# Dubai Taxi Corporation

## Condensed interim financial statements

*30 June 2023*

# Dubai Taxi Corporation

## Condensed interim financial statements
*for the six months ended 30 June 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 June 2023, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six 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.

### 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 June 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: 28 SEP 2023

# Dubai Taxi Corporation

## Condensed statement of profit or loss (unaudited)

*For the six months ended 30 June*

| | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | **AED** | AED |
| | | | |
| **Revenue** | *6* | **956,678,554** | 864,107,346 |
| Plate and license fees | *13* | **(155,660,400)** | (155,510,400) |
| Other direct costs | *7* | **(584,772,845)** | (578,567,249) |
| **Gross profit** | | **216,245,309** | 130,029,697 |
| | | | |
| Other income | | **23,228,388** | 18,990,804 |
| General and administrative expenses | | **(36,053,080)** | (33,233,881) |
| Impairment loss on financial assets | | **(15,654,524)** | (3,837,473) |
| **Operating profit before staff bonus** | | **187,766,093** | 111,949,147 |
| | | | |
| Finance income | | **8,448,964** | 2,891,003 |
| Finance cost | | **(75,771)** | (113,416) |
| **Net finance income** | *8* | **8,373,193** | 2,777,587 |
| | | | |
| **Profit for the period before staff bonus** | | **196,139,286** | 114,726,734 |
| Staff bonus | | **(9,806,964)** | (5,736,337) |
| | | | |
| **Profit for the period** | | **186,332,322** | 108,990,397 |
| Other comprehensive income | | **-** | - |
| | | | |
| **Total comprehensive income for the period** | | **186,332,322** | 108,990,397 |

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

# Dubai Taxi Corporation

## Condensed statement of financial position

| | Note | 30 June 2023 AED (Unaudited) | 31 December 2022 AED (Audited) |
|---|---|---|---|
| **Assets** | | | |
| Property and equipment | *9* | **644,546,433** | 569,784,574 |
| Intangible assets | *10* | **556,708,240** | 556,708,240 |
| Investment in financial assets | *11* | **164,904,068** | 281,888,746 |
| **Non-current assets** | | **1,366,158,741** | 1,408,381,560 |
| | | | |
| Inventories | | **3,839,902** | 2,393,153 |
| Trade and other receivables | | **198,495,309** | 147,147,043 |
| Investment in financial assets | *11* | **125,841,061** | - |
| Cash and cash equivalents | *12* | **353,586,863** | 235,101,944 |
| **Current assets** | | **681,763,135** | 384,642,140 |
| **Total assets** | | **2,047,921,876** | 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 |
| **Total equity** | | **400,000,000** | 400,000,000 |
| | | | |
| | | | |
| **Liabilities** | | | |
| Pension and post-employment benefits | | **30,764,580** | 28,556,992 |
| **Non-current liability** | | **30,764,580** | 28,556,992 |
| | | | |
| Trade and other payables | | **575,765,914** | 536,548,018 |
| Due to related parties | *13* | **1,041,391,382** | 827,918,690 |
| **Current liabilities** | | **1,617,157,296** | 1,364,466,708 |
| **Total liabilities** | | **1,647,921,876** | 1,393,023,700 |
| **Total equity and liabilities** | | **2,047,921,876** | 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 SEP 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 six months ended 30 June 2023*

| | Paid-up 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 |
| Profit for the period | - | - | - | 108,990,397 | 108,990,397 |
| Transfer to reserves | - | 11,472,673 | 11,472,673 | (22,945,346) | - |
| Transferred to Roads & Transport Authority | - | - | - | (86,045,051) | (86,045,051) |
| **Balance as at 30 June 2022** | 200,000,000 | 97,509,377 | 97,509,377 | - | 395,018,754 |
| **Balance as at 1 January 2023** | **200,000,000** | **100,000,000** | **100,000,000** | **-** | **400,000,000** |
| Profit for the period | **-** | **-** | **-** | **186,332,322** | **186,332,322** |
| Transferred to Roads & Transport Authority | **-** | **-** | **-** | **(186,332,322)** | **(186,332,322)** |
| **Balance as at 30 June 2023** | **200,000,000** | **100,000,000** | **100,000,000** | **-** | **400,000,000** |

