Dubai Taxi Corporation

Condensed interim financial statements

30 September 2023

Dubai Taxi Corporation

Condensed interim financial statements
for the nine month ended 30 September 2023

Contents

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Independent Auditors' Report on Review of Condensed Interim Financial Statements

To the Shareholder of Dubai Taxi Corporation

Introduction

We have reviewed the accompanying condensed statement of financial position of Dubai Taxi Corporation ("the Corporation") as at 30 September 2023, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended, and notes to the condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 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 the International Standard on Review Engagements 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'. A review of condensed 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.

Other Matter

The condensed statements of profit or loss and other comprehensive income, changes in equity, cash flows and notes to the condensed interim financial statements for the nine month period ended 30 September 2022 were unreviewed.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at 30 September 2023 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Maher Alkatout
Registration No: 5453
Dubai, United Arab Emirates
Date: 27 OCT 2023

Dubai Taxi Corporation

Condensed statement of profit or loss and other comprehensive income (unaudited)

For the nine months ended 30 September

	Note	**2023**	2022
		AED	AED
			(Unreviewed)
Revenue	*6*	**1,413,736,479**	1,272,131,555
Plate and license fees	*13*	**(232,335,600)**	(233,340,600)
Other direct costs	*7*	**(869,538,500)**	(871,443,477)
Gross profit		**311,862,379**	167,347,478
Other income		**34,483,152**	25,701,936
General and administrative expenses		**(53,302,305)**	(46,851,797)
Impairment loss on financial assets	*17*	**(19,840,701)**	(7,951,994)
Operating profit before staff bonus		**273,202,525**	138,245,623
Finance income		**10,625,317**	4,305,615
Finance cost		**(2,629,756)**	(869,696)
Net finance income	*8*	**7,995,561**	3,435,919
Profit for the period before bonus		**281,198,086**	141,681,542
Staff bonus		**(14,059,904)**	(7,084,077)
Profit for the period		**267,138,182**	134,597,465
Other comprehensive income		**-**	-
Total comprehensive income for the period		**267,138,182**	134,597,465

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

Dubai Taxi Corporation

Condensed statement of financial position
At 30 September 2023

	Note	30 September 2023	31 December 2022
	Note	**AED**	AED
		(Unaudited)	(Audited)
Assets			
Property and equipment	*9*	**722,280,601**	569,784,574
Intangible assets	*10*	**556,708,240**	556,708,240
Investment in financial assets	*11*	**-**	281,888,746
Non-current assets		**1,278,988,841**	1,408,381,560
Inventories		**2,555,653**	2,393,153
Trade and other receivables		**184,286,622**	147,147,043
Investment in financial assets	*11*	**107,445,933**	-
Cash and cash equivalents	*12*	**537,236,576**	235,101,944
Current assets		**831,524,784**	384,642,140
Total assets		**2,110,513,625**	1,793,023,700
Equity			
Capital	*14*	**200,000,000**	200,000,000
Statutory reserve	*15*	**100,000,000**	100,000,000
General reserve	*15*	**100,000,000**	100,000,000
Retained earnings		**80,805,860**	-
Total equity		**480,805,860**	400,000,000
Liabilities			
Pension and post-employment benefits		**31,822,344**	28,556,992
Loans and borrowings	*16*	**996,902,500**	-
Non-current liability		**1,028,724,844**	28,556,992
Trade and other payables		**569,339,871**	536,548,018
Due to related parties	*13*	**31,643,050**	827,918,690
Current liabilities		**600,982,921**	1,364,466,708
Total liabilities		**1,629,707,765**	1,393,023,700
Total equity and liabilities		**2,110,513,625**	1,793,023,700

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

The condensed interim financial statements were authorised for issue on 27 OCT 2023

....
H.E. Mattar Mohammed Al Tayer
Director General & Chairman of the Board of Executive Directors
Roads and Transport Authority

....
Mr. Abdulmuhsen Ibrahim Kalbat
Chairman supervisory Board
Dubai Taxi Corporation

