 30 June 2023 amounts to AED 113.8 million and AED 227.4 million respectively, (2022: Nil for the periods from 1 April 2022 to 1 July 2022 and 1 January 2022 to 1 July 2022), 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 has the absolute and exclusive 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.

New toll gates: The Company has exclusive right to undertake any tolling works with respect to the new toll gates and all costs and expenses incurred for the construction of toll gates 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 valuation of the new toll gate. In case of difference in valuation done by RTA and that done 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 compared to forecasts.

Replacement of 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.

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: On end of the agreement, Operator shall, without consideration, transfer to Grantor all rights, title and interest of assets, intellectual property rights used in Dubai tolling operations.

16 PROPERTY AND EQUIPMENT

For the period 1 January 2023 to 30 June 2023:

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

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16 PROPERTY AND EQUIPMENT (continued)

For the year ended 31 December 2022:

	Buildings AED'000	*Infrastructure assets AED'000*	*Tolling equipment AED'000*	*Office equipment & furniture AED'000*	*Capital work in progress AED'000*	*Total AED'000*
Cost						
At 1 January 2022	2,438	128,718	49,438	1,657	27,680	209,931
Additions	-	-	106	-	3,052	3,158
Transfer*	-	-	2,259	-	(2,259)	-
Transfer from related party	-	-	-	150	-	150
Retirements**	-	-	(47,045)	(1,069)	-	(48,114)
Property and equipment not transferred to Salik***	(2,438)	(128,718)	(4,758)	(588)	(28,473)	(164,975)
At 31 December 2022	-	-	-	150	-	150
Accumulated depreciation						
At 1 January 2022	1,153	51,142	48,646	1,653	-	102,594
Depreciation charge for the year	52	2,573	691	15	-	3,331
Transfer from related party	-	-	-	46	-	46
Retirements	-	-	(4,758)	(1,069)	-	(5,827)
Property and equipment not transferred to Salik***	(1,205)	(53,715)	(44,579)	(585)	-	(100,084)
At 31 December 2022	-	-	-	60	-	60
Net carrying amount						
At 31 December 2022	-	-	-	90	-	90

*This includes transfer of Information technology (IT) assets of AED 2.3 million from CWIP to Tolling Equipment during the year.

**Retirements relate to certain fully depreciated Information technology (IT) assets under tolling equipment category and telecommunication assets under office equipment & furniture category.

***The property and equipment i.e. building, infrastructure assets and tolling equipment used by the Company in its operations till 30 June 2022, that is, until the date of its incorporation, but are legally owned by RTA and are not transferred to Salik Company P.J.S.C. on formation of the legal entity. However, as part of the service concession agreement (Note 15) entered into between by the Company and RTA these assets will be used by Salik to provide operation, maintenance, and management of Tolling business in Dubai.

16 PROPERTY AND EQUIPMENT (continued)

For the period 1 January 2022 to 1 July 2022:

	Buildings AED'000	*Infrastructure assets AED'000*	*Tolling equipment AED'000*	*Office equipment & furniture AED'000*	*Capital work in progress AED'000*	*Total AED'000*
Cost						
At 1 January 2022	2,438	128,718	49,438	1,657	27,680	209,931
Additions	-	-	109	-	3,052	3,161
Transfer*	-	-	2,259	-	(2,259)	-
Retirements**	-	-	(4,758)	(1,069)	-	(5,827)
Property and equipment not transferred to Salik***	(2,438)	(128,718)	(47,048)	-	(28,473)	(206,677)
At 1 July 2022	-	-	-	588	-	588
Accumulated depreciation						
At 1 January 2022	1,153	51,142	48,646	1,653	-	102,594
Depreciation charge for the period (Note 10)	52	2,573	691	1	-	3,317
Retirements	-	-	(4,758)	(1,069)	-	(5,827)
Property and equipment not transferred to Salik***	(1,205)	(53,715)	(44,579)	-	-	(99,499)
At 1 July 2022	-	-	-	585	-	585
Net carrying amount						
At 1 July 2022	-	-	-	3	-	3

*This represents transfer of Information technology (IT) assets from CWIP to Tolling Equipment during the period.

**Retirements relate to certain fully depreciated Information technology (IT) assets under Tolling Equipment category and Telecommunication assets under Office & Furniture category.

***The property and equipment i.e. building, infrastructure assets and tolling equipment used by the Company till 30 June 2022 in its operations but are legally owned by RTA and are not transferred to Salik Company P.J.S.C. on formation of the legal entity. However, as part of the service concession agreement (refer Note 15) entered into between by the Company and RTA these assets will be used by Salik to provide operation, maintenance, and management of Tolling business in Dubai.