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

# Dubai Taxi Corporation

## Condensed statement of cash flows (unaudited)

*For the six months ended 30 June*

| | | 2023 | 2022 |
|---|---|---|---|
| | *Note* | **AED** | AED |
| **Cash flows from operating activities** | | | |
| Profit for the period | | **186,332,322** | 108,990,397 |
| *Adjustments for:* | | | |
| Impairment loss on financial assets | | **15,654,524** | 3,837,473 |
| Depreciation of property and equipment | *9* | **61,506,347** | 47,143,978 |
| Finance income | *8* | **(4,538,860)** | (2,891,003) |
| Gain on equity securities measured at FVTPL | *8* | **(3,434,561)** | - |
| Provision for employees' end of service indemnity | | **2,820,185** | 2,011,815 |
| Gain on disposal of property and equipment | *9* | **(1,992,054)** | (1,339,314) |
| Dividend income | | **(475,543)** | - |
| Amortization of right of use asset | | **-** | 475,443 |
| Gain on derecognition of lease liability | | **-** | (2,585,945) |
| Interest expenses on lease liability | | **-** | 39,895 |
| **Gross cash flows from operations** | | **255,872,360** | 155,682,739 |
| Changes in: | | | |
| Inventories | | **(1,446,749)** | 379,327 |
| Trade and other receivables | | **(67,006,517)** | (60,868,810) |
| Trade and other payables | | **37,668,238** | 109,347,863 |
| Due to related parties | | **27,140,370** | (96,296,591) |
| **Cash generated from operating activities** | | **252,227,702** | 108,244,528 |
| Payment of employees end of service benefits | | **(612,597)** | (410,524) |
| **Net cash from operating activities** | | **251,615,105** | 107,834,004 |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | | **(146,730,089)** | (85,329,409) |
| Proceeds from disposal of property and equipment | | **12,453,937** | 10,667,451 |
| Finance income received | | **666,696** | 214,838 |
| Dividend income received | | **475,543** | - |
| Proceeds from matured investment in debt instruments | | **-** | 50,215,230 |
| Purchase of investments in financial assets | | **-** | (128,491,718) |
| **Net cash used in investing activities** | | **(133,133,913)** | (152,723,608) |
| | | | |
| **Net increase/ (decrease) in cash and cash equivalents** | | **118,481,192** | (44,889,604) |
| Cash and cash equivalents as at 1 January | | **235,197,154** | 232,216,166 |
| **Cash and cash equivalents as at 30 June** | *12* | **353,678,346** | 187,326,562 |

| | | | |
|---|---|---|---|
| *These comprise the following:* | | | |
| Cash in hand | *12* | **1,429,370** | 29,095 |
| Cash at banks | *12* | **352,248,976** | 187,297,467 |
| **Cash in hand and in banks** | | **353,678,346** | 187,326,562 |
| Less: allowance for impairment | | **(91,483)** | (95,210) |
| **Cash and cash equivalents as at 30 June** | *12* | **353,586,863** | 187,231,352 |

*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 June 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").

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 _______.

### 2.1 Funding and liquidity

As at 30 June 2023, the Corporation has net current liabilities amounting to AED 935,394,161 *(31 December 2022: AED 979,824,568).* This is mainly related to amount due to Parent Company of AED 1,030,005,922 *(31 December 2022: 822,258,906)*. Management believes that it will be able to meet the obligations based on future cash flow projections. Therefore, the Corporation's management believe that the Corporation will meet its liquidity requirements as and when it falls due during the next twelve months from the reporting date.

### 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 June 2023** | 30 June 2022 | **30 June 2023** | 30 June 2022 | **30 June 2023** | 30 June 2022 | **30 June 2023** | 30 June 2022 |
| | **AED** | AED | **AED** | AED | **AED** | AED | **AED** | AED |
| Revenue | **841,483,231** | 740,851,994 | **58,088,371** | 73,784,705 | **57,106,952** | 49,470,647 | **956,678,554** | 864,107,346 |
| Gross Profit | **202,234,162** | 111,676,114 | **8,026,295** | 8,379,130 | **5,984,852** | 9,974,453 | **216,245,309** | 130,029,697 |
| Operating profit before staff bonus* | **185,965,953** | 106,252,999 | **6,242,381** | 5,457,295 | **(4,442,241)** | 238,853 | **187,766,093** | 111,949,147 |
| Finance income | **8,448,964** | 2,891,003 | **-** | - | **-** | - | **8,448,964** | 2,891,003 |
| Finance cost | **(66,699)** | (103,045) | **(4,574)** | (6,209) | **(4,498)** | (4,162) | **(75,771)** | (113,416) |
| Profit/ (loss) for the period before bonus | **194,348,218** | 109,040,957 | **6,237,807** | 5,451,086 | **(4,446,739)** | 234,691 | **196,139,286** | 114,726,734 |
| Staff bonus | **(9,501,988)** | (5,452,049) | **(304,976)** | (272,554) | **-** | (11,734) | **(9,806,964)** | (5,736,337) |
| Profit/ (loss) for the period | **184,846,230** | 103,588,908 | **5,932,831** | 5,178,532 | **(4,446,739)** | 222,957 | **186,332,322** | 108,990,397 |

