DUBAI TAXI COMPANY P.J.S.C.
(formerly known as “Dubai Taxi Corporation”)

FINANCIAL STATEMENTS
31 DECEMBER 2023

Dubai Taxi Company P.J.S.C.

Financial statements

For the year ended 31 December 2023

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Dubai Taxi Company P.J.S.C.

DIRECTORS' REPORT

The Board of Directors of **Dubai Taxi Company P.J.S.C.** (the "Company") has the pleasure in submitting the audited financial statements of the Company for the year ended 31 December 2023.

Board of Directors
The Board of Directors of the Company comprises:

Chairman:	H.E. Abdul Muhsen Ibrahim Kalbat
Vice chairman:	Mr. Ahmed Ali Al Kaabi
Members:	Mr. Shehab Hamad Abdullah Hamad Bu Shehab Mr. Abdulla Mohammed Abdulla Bin Damithan Al Qemzi Mr. Essa Abdulla Khamis Bin Natoof Al Falasi Mr. Yousuf Ahmad Ali Saeed Bin Ghulaita Almheiri Dr. Hanan Sulaiman Mohamed Khalifa Al Suwaidi

Principal activities
The principal activities of the Company are transportation solutions across its four key business lines, including taxi services, VIP limousine services, bus services, and last mile delivery bike services. The registered address of the Company is P.O. Box 2647, Dubai, United Arab Emirates.

Financial results
The Company has earned revenue of AED 1,953,512,802 for the year ended 31 December 2023 (2022: AED 1,759,630,830) and achieved a net profit of AED 345,325,089 for the year ended 31 December 2023 (2022: AED 224,375,493).

Dividend
The Board of Directors proposed to distribute a dividend payment of AED 71,000,000 (2.84 fils per share) for the fourth quarter of 2023, as per the Company's dividend policy. The proposed dividend is subject to the approval of the shareholders at the Company's General Assembly Meeting on 28 March 2024.

Auditors
The financial statements for the year ended 31 December 2023 have been audited by KPMG Lower Gulf Limited.

On behalf of the Board of Directors

....

H.E. Abdul Muhsen Ibrahim Kalbat
Chairman

Dubai, United Arab Emirates
29 February 2024

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Independent auditors' report

To the Shareholders of Dubai Taxi Company P.J.S.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dubai Taxi Company P.J.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters (continued)

Revenue

See Note 6 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Company operates in a highly regulated and competitive transportation industry, offering a range of services including taxi, limousine, and bus operations. The Company recognises revenue over time in accordance with IFRS 15 "Revenue from contracts with customers". The Company's recent listing on the stock market has heightened scrutiny of its financial performance. This increased visibility creates potential pressure on management to meet or exceed investor expectations. Additionally, the high volume of transactions and the integration of multiple systems with the general ledger create opportunities for manual intervention, presenting conditions where transactions could be recorded incorrectly. Consequently, we have identified revenue recognition as a key audit matter for taxi, limousine, and bus transport services due to the risk of management overstating revenue. The revenue for the year from the provision of transportation services and the accounting policy associated with the recognition and measurement of revenue is disclosed in note 6 and 3 respectively.	Our procedures included: • Obtaining an understanding of the significant revenue processes and performing walkthroughs to trace transactions from initiation to recording, focusing on relevant controls. • Assessing the Company's application of revenue recognition accounting policies for compliance with IFRS accounting standards. • Evaluating design and implementation of relevant controls over revenue and journal entries. • Obtaining a sample of daily sales/ collection reports for taxi and limousine revenue and vouching them to bank statements and credit merchant reports. • Examining a sample of bus service revenue transactions and testing them against underlying agreements and invoices. • Performing journal entry testing to identify and investigate unusual revenue-related entries, including post-year-end reversals.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. We obtained Directors' Report prior to the date of our auditors' report, and we expect to obtain the remaining sections of the annual report after the date of auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021 we report that for the year ended 31 December 2023:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) as disclosed in note 21 to the financial statements, the Company has purchased shares during the year ended 31 December 2023;

vi) note 24 to the financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2023; and

viii) note 9 to the financial statements discloses the social contributions made during the year ended 31 December 2023.