17 LEASES

i. Right-of-use asset

	Buildings AED'000
Cost	
At 1 January 2023	-
Additions	**8,095**
At 30 June 2023	**8,095**
Accumulated depreciation	
At 1 January 2023	-
Charge for the period (Note 10)	**253**
At 30 June 2023	**253**
Net book value	
At 30 June 2023	**7,842**

ii. Lease liability

	AED'000
As at 1 January 2023	-
Lease additions	**8,095**
Finance charge for the period (Note 11)	**73**
Lease repayments	**(440)**
As at 30 June 2023	**7,728**
Lease liability is bifurcated into:	
Current	**906**
Non-current	**6,822**
	7,728

iii. Amounts recognised in profit or loss

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Finance charge on lease liability (Note 11)	**73**	-	**73**	-
Depreciation of right-of-use asset (Note 10)	**253**	-	**253**	-

17 LEASES (continued)

iv. Contractual undiscounted cash flows

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

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*
Not later than 1 year	**1,371**	-
Between 1 to 5 years	**7,609**	-
	8,980	-

18 SOFTWARE ENHANCEMENT EXPENSE

The expenditure incurred towards enhancements of the software did not meet capitalisation criteria and have been expensed in the period in which the expense was incurred. Expenses incurred related to software enhancement was AED 3.1 million and AED 5.0 million for the three-month and six-month periods ended 30 June 2023 respectively (2022: AED 4.5 million for the period from 1 April 2022 to 1 July 2022 and AED 8.3 million for the period from 1 January 2022 to 1 July 2022).

19 INVENTORIES

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*
Salik tags	**6,838**	5,188
Salik recharge scratch cards	**52**	6,348
	6,890	11,536

All inventories are in the form of finished goods. The cost of inventories recognised as expense during the period is included in '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.

20 TRADE AND OTHER RECEIVABLES

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*	*1 July 2022 (unaudited) AED'000*
Trade receivables (including fines and penalties)	**300,864**	313,410	355,399
Less: loss allowance on fines and penalties	**(177,456)**	(183,074)	(188,018)
	123,408	130,336	167,381
VAT receivable	**16,857**	211,249	202,723
Advance to supplier	**15,989**	20,808	27,638
Prepayments and other assets	**2,420**	2,014	160
	158,674	364,407	397,902

20 TRADE AND OTHER RECEIVABLES (continued)

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*	*1 July 2022 (unaudited) AED'000*
Break up of trade receivables is as follows:			
Fines and penalties	**282,476**	286,182	293,543
Taxi	**7,026**	7,543	31,367
Telecom	**5,331**	4,592	5,258
Banks	**4,823**	1,962	2,281
Gas stations	**855**	12,778	10,664
Other Emirates	**353**	353	12,285
Others	**-**	-	1
	300,864	313,410	355,399

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 unsecured, 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 other is considered to be not material.

Receivables from fines and penalties are unsecured, non-interest bearing and customers are generally required to pay the violation 12 months from the issuance date. The movement of loss allowance on receivable relating to fines and penalties were as follows:

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*	*1 July 2022 (unaudited) AED'000*
Balance at the beginning of the period / year / period	**183,074**	196,680	196,680
Provision for expected credit losses	**14,834**	26,614	12,528
Write offs during the period / year / period	**(20,452)**	(40,220)	(21,190)
Balance at the end of the period / year / period	**177,456**	183,074	188,018

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 2023 (unaudited)	**Expected credit loss %**	**Gross carrying amount *AED'000***	**Loss allowance *AED'000***
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**
		282,476	**177,456**

20 TRADE AND OTHER RECEIVABLES (continued)

31 December 2022 (audited)	Expected credit loss %	Gross carrying amount *AED'000*	Loss allowance *AED'000*
Current	39%	111,887	43,895
1 - 90 days	58% - 63%	12,536	7,616
91 - 180 days	64% - 68%	10,451	6,904
180 - 365 days	70% - 79%	22,691	16,962
365+ days	83%	128,617	107,697
		286,182	183,074

1 July 2022 (unaudited)	Expected credit loss %	Gross carrying amount *AED'000*	Loss allowance *AED'000*
Current	39%	114,277	43,642
1 - 90 days	54% - 60%	12,404	7,093
91 - 180 days	62% - 64%	12,903	8,103
180 - 365 days	67% - 77%	22,306	16,122
365+ days	86%	131,653	113,058
		293,543	188,018

21 CASH AND CASH EQUIVALENTS

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*
Cash at bank		
- In current account	**210,260**	321,758
- Fixed deposits with original maturity of less than three months	**700,000**	500,949
	910,260	822,707

Bank balance represent amounts held in current accounts and Wakala deposit maintained with Emirates NBD operating in the UAE. The deposits have a maturity period of 88 days and earn expected profits of 5.15%.