* This includes impairment allowance on financial assets recognised in accordance with IFRS 9, amounting to AED 15,654,524 *(June 2022: AED 3,837,473).* Total impairment allowance relates school bus services amounting to AED 7,736,214 *(June 2022: AED 4,890,038)*, regular taxi services amounting to AED 7,369,534 *(June 2022: reversal of AED 957,035)* and AED 548,776 *(June 2022: reversal of AED 95,530)* on limousines services.

| | **Regular taxis** | | **Limousine service** | | **School bus** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | **30 June 2023** | 31 December 2022 | **30 June 2023** | 31 December 2022 | **30 June 2023** | 31 December 2022 | **30 June 2023** | 31 December 2022 |
| | **AED** | AED | **AED** | AED | **AED** | AED | **AED** | AED |
| Segment assets | **1,745,275,775** | 1,527,519,441 | **47,881,691** | 34,023,628 | **254,764,410** | 231,480,631 | **2,047,921,876** | 1,793,023,700 |
| Segment liabilities | **1,556,665,447** | 1,310,868,706 | **77,029,269** | 67,049,251 | **14,227,160** | 15,105,743 | **1,647,921,876** | 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 June 2023** | 30 June 2022 | **30 June 2023** | 30 June 2022 | **30 June 2023** | 30 June 2022 | **30 June 2023** | 30 June 2022 |
| | **AED** | AED | **AED** | AED | **AED** | AED | **AED** | AED |
| Over a period of time | **841,483,231** | 740,851,994 | **58,088,371** | 73,784,705 | **57,106,952** | 49,470,647 | **956,678,554** | 864,107,346 |

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

| | **Six months ended 30 June 2023** | Six months ended 30 June 2022 |
|---|---|---|
| | **AED** | AED |
| **Revenue from contract with customers** | | |
| Regular taxis | **835,749,377** | 739,764,620 |
| Limousine service | **58,088,371** | 73,784,705 |
| School bus | **57,106,952** | 49,470,647 |
| Others | **5,733,854** | 1,087,374 |
| | **956,678,554** | 864,107,346 |
| | | |
| ***Timing of revenue recognition*** | | |
| Services transferred over the period of time | **956,678,554** | 864,107,346 |

## 7. Other direct costs

| | **Six months ended 30 June 2023** | Six months ended 30 June 2022 |
|---|---|---|
| | **AED** | AED |
| Staff costs | **268,535,750** | 268,685,851 |
| Fuel cost | **113,030,320** | 125,298,495 |
| Depreciation of property and equipment | **58,668,118** | 44,692,042 |
| Charges and commission | **55,180,430** | 49,330,846 |
| Vehicle maintenance | **30,976,259** | 36,767,064 |
| Insurance | **27,380,718** | 24,382,153 |
| VAT expense | **12,457,150** | 13,055,344 |
| Rent expense | **7,487,052** | 3,813,591 |
| Amortization of right-of-use assets | **-** | 475,444 |
| Others | **11,057,048** | 12,066,419 |
| | **584,772,845** | 578,567,249 |

## 8. Finance income and costs

| | **Six months ended 30 June 2023** | Six months ended 30 June 2022 |
|---|---|---|
| | **AED** | AED |
| ***Finance income*** | | |
| Interest income on Sukuk and Wakala deposits (refer to note 11) | **4,396,872** | 2,772,529 |
| Gain on equity securities measured at FVTPL | **3,434,561** | - |
| Dividend income | **475,543** | - |
| Interest income on cash at banks | **141,988** | 118,474 |
| | **8,448,964** | 2,891,003 |
| | | |
| ***Finance costs*** | | |
| Bank charges | **75,771** | 73,521 |
| Interest expense on lease | **-** | 39,895 |
| | **75,771** | 113,416 |
| | | |
| **Net finance income** | **8,373,193** | 2,777,587 |

## 9. Property and equipment

During the six months period ended 30 June 2023, the Corporation acquired property and equipment amounting to AED 146,730,089 *(30 June 2022: AED 85,329,409).*

The depreciation on property and equipment during the six month period ended 30 June 2023 amounted to AED 61,506,347 *(30 June 2022: AED 47,143,978 thousand).* Depreciation on property and equipment recorded as a direct cost during the six month period ended 30 June 2023 amounted to AED 58,668,118 *(30 June 2022: 44,692,042).*