....
Mr. Mansoor Alfalasi
Chief Executive Officer
Dubai Taxi Corporation

Dubai Taxi Corporation

Condensed statement of changes in equity (unaudited)

For the nine-month period ended 30 September 2023

	Capital	Statutory reserve	General reserve	Retained earnings	Total
	AED	AED	AED	AED	AED
Balance as at 1 January 2022	200,000,000	86,036,704	86,036,704	-	372,073,408
Total comprehensive income for the period (Unreviewed)	-	-	-	134,597,465	134,597,465
Transfer to reserves (Unreviewed)	-	13,963,296	13,963,296	(27,926,592)	-
Transferred to Roads & Transport Authority (Unreviewed)	-	-	-	(106,670,873)	(106,670,873)
Balance as at 30 September 2022 (Unreviewed)	200,000,000	100,000,000	100,000,000	-	400,000,000
Balance as at 1 January 2023	200,000,000	100,000,000	100,000,000	-	400,000,000
Total comprehensive income for the period	-	-	-	267,138,182	267,138,182
Transferred to Roads & Transport Authority (refer to note 15)	-	-	-	(186,332,322)	(186,332,322)
Balance as at 30 September 2023	**200,000,000**	**100,000,000**	**100,000,000**	**80,805,860**	**480,805,860**

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

Dubai Taxi Corporation

Condensed statement of cash flows (unaudited)

For the nine-month period ended 30 September

	Note	2023	2022
	Note	**AED**	AED
			(Unreviewed)
Cash flows from operating activities			
Profit for the period		**267,138,182**	134,597,465
Adjustments for:			
Depreciation of property and equipment	*9*	**97,954,901**	73,338,663
Impairment loss on financial assets	*17*	**19,840,701**	7,951,994
Finance income		**(5,101,074)**	(4,305,615)
(Gain)/ loss on equity securities measured at FVTPL	*8*	**(4,625,764)**	649,839
Provision for employees' end of service indemnity		**4,379,034**	2,956,706
Gain on disposal of property and equipment	*9*	**(3,645,635)**	(626,203)
Loss on disposal of investment in financial assets	*8*	**1,940,312**	-
Interest on loans and borrowings	*8*	**495,464**	-
Dividend income	*8*	**(898,479)**	-
Amortization of arrangement fee	*8*	**52,500**	-
Amortization of right of use asset		**-**	475,444
Gain on derecognition of lease liability		**-**	(2,585,945)
Interest expenses on lease liability		**-**	39,895
Gross cash flows from operations		**377,530,142**	212,492,243
Changes in:			
Inventories		**(162,500)**	305,602
Trade and other receivables		**(57,058,401)**	(137,203,305)
Trade and other payables		**29,959,060**	129,287,768
Due to related parties		**(480,964,611)**	(29,536,367)
Cash (used in)/ generated from operating activities		**(130,696,310)**	175,345,941
Payment of employees end of service benefits		**(1,113,682)**	(734,716)
Net cash flows (used in)/ generated from operating activities		**(131,809,992)**	174,611,225
Cash flows from investing activities			
Purchase of property and equipment	*9*	**(269,705,255)**	(215,363,730)
Proceeds from disposal of investment in debt instruments	*11*	**181,093,281**	29,563,822
Proceeds from disposal of property and equipment	*9*	**22,899,962**	18,177,547
Dividend income received		**898,479**	
Finance income received		**3,551,508**	1,884,864
Purchase of investments in financial assets, net		**-**	(165,510,002)
Net cash used in investing activities		**(61,262,025)**	(331,247,499)
Cash flows from financing activities			
Proceeds from borrowings	*16*	**1,000,000,000**	-
Repayment of due to related party		**(501,643,351)**	-
Payment for arrangement fee	*16*	**(3,150,000)**	-
Net cash flows from financing activities		**495,206,649**	-
Net increase/ (decrease) in cash and cash equivalents		**302,134,632**	(156,636,274)
Cash and cash equivalents as at 1 January		**235,101,944**	232,120,956
Cash and cash equivalents as at 30 September	*12*	**537,236,576**	75,484,682