22 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 as per 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 Corporation (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 provide 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 NDB Bank PJSC (Note 23).

22 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*
Due from related parties		
Entities under common control of the Government of Dubai		
Roads and Transport Authority*	**80,264**	72,240
Dubai E-Government	**71,586**	66,408
Emirates National Oil Company	**11,875**	-
Dubai Taxi Corporation	**11,385**	5,660
	175,110	144,308
Due to a related party		
Entities under common control of the Government of Dubai		
Roads and Transport Authority*	**119,129**	313,492

*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.

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*
Loan from a related party		
Entities under common control of the Government of Dubai		
Emirates NBD PJSC	**3,987,176**	3,985,573

The Company obtained a financing facility with a related party, as has been disclosed in Note 23.

Bank balances as disclosed in Note 21 are held with a related party bank.

Transactions with related parties

Commission expense

Transactions with ENBD, other than finance cost on borrowings as explained in Note 23, relates to commission paid for collection services provided by ENBD and amounts to AED 0.7 million and AED 1.3 million for three-month and six-month periods ended 30 June 2023 respectively (2022: AED 0.6 million for the period from 1 April 2022 to 1 July 2022 and AED 1.2 million for the period from 1 January 2022 to 1 July 2022). Transactions, gross of commission earned, with ENOC relate to the sale of Salik tag and recharge cards and amount to AED 37 million and AED 74 million for three-month and six-month periods ended 30 June 2023 respectively (2022: AED 22.5 million for the period from 1 April 2022 to 1 July 2022 and AED 57.5 million for the period from 1 January 2022 to 1 July 2022).

Tolling fees collected by Dubai Taxi Corporation

Dubai Taxi Corporation ("DTC") is a subsidiary of RTA which is ultimately controlled by the Government of Dubai. Tolling fees collected by DTC represents toll fee collection by the taxis operated by DTC within the Emirate of Dubai and are based on trips under tollgates where there is a passenger in the taxi vehicle. Tolling fees collected by DTC are AED 17.4 million and AED 35.1 million for three-month and six-month periods ended 30 June 2023 respectively (2022: AED 14.8 million for the period from 1 April 2022 to 1 July 2022 and AED 31.9 million for the period from 1 January 2022 to 1 July 2022). Historically, collections made by DTC were settled directly with the Government of Dubai's Department of Finance. Accordingly, the total effect of the settlement of the tolling fee portion of these transactions until the date of formation of the Company, that is 30 June 2022, is reflected in the condensed interim statement of cash flows as a financing activity as part of movement in net parent investment. Effective from 1 July 2022, the amounts are collected by RTA on behalf of the Company and will be transferred to the Company in accordance with the terms of agreement with the Company.

22 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Corporate costs allocation

The Company had been allocated expenses of Nil for the three-month and six-month periods ended 30 June 2023 (2022: AED 13.3 million for the period from 1 April 2022 to 1 July 2022 and AED 40.5 million for the period from 1 January 2022 to 1 July 2022) from RTA. These costs are derived from multiple levels of the organisation including shared RTA corporate expenses and shared agency expenses. The allocated corporate costs include, but are not limited to, executive oversight, legal, finance, human resources, audit, strategic planning, and IT governance and are allocated to the Company to represent the cost of providing these services. Further, RTA's Director compensation is included in these amounts. The amounts allocated to the Company are intended to represent the costs of providing these services, and management believes the allocation methods are reasonable. However, the actual cost of obtaining these individual services, if the Company were a stand-alone company, could be materially different.

The cost of the services provided by RTA and TRA were determined by the most relevant allocation method, primarily relative percentage of headcount or revenue. These costs are recorded as corporate allocation expenses in the condensed interim statement of profit or loss and comprehensive income. Effective from 1 July 2022, the Company entered into a transitional services agreement with RTA for assistance with such back-office functions, as have been detailed below. Accordingly, corporate costs were allocated to the Company until 30 June 2022 and that no such costs have been allocated following the transitional services agreement.