During the six month period ended 30 June 2023, assets with a net carrying amount of AED 10,461,883 *(30 June 2022: AED 9,328,137)* were sold by the Corporation at AED 12,453,937 *(30 June 2022: AED 10,667,451),* resulting in a profit on disposal of AED 1,992,054 *(30 June 2022: AED 1,339,314).*

## 10. Intangible assets

At 30 June 2023, intangible assets amounted to AED 556,708,240 *(30 June 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 June 2023** | 31 December 2022 |
|---|---|---|
| | **AED** | AED |
| | | |
| Sukuk and Wakala (refer note (i) below) | **143,076,955** | 263,496,194 |
| Investment in equity shares | **21,926,280** | 18,491,719 |
| Less: allowance for impairment | **(99,167)** | (99,167) |
| **Non-current** | **164,904,068** | 281,888,746 |
| | | |
| Sukuk and Wakala | **125,841,061** | - |
| **Current** | **125,841,061** | - |
| | **290,745,129** | 281,888,746 |

(i) These are investments in listed corporate. The corporate bonds are held by the Corporation within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Hence the corporate bonds are classified as at amortized cost. The interest from these investments are ranging between 3% - 5% with a maturity period within 1 - 5 years.

## 11. Investment in financial assets (continued)

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

| | **30 June 2023** | 31 December 2022 |
|---|---|---|
| | **AED** | AED |
| | | |
| Salik Company PJSC | **7,875,000** | 9,210,000 |
| Tecom Group PJSC | **7,350,000** | 3,740,000 |
| Emirates Central Cooling Systems Corp | **4,060,150** | 3,203,008 |
| Dubai Electricity and Water Authority PJSC | **2,641,130** | 2,338,711 |
| | **21,926,280** | 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 16).

## 12. Cash and cash equivalents

| | **30 June 2023** | 31 December 2022 |
|---|---|---|
| | **AED** | AED |
| | | |
| Cash in hand | **1,429,370** | 475,132 |
| Cash at banks | **352,248,976** | 234,718,295 |
| | **353,678,346** | 235,193,427 |
| Less: allowance for impairment | **(91,483)** | (91,483) |
| | **353,586,863** | 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.

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

| | **30 June 2023** | 30 June 2022 |
|---|---|---|
| | **AED** | AED |
| ***Expenses charged:*** | | |
| Plate and license fee (refer note (i) below) | **155,660,400** | 155,510,400 |
| Salik charges | **34,547,484** | 31,858,732 |
| Traffic fine | **4,403,350** | 5,003,325 |
| | | |
| ***Revenue earned:*** | | |
| Rent income (refer note (ii) below) | **3,780,000** | 3,780,000 |

(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.

### 13. Related party transactions (continued)

**Compensation of key management personnel**

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

| | **30 June 2023** | 30 June 2022 |
|---|---|---|
| | **AED** | AED |
| | | |
| Short-term benefits and bonus | **5,263,821** | 4,317,816 |
| Post-retirement benefits | **281,745** | 270,174 |
| **Total** | **5,545,566** | 4,587,990 |

**Balances with related parties**

| | **30 June 2023** | 31 December 2022 |
|---|---|---|
| | **AED** | AED |
| **Due to related parties** | | |
| RTA* | **1,030,005,922** | 822,258,906 |
| Salik Company PJSC | **11,385,460** | 5,659,784 |
| | **1,041,391,382** | 827,918,690 |

*This includes transfer of profit for the six month period ended 30 June 2023.

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

### 14. Capital

| | **30 June 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 Roads & Transport Authority ("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 net profit before staff bonus 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 June 2023, statutory and general reserves are 50% of the capital, hence no transfer made during the period.

Profit for the six month period ended 30 June 2023 amounting to AED 186,332,322 (*30 June 2022: AED 86,045,051 after the transfer to general and statutory reserve)* is transferred to the Parent Company in line with the decree. This has been recorded as payable to the Parent Company.