These comprise the following:			
Cash in hand	*12*	**2,009,046**	570,556
Cash at banks	*12*	**535,319,013**	75,009,336
Cash in hand and in banks		**537,328,059**	75,579,892
Less: allowance for impairment		**(91,483)**	(95,210)
Cash and cash equivalents as at 30 September	*12*	**537,236,576**	75,484,682

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

1. Corporate information

Dubai Taxi Corporation ("the Corporation") was incorporated on 28 September 1994 in accordance with the provisions of Law No. (5) of 1994 decreed by H. H. The Ruler of Dubai in order to operate a fleet of taxis in the Emirate of Dubai and to the other Emirates. The Corporation commenced operations on 20 May 1995. In accordance with Law No. (20) of 2008, the Corporation is wholly owned by the Roads & Transport Authority ("RTA" or the "Parent Company").

The registered office of the Corporation is P.O. Box 2647, Dubai, U.A.E.

The ultimate controlling party is the Government of Dubai and the parent company is RTA.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. These condensed interim financial statements do not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Corporation's last annual financial statements as at and for the year ended 31 December 2022. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Corporation since the last annual financial statements as at and for the year ended 31 December 2022.

The condensed interim financial statements were approved by the Board of Directors on 27 OCT 2023

3. Changes in significant accounting policies

The accounting policies applied by the Corporation in these condensed interim financial statements are the same as those applied by the Corporation in its financial statements as at and for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New standards, amendments and interpretations adopted by the Corporation

The following new amendments to IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these condensed interim financial statements:

- Disclosure of accounting policies – Amendment to IAS 1 and IFRS Practice Statement 2
- Definition of accounting estimate – Amendment to IAS 8
- Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12.
- IFRS 17 Insurance Contracts

The adoption of above amendments does not have any significant impact on the condensed interim financial statements of the Corporation.

4. Use of 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 income, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2022.

5. Segment information

The Corporation has identified the revenue streams as its basis of segmentation.

- Regular taxis
- Limousine service
- School bus

The Corporation measures the segment performance on profit before staff bonus and operating profit before staff bonus. Although this is a non-IFRS measure, this provides additional information to the users of the condensed interim financial statements. The Corporations Chief Operating Decision Maker (Chief Executive Officer) reviews the internal management reports of the reported segments at least on a quarterly basis.

The following tables presents certain results, assets and liabilities information regarding the Corporation's reportable segments as at the reporting date:

	Regular taxis		**Limousine service**		**School bus**		**Total**	
	30 September 2023	30 September 2022	**30 September 2023**	30 September 2022	**30 September 2023**	30 September 2022	**30 September 2023**	30 September 2022
	AED	AED	**AED**	AED	**AED**	AED	**AED**	AED
Revenue	**1,258,039,865**	1,107,702,691	**86,586,157**	105,114,888	**69,110,457**	59,313,976	**1,413,736,479**	1,272,131,555
Gross profit / (loss)	**302,068,519**	163,897,492	**10,381,613**	9,671,719	**(587,753)**	(6,221,733)	**311,862,379**	167,347,478
Operating profit /(loss) before staff bonus*	**270,491,552**	145,263,689	**6,493,798**	7,033,803	**(3,782,825)**	(14,051,869)	**273,202,525**	138,245,623
Finance income	**10,625,317**	4,305,615	**-**	-	**-**	-	**10,625,317**	4,305,615
Finance cost	**(2,408,496)**	(843,194)	**(101,668)**	(16,643)	**(119,592)**	(9,859)	**(2,629,756)**	(869,696)
Profit for the period/(loss) before bonus	**278,708,373**	148,726,110	**6,392,130**	7,017,160	**(3,902,417)**	(14,061,728)	**281,198,086**	141,681,542
Staff bonus	**(13,741,324)**	(6,764,897)	**(318,580)**	(319,180)	**-**	-	**(14,059,904)**	(7,084,077)
Profit/ (loss) for the period	**264,967,049**	141,961,213	**6,073,550**	6,697,980	**(3,902,417)**	(14,061,728)	**267,138,182**	134,597,465