Transitional Service Agreement

The Company entered into a Transitional Services Agreement ('TSA') with RTA, effective from 1 July 2022, wherein RTA providing 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 2023, an amount of AED 2.4 million and AED 3.1 million respectively has been charged by RTA for such transitional services and these have been included as 'Transition service expense' under 'Other expenses'.

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 15 for the financial impact associated with the Concession Agreement.

Cash pooling

Until 30 June 2022, the Company utilised the RTA's centralised processes and systems for cash management. As a result, substantially all cash received related to the tolling business was deposited and comingled with RTA's general corporate funds. The Company did not have legal right to deposit or withdraw funds autonomously. Substantially all cash received by the Company was deposited in and commingled with RTA's general corporate funds and is not specifically allocated to the Company. Effective from 1 July 2022, the Company has its own bank account and ceased to use the centralized cash pooling process and systems of RTA. Accordingly, all the transactions are settled directly with the bank account of the Company from this date.

The total net effect of the settlement of these transactions until 30 June 2022 is reflected in the statement of cash flows as a financing activity and in the condensed interim statement of changes in equity as net distributions to parent.

	Period from 1 January 2023 to 30 June 2023 (unaudited) AED'000	*Year ended 31 December 2022 (audited) AED'000*	*Period from 1 January 2022 to 1 July 2022 (unaudited) AED'000*
Cash pooling and general activities	-	(415,936)	(415,936)
Receivables from RTA	-	(451,296)	(451,296)
Corporate allocations	-	40,521	40,521
Net decrease in parent company investment	-	(826,711)	(826,711)

22 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Key management and directors' remuneration

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Key management				
Salaries and other benefits	**1,477**	-	**3,744**	-
End of service benefits	**21**	-	**41**	-
	1,498	-	**3,785**	-
Directors' remuneration	**3,145**	-	**3,375**	-

23 BORROWINGS

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*
Term loan from Emirates NBD	**4,000,000**	4,000,000
Unamortised loan cost	**(12,824)**	(14,427)
Total borrowing (non-current)	**3,987,176**	3,985,573

On 30 June 2022, the Company and Emirates NBD Bank entered into an agreement to underwrite a 5 year, AED 4,200 million unsecured Islamic Mudaraba 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 the Facility B, that is, revolving Murabaha facility commitment, to reduce the commitment to AED 50 million instead of the current commitment of AED 200 million. The purpose of the overall borrowing facility is firstly, towards making an upfront payment as per requirements under 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 commitment fee on 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 the same have been disclosed as 'Other asset' in the condensed interim statement of financial position.

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 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 reporting period.

23 BORROWINGS (continued)

As at 30 June 2023, the Company has access to the following borrowing facilities:

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*
Total available facilities	**4,050,000**	4,200,000
Facility utilised	**(4,000,000)**	(4,000,000)
Available financing facility	**50,000**	200,000

24 PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*
Balance at the beginning of the period / year	**2,624**	2,377
Charge for the period / year	**123**	988
Liability of employees not transferred to the Company	**-**	(741)
Balance at the end of the period / year	**2,747**	2,624

25 TRADE AND OTHER PAYABLES

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*
Trade payables - Operation and Maintenance service provider	**36,988**	38,727
Fine refund payables	**2,868**	2,871
Employee benefits	**1,845**	1,629
Commission accruals and other payables	**17,290**	16,588
	58,991	59,815

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.

26 CONTRACT LIABILITIES

As of 30 June 2023, current contract liabilities of AED 293.1 million (31 December 2022: AED 294.3 million), and non-current contract liabilities of AED 48.6 million (31 December 2022: AED 43.2 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.

26 CONTRACT LIABILITIES (continued)

As of 30 June 2023, contract liabilities of AED 75.8 million, arising from tag activation fees will be recognized as revenue as follows:

Year ended	*AED'000*
2023	15,121
2024	24,322
2025	19,556
2026	12,466
2027	4,383
Total	**75,848**

Movements in contract liabilities is as follows:

	30 June 2023 (unaudited) AED'000	*31 December 2022 (audited) AED'000*	*1 July 2022 (unaudited) AED'000*
Balance at the beginning of the period / year / period	**337,533**	313,346	313,345
Add: Recharges during the period / year / period	**909,728**	1,673,173	823,315
Add: Tag activation fees collected during the period / year / period	**21,914**	40,413	20,407
Less: Revenue recognised during the period / year / period – toll usage fees	**(909,535)**	(1,651,575)	(821,341)
Less: Revenue recognised during the period / year / period - tag sales	**(15,121)**	(32,182)	(16,130)
Less: Inactive balance write-off during the period / year / period	**(2,840)**	(5,642)	(2,864)
Balance at the end of the period / year / period	**341,679**	337,533	316,732

27 SHARE CAPITAL

The share capital of the Company comprised of 7,500,000,000 (31 December 2022: 7,500,000,000) shares of AED 0.01 each. All shares are authorised, issued and fully paid up.