### 16. 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

## 16. Financial risk management (continued)

### (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.

*Exposure to credit risk*

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

| | **30 June 2023 AED** | 31 December 2022 AED |
|---|---|---|
| Cash at banks | **352,248,976** | 234,718,295 |
| Trade and other receivables (excluding prepayments and advances) | **180,196,003** | 136,913,665 |
| Investments in financial assets | **290,745,129** | 281,888,746 |
| | **823,190,108** | 653,520,706 |

*Trade and other receivables*

The following table details the risk profile of trade receivables based on the Corporation's provision matrix. The following table provides the information about the exposure to credit risk and ECLs for trade receivables:

| | | **30 June 2023** | | | 31 December 2022 | |
|---|---|---|---|---|---|---|
| | **ECL %** | **Gross carrying amount at default AED** | **Lifetime ECL AED** | ECL % | Gross carrying amount at default AED | Lifetime ECL AED |
| Current | **8%** | **35,878,333** | **2,743,420** | 3% | 18,645,043 | 528,154 |
| 0 to 30 | **1%** | **3,940,672** | **51,173** | 7% | 19,912,300 | 1,323,342 |
| 31 to 60 | **3%** | **14,474,604** | **421,391** | 15% | 783,437 | 120,482 |
| 61 to 90 | **30%** | **1,002,864** | **304,782** | 23% | 3,384,331 | 772,520 |
| 91 to 180 | **30%** | **24,801,167** | **7,440,350** | 20% | 3,415,016 | 696,272 |
| 181 to 365 | **30%** | **8,643,528** | **2,593,059** | 37% | 8,172,871 | 2,993,794 |
| Above 365 | **100%** | **52,160,137** | **52,160,137** | 100% | 49,930,906 | 49,930,906 |
| | | **140,901,305** | **65,714,312** | | 104,243,904 | 56,365,470 |

## 16. Financial risk management (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables and staff receivables.

| | **30 June 2023 AED** |
|---|---|
| At 1 January | **83,536,376** |
| Charge for the period (refer note (i) below) | **15,654,524** |
| As at 30 June | **99,190,900** |

(i) This includes provision for the staff receivables in relation to terminated and active employees. During the period, the Corporation has provided for AED 6,305,681 *(30 June 2022: reversal of AED 3,065,095)*. 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 99,167 respectively with no additional allowance recognised during the period

### (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 AED** | **Contractual cash flows AED** | **Less than 1 year AED** | **1 – 2 years AED** |
|---|---|---|---|---|
| **At 30 June 2023** | | | | |
| Non-derivative financial liabilities: | | | | |
| Due to related parties | **1,041,391,382** | **(1,041,391,382)** | **(1,041,391,382)** | **-** |
| Trade and other payables | **575,765,914** | **(575,765,914)** | **(575,765,914)** | **-** |
| | **1,617,157,296** | **(1,617,157,296)** | **(1,617,157,296)** | **-** |
| **At 31 December 2022** | | | | |
| Non-derivative financial liabilities: | | | | |
| Due to related parties | 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 June 2023 and 31 December 2022, there were no derivative financial instruments carried by the Corporation. Further, the Corporation has no undrawn borrowing facilities as of 30 June 2023 and 31 December 2022.

### (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.

## 16. Financial risk management (continued)

***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 June 2023 AED | 31 December 2022 AED |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial asset | | |
| Sukuk and Wakala deposits (refer to note 11) | **268,818,849** | 263,397,027 |
| | ========= | ========= |

Sensitivity analysis for fixed rate instruments

Since the interest rate on these financial investments is fixed, any change in the interest rate will not have any impact on the profit or loss of the Company.

***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 438,526.

### (d) Fair value 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 June 2023** | **30 June 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 | **21,926,280** | **21,926,280** | 18,491,719 | 18,491,719 |
| **Financials assets carried at amortised cost** | | | | | |
| Sukuks and bonds | 1 | **268,918,016** | **262,563,900** | 263,496,194 | 253,619,456 |
| Trade and other receivables (excluding advances and prepayments) ** | | **180,196,003** | **180,196,003** | 135,306,590 | 135,306,590 |
| Cash at banks* | | **352,248,976** | **352,248,976** | 234,718,295 | 234,718,295 |
| **Financial liabilities carried at amortised cost** | | | | | |
| Due to related parties** | | **1,041,391,382** | **1,041,391,382** | 827,918,690 | 827,918,690 |
| Trade and other payables ** | | **575,765,914** | **575,765,914** | 536,548,018 | 536,548,018 |

## 16. Financial risk management (continued)

### d) Fair value versus carrying amounts

* 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 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 June 2023, investments in equity shares amounting to AED 21,926,280 *(31 December 2022: AED 18,491,719)* are measured at fair value at Level 1 in the hierarchy.

## 17. Commitments and contingent liabilities

The Corporation's capital commitments at the reporting date amounted to AED 98,566,812 *(2022: AED 33,634,560)*.

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

## 18. 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 six-month period ended 30 June 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.

## 19. 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.