** This includes impairment allowance on financial assets recognised in accordance with IFRS 9, amounting to AED 19,840,701 (September 2022: AED 7,951,994). Total impairment allowance relates to school bus services amounting to AED 507,779 (September 2022: AED 4,833,924), regular taxi services amounting to AED 17,995,737 (September 2022: AED 2,702,014) and AED 1,337,185 (September 2022: AED 416,056) on limousines services.*

	Regular taxis		**Limousine service**		**School bus**		**Total**	
	30 September 2023	31 December 2022	**30 September 2023**	31 December 2022	**30 September 2023**	31 December 2022	**30 September 2023**	31 December 2022
	AED	AED	**AED**	AED	**AED**	AED	**AED**	AED
Segment assets	**1,727,505,132**	1,527,519,441	**86,764,635**	34,023,628	**296,243,858**	231,480,631	**2,110,513,625**	1,793,023,700
Segment liabilities	**1,470,830,176**	1,310,868,706	**95,961,766**	67,049,251	**62,915,823**	15,105,743	**1,629,707,765**	1,393,023,700

Timing of recognition of revenue from contract with customers (refer to note 6) for the Corporation's reportable segments is presented below:

	Regular taxis		**Limousine service**		**School bus**		**Total**	
	30 September 2023	30 September 2022	**30 September 2023**	30 September 2022	**30 September 2023**	30 September 2022	**30 September 2023**	30 September 2022
	AED	AED	**AED**	AED	**AED**	AED	**AED**	AED
Over the period of time	**1,258,039,747**	1,107,702,691	**86,586,274**	105,114,888	**69,110,458**	59,313,976	**1,413,736,479**	1,272,131,555

The operations of the Corporations are entirely based in United Arab Emirates. Other revenue has been clubbed within regular taxi segment due to being insignificant.

6. Revenue

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
	AED	AED
		(Unreviewed)
Revenue from contract with customers		
Regular taxis	**1,246,680,499**	1,106,103,293
Limousine service	**86,586,157**	105,115,435
School bus	**69,110,457**	59,313,976
Others	**11,359,366**	1,598,851
	1,413,736,479	1,272,131,555
Timing of revenue recognition		
Services transferred over the period of time	**1,413,736,479**	1,272,131,555

7. Other direct costs

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
	AED	AED
		(Unreviewed)
Staff costs	**391,969,771**	388,222,034
Fuel cost	**174,473,169**	202,083,954
Depreciation of property and equipment	**93,794,434**	69,562,180
Charges and commission	**80,510,685**	75,448,048
Vehicle maintenance	**47,193,330**	52,362,667
Insurance	**41,716,240**	36,082,712
VAT expenses	**20,512,682**	20,033,356
Rent expense	**12,360,186**	7,040,623
Amortization of right-of-use assets	**-**	475,444
Others	**7,008,003**	20,132,459
	869,538,500	871,443,477

8. Finance income and cost

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
		(Unreviewed)
	AED	AED
Finance income		
Interest income on Sukuk and Wakala deposits	**4,811,092**	4,147,511
Gain on equity securities measured at FVTPL	**4,625,764**	-
Dividend income	**898,479**	-
Interest income on cash at banks	**289,982**	158,104
	10,625,317	4,305,615

8. Finance income and cost (continued)

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
		(Unreviewed)
	AED	AED
Finance costs		
Loss on disposal of investment in financial assets (refer to note 11)	**(1,940,312)**	-
Interest on loans and borrowings	**(495,464)**	-
Bank charges	**(141,480)**	(179,962)
Amortization of arrangement fee	**(52,500)**	-
Loss on equity securities measured at FVTPL	-	(649,839)
Interest expense on lease	-	(39,895)
	(2,629,756)	(869,696)
Net finance income	**7,995,561**	3,435,919

9. Property and equipment

During the nine months period ended 30 September 2023, the Corporation added property and equipment amounting to AED 269,705,255 *(30 September 2022 (Unreviewed): AED 215,363,730).*