28 REORGANISATION RESERVE

The reorganisation reserve is related to the capital reorganisation wherein the Salik Tolling Business was transferred from RTA to Salik Company P.J.S.C. during the year ended 31 December 2022. It represents the difference between the capital contributed by the Parent (DoF) and the net parent investment resulting from the transfer of tolling business of RTA to Salik Company P.J.S.C. as of 1 July 2022.

The movement in Net parent investment includes the impact of property and equipment not transferred to the Company (Note 16), the net distribution to the Parent (Note 22) and the total comprehensive income for the period 1 January 2022 to 30 June 2022, that is until the date the Company was legally set up and commenced its operations independently.

At the date of incorporation of the Company i.e., 30 June 2022, the Parent has contributed an amount of AED 205 million in the Company comprising of share capital of AED 75 million (Note 27) and remaining AED 130 million of capital contribution to the business. Further, additional capital contribution of AED 16.5 million was made by DoF following the incorporation of the Company. The total capital contribution of AED 146.5 million is not intended to be recalled by the Parent. Accordingly, the resulting Net parent investment of AED 146.5 million is offset by the capital contributed by the Parent and included in the reorganisation reserve.

Net parent investment in the comparative period represents the cumulative net investment by RTA in the Company from the inception of business until the date the business was transferred to the Company.

29 STATUTORY RESERVE

In accordance with the UAE Federal Decree Law No. (32) of 2021, 10% of net profit of the Company is to be allocated every year to a statutory reserve. This statutory reserve, as per the Memorandum 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. During the period ended 30 June 2023 the Company has allocated Nil (2022: AED 37.5 million) from net profit to statutory reserve as the Company has reached the maximum limit for the reserve.

30 DIVIDEND

Dividend of AED 491,408 thousand (AED 0.065521 per share) in respect of the year ended 31 December 2022 was declared and approved in Annual General Assembly Meeting held on 6th April 2023, which was subsequently paid on 26 April 2023.

31 EARNINGS PER SHARE

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

	For the period			
	1 April 2023 to 30 June 2023 (unaudited) AED'000	*1 April 2022 to 1 July 2022 (unaudited) AED'000*	***1 January 2023 to 30 June 2023 (unaudited) AED'000***	*1 January 2022 to 1 July 2022 (unaudited) AED'000*
Profit attributable to ordinary equity holders of the Company (AED '000)	**272,652**	393,601	**547,933**	796,748
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**	0.05	**0.07**	0.11

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. The denominator has been adjusted retrospectively in calculating historical EPS for the period ended 1 July 2022 by using the number of ordinary shares outstanding as on 1 July 2022. There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

32.1 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 2022. There has been no change in any financial risk management policies since year end.

32.2 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.

33 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. The Company's financial assets consist of trade and other receivables, due from related parties and cash and cash equivalents. The Company's financial liabilities consist of borrowings, lease liability, trade and other payables 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.

34 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at 30 June 2023 and 31 December 2022, the Company had outstanding trade receivable balances with gas stations related to the purchases of Salik tag and recharge cards in the amounts of AED 0.9 million and AED 12.8 million, respectively. These financial assets are offset by the commission payable by the Company to the gas stations in the amounts of AED 670 thousand and AED 672 thousand respectively. The net amount is reported in the condensed interim statement of financial position. The Company has an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis.

35 DEFERRED TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

Current taxes will only be payable for financial years beginning on or after 1 June 2023 so the Company will be subject to current tax for the first time during the year ending 31 December 2024. However, as mentioned above, enactment of the legislation requires the Company to record deferred taxes using the enacted rate of 9%. Based on the assessment performed by the management, an immaterial deferred tax impact has been noted as of and for the three-month and six-month periods ended 30 June 2023. As certain other cabinet decisions are pending as on the date of these condensed interim financial statements, the Company will continue to assess the impact of these pending cabinet decision on deferred taxes as and when finalized and published.

36 SUBSEQUENT EVENTS

On 10 August 2023, the Board of Directors approved to distribute AED 547,927,500 dividend to the shareholders (7.3057 fils per share).

37 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.

38 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 10 August 2023 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.