The depreciation on property and equipment during the nine months period ended 30 September 2023 amounted to AED 97,954,901 *(30 September 2022 (Unreviewed): AED 73,338,663).*

During the nine months period ended 30 September 2023, assets with a net carrying amount of AED 19,254,327 *(30 September 2022 (Unreviewed): AED 17,551,344)* were sold by the Corporation at AED 22,899,962 *(30 September 2022 (Unreviewed): AED 18,177,547),* resulting in a profit on disposal of AED 3,645,635 *(30 September 2022 (Unreviewed): AED 626,203).*

10. Intangible assets

At 30 September 2023, intangible assets amounted to AED 556,708,240 *(31 December 2022: AED 556,708,240)*. This represents license plates purchased from RTA as a consideration for obtaining the rights relating to operation of taxis. These have infinite life, therefore, are not amortised.

11. Investment in financial assets

The below table represents the carrying amounts of interests in equity-accounted investees recognised and the related movements during the year:

	30 September 2023	31 December 2022
	AED	AED
Non-current		
Sukuk and Wakala (refer note (i) below)	-	263,496,194
Investment in equity shares (refer note (ii) below)	-	18,491,719
Less: allowance for impairment	-	(99,167)
	-	281,888,746
Current		
Sukuk and Wakala (refer note (i) below)	**107,466,979**	-
Less: allowance for impairment	**(21,046)**	-
	107,445,933	-
Total investment in financial assets	**107,445,933**	281,888,746

11. Investment in financial assets (continued)

(i) These are investments in listed corporate with interest ranging between 3% - 5% and maturity period within 1 - 5 years.

During the period, Sukuk with net carrying amount of AED 159,916,110 *(30 September (Unreviewed): nil)* were sold by Corporation for AED 157,984,634 *(30 September (Unreviewed): nil)* resulting in loss on disposal of AED 1,931,476*(30 September (Unreviewed): nil)*.

(ii) The details of the Corporation's investments in equity securities as follows:

	30 September 2023	31 December 2022
	AED	AED
Salik Company PJSC	-	9,210,000
Tecom Group PJSC	-	3,740,000
Emirates Central Cooling Systems Corp	-	3,203,008
Dubai Electricity and Water Authority PJSC	-	2,338,711
	-	18,491,719

Investments of equity securities are listed on stock exchange and are actively traded in the market. Accordingly fair value of these investments are categorized at level 1 of the fair value hierarchy (refer to note 18).

During the period, investments in equity securities with fair value of AED 23,117,483 *(30 September (Unreviewed): nil)* were sold by Corporation for AED 23,108,647 *(30 September (Unreviewed): nil)* resulting in profit on disposal of AED 8,836*(30 September (Unreviewed): nil)*.

12. Cash and cash equivalents

	30 September 2023	31 December 2022
	AED	AED
Cash in hand	**2,009,046**	475,132
Cash at banks	**535,319,013**	234,718,295
	537,328,059	235,193,427
Less: allowance for impairment	**(91,483)**	(91,483)
	537,236,576	235,101,944

13. Related party transactions

The Corporation has elected to apply the exemption in relation to government related entities under IAS 24 *'Related Parties'* to disclose transactions and balances with government related entities which are individually or collectively significant as of the reporting date. To determine significance, the Corporation considers various qualitative and quantitative factors including whether transactions with related parties are based on approved terms and conditions by management.

13. Related party transactions (continued)

Transactions with related parties included in the condensed interim financial statements are as follows:

	30 September 2023	30 September 2022
	AED	AED
		(Unreviewed)
Expenses charged:		
Plate and license fee (refer note (i) below)	**232,335,600**	233,340,600
Salik charges	**50,831,884**	46,339,960
Revenue earned:		
Rent income (refer note (iii) below)	**5,400,000**	5,400,000

(i) Plate and license fees pertains to the monthly amount charged by RTA (ranging between AED 1,200 to AED 5,000 per taxi) depending upon the nature of the operating taxi.

(ii) This pertains to office space leased to RTA.

Compensation of key management personnel

The remuneration of directors and other key members of management during the period is as follows:

	30 September 2023	30 September 2022
	AED	AED
Short-term benefits and bonus	**6,293,373**	5,833,978
Post-retirement benefits	**448,420**	411,516
Total	**6,741,793**	6,245,494

Balances with related parties

	30 September 2023	31 December 2022
	AED	AED
Due to related parties		
RTA (refer to note 16)	**26,230,230**	822,258,906
Salik Company PJSC	**5,412,820**	5,659,784
	31,643,050	827,918,690

Due to related parties are unsecured, interest free and payable on demand.

14. Capital

	30 September 2023	31 December 2022
	AED	AED
Capital in accordance with Law No. (5) of 1994	**200,000,000**	200,000,000

As mentioned in note 1, in accordance with Law No. (20) of 2008, the Corporation is wholly owned by the RTA. The Corporation has not been divided into shares and therefore, IAS 33 *earnings per share* is not applicable.

15. Other reserves

In accordance with the provisions of Law No. 20 of 2007 decreed by H.H. the Ruler of Dubai, 10% of the yearly net profit of the Corporation will be transferred to statutory and general reserve each year until each reserve reaches a maximum of 50% of the paid-up capital. As of 30 September 2023, statutory and general reserves are 50% of the share capital, hence no transfer made during the period.

In line with the board resolution passed by the Parent Company on 28 September 2023, The Corporation transferred the net profit for the six months period ended 30 June 2023 amounting to AED 186 million to the Parent Company and retained the net profit for the third quarter as retained earnings.

16. Loans and borrowings

	30 September 2023	31 December 2022
	AED	AED
Term loan	**996,902,500**	-
Disclosed in the interim condensed statement of financial position as follows:		
Current	-	-
Non-current	**996,902,500**	-

The table below provides movement of loans and borrowings:

	30 September 2023	31 December 2022
	AED	AED
As 1 January	**-**	-
Drawdown	**1,000,000,000**	-
Transaction costs	**(3,150,000)**	-
Amortisation of transaction cost	**52,500**	-
At 30 September/ 31 December	**996,902,500**	-

The interest rate of the loan is EIBOR plus 0.8% and is repayable in 5 years in form a bullet payment. The proceeds from loan drawdown has been used to repay the liability of RTA.

During the period, Corporation also obtained a revolving credit facility of AED 200 million with maturity date of 5 years. No drawdown has been made from revolving credit facility during the period.

17. Financial risk management

Overview

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

- Credit risk;
- Liquidity risk; and
- Market risk

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's trade and other receivables, investment in financial assets and cash at banks.

17. Financial risk management (continued)

(a) Credit risk (continued)

(i) This includes provision for the staff receivables in relation to terminated and active employees. During the period, the Corporation has provided for AED 14,747,500 *(30 September 2022: AED 4,038,825)*. This is in line with Corporation's policy of providing 100% allowance for receivables from terminated employees. For active employees, allowance for impairment is provided in line with the historical trend based on average percentage of employees leaving the Corporation in prior years.

For cash at banks and investments in financial assets the allowance for impairment is AED 91,483 and AED 21,046, respectively. During the period, impairment allowance of AED 78,121 was reversed pertaining to investments in financial assets.

(b) Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

	Carrying value	**Contractual cash flows**	**Less than 1 year**	**1 – 5 Years**
	AED	**AED**	**AED**	**AED**
At 30 September 2023				
Non-derivative financial liabilities:				
Due to related parties	**31,644,762**	**31,644,762**	**31,644,762**	**-**
Trade and other payables	**569,339,871**	**569,339,871**	**558,391,246**	**-**
Loans and borrowings	**996,902,500**	**1,301,407,875**	**60,281,575**	**1,241,126,300**
	1,597,887,133	**1,902,392,508**	**650,317,583**	**1,241,126,300**
At 31 December 2022				
Non-derivative financial liabilities:				
Due to a related party	827,918,690	(827,918,690)	(827,918,690)	-
Trade and other payables	536,548,018	(536,548,018)	(536,548,018)	-
	1,364,466,708	(1,364,466,708)	(1,364,466,708)	-

As at 30 September 2023 and 31 December 2022, there were no derivative financial instruments carried by the Corporation.

17. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Corporation's income or the value of its holdings of financial instruments.

Currency risk

The Corporation does not have any significant foreign currency exposure, as majority of its transactions are denominated in AED.

Interest rate risk

At the reporting date, the interest rate profile of the Corporation's interest-bearing financial instruments is:

	30 September 2023	31 December 2022
	AED	AED
Fixed rate instruments		
Sukuk and Wakala deposits (refer to note 11)	**107,445,933**	263,496,194
Variable rate instruments		
Loans and borrowings (refer to note 16)	**1,000,000,000**	-

Cash flow sensitivity analysis for variable rate instruments

An increase of 1% in interest rates at the reporting date would have increased/ (decreased) statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	30 September 2023	30 September 2022
	AED	AED
		(Unreviewed)
Variable rate instrument	**10,000,000**	-

Since the interest rate on Sukuk and Waqala deposit is fixed, any change in the interest rate will not have any impact on the profit or loss of the Corporation.

Equity price risk

The Corporation's investments are listed in the Dubai Financial Markets ("DFM"). These investments are carried at fair value through profit or loss. The impact of a 2% change in the DFM index at the reporting date on the profit or loss would have been AED nil *(30 September 2022 (Unreviewed): AED 87,921)*.

17. Financial risk management (continued)

(d) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed statement of financial position are as follows:

		30 September 2023	**30 September 2023**	31 December 2022	31 December 2022
	Levels	**Carrying amount**	**Fair value**	Carrying amount	Fair value
		AED	**AED**	AED	AED
Financials assets carried at fair value					
Fair value through profit or loss	1	-	-	18,491,719	18,491,719
Financials assets carried at amortised cost					
Sukuks	1	-	-	46,200,315	36,323,578
Wakala and other deposits**		**107,466,979**	**107,466,979**	217,295,878	217,295,878
Trade and other receivables (excluding advances and prepayments) **		**273,763,263**	**273,763,263**	218,842,966	218,842,966
Cash at banks*		**535,319,013**	**535,319,013**	234,718,295	234,718,295
Financial liabilities carried at amortised cost					
Due to related parties**		**31,643,050**	**31,643,050**	827,918,690	827,918,690
Trade and other payables **		**569,339,871**	**569,339,871**	536,548,018	536,548,018

* These financial assets carry a market rate of interest and hence, the fair values reported approximate carrying values.

** These financial assets and liabilities have short term maturity and thus, the fair values reported approximate carrying values.

Fair value hierarchy

The table above analyses assets and liabilities that require or permits fair value measurements or disclosure about fair value measurements.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 September 2023, investments in equity shares amounting to AED nil *(31 December 2022: AED 18,491,719)* are measured at fair value at Level 1 in the hierarchy.

18. Commitments and contingent liabilities

The Corporation's capital commitments at the reporting date amounted to AED 107,144,706 *(31 December 2022: AED 33,634,560).*

The Corporation do not have any contingent liability *(31 December 2022: nil).*

19. UAE corporate tax law

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 1 I 6/2022 effective from January 2023, has confirmed the threshold of income over which the 9% tax rate would apply, and the Law is considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375.000. a rate of 0% will apply to taxable income not exceeding AED 375,000.

The Corporation will be subject to taxation commencing I January 2024. Based on the above, the Corporation assessed the deferred tax implication and concluded it is not expected to be material as of and for the nine months period ended 30 September 2023. As certain other Cabinet Decisions are pending as on the date of these condensed interim financial information, the Corporation will continue to assess the impact of these pending Cabinet Decisions on deferred taxes as and when finalised and published.

20. Comparative figures

The previous period's figures have been regrouped wherever necessary, in order to confirm to the current year's presentation. The regrouping does not affect the previously reported net assets, total equity and profit or loss and other comprehensive income. This includes reclassification of plate and license fee in condensed profit or loss account to direct expenses in the comparative period which has resulted in reduction of gross profit, however, no impact on net and operating profit.