KPMG Lower Gulf Limited

Maher Alkatout
Registration No.: 5453
Dubai, United Arab Emirates
Date: 29 February 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	**2023**	2022
		AED	AED
Revenue from contracts with customers	*6*	**1,953,512,802**	1,759,630,830
Direct costs	*7*	**(1,204,510,449)**	(1,172,698,785)
Plate and license fees	*24*	**(309,826,800)**	(313,492,735)
Gross profit		**439,175,553**	273,439,310
Other income	*8*	**50,748,349**	37,088,243
General and administrative expenses	*9*	**(73,307,119)**	(68,486,438)
Provision for expected credit losses	*15, 28*	**(44,435,778)**	(11,773,143)
Operating profit before bonus		**372,181,005**	230,267,972
Finance cost	*10*	**(16,190,258)**	(311,299)
Finance income	*11*	**7,448,346**	6,228,056
Profit before bonus		**363,439,093**	236,184,729
Staff bonus	*23*	**(18,114,004)**	(11,809,236)
Profit for the year		**345,325,089**	224,375,493
Other comprehensive income		**-**	-
Total comprehensive income for the year		**345,325,089**	224,375,493
Basic and diluted earnings per share (AED)	*27*	**0.14**	0.09

The attached notes 1 to 32 form part of these financial statements.

Dubai Taxi Company P.J.S.C.

STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	**2023 AED**	2022 AED
Assets			
Non-current assets			
Property and equipment	*12*	**734,965,656**	556,837,341
Intangible assets	*13*	**556,708,240**	556,708,240
Investment in financial assets	*16*	**-**	222,925,916
Trade and other receivables	*15*	**47,462,290**	27,112,535
		1,339,136,186	1,363,584,032
Current assets			
Inventories		**2,466,728**	2,393,153
Trade and other receivables	*15*	**194,417,398**	126,921,649
Investment in financial assets	*16*	**66,548,953**	18,491,719
Wakala deposits	*28*	**42,093,333**	40,471,111
Cash and cash equivalents	*17*	**295,590,340**	235,101,944
		601,116,752	423,379,576
Assets held for sale	*18*	**28,889,111**	12,947,233
		630,005,863	436,326,809
Total assets		**1,969,142,049**	1,799,910,841
Equity and liabilities			
Equity			
Share capital	*19*	**100,000,000**	200,000,000
Statutory reserve	*20*	**50,000,000**	100,000,000
General reserve	*20*	**-**	100,000,000
Own shares	*21*	**(23,636)**	-
Own shares reserve	*21*	**(1,264,162)**	-
Retained earnings		**158,992,767**	-
Total equity		**307,704,969**	400,000,000
Liabilities			
Non-current liabilities			
Employees' end of service benefits	*22*	**31,675,925**	28,556,992
Bank borrowings	*26*	**997,012,750**	-
Other long term liabilities	*23*	**3,466,826**	2,365,823
		1,032,155,501	30,922,815
Current liabilities			
Trade and other payables	*23*	**577,605,263**	528,181,505
Due to related parties	*24*	**51,676,316**	840,806,521
		629,281,579	1,368,988,026
Total liabilities		**1,661,437,080**	1,399,910,841
Total equity and liabilities		**1,969,142,049**	1,799,910,841

H.E. Abdul Muhsen Ibrahim Kalbat Chairman - Board of Directors	Mr. Ahmed Ali Al Kaabi Vice chairman – Board of Directors	Mr. Mansoor Rahma Juma Abdulla Alfalasi Chief Executive Officer

The attached notes 1 to 32 form part of these financial statements.

Dubai Taxi Company P.J.S.C.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital AED	Statutory reserve AED	General reserve AED	Own shares AED	Own shares reserve AED	Retained earnings AED	Total AED
At 1 January 2022	200,000,000	86,036,704	86,036,704	-	-	-	372,073,408
Profit for the year	-	-	-	-	-	224,375,493	224,375,493
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	224,375,493	224,375,493
Transfer to reserves (note 20)	-	13,963,296	13,963,296	-	-	(27,926,592)	-
Transfer to Roads & Transport Authority (note 24)	-	-	-	-	-	(196,448,901)	(196,448,901)
At 31 December 2022	**200,000,000**	**100,000,000**	**100,000,000**	-	-	**-**	**400,000,000**
At 1 January 2023	200,000,000	100,000,000	100,000,000	-	-	-	400,000,000
Profit for the year	-	-	-	-	-	345,325,089	345,325,089
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	345,325,089	345,325,089
Transfer to Roads & Transport Authority (note 24)	-	-	-	-	-	(186,332,322)	(186,332,322)
Own shares (note 21)	-	-	-	(23,636)	(1,264,162)	-	(1,287,798)
Reduction in share capital (note 19)	(100,000,000)	-	-	-	-	-	(100,000,000)
Dividend paid (20)	-	(50,000,000)	(100,000,000)	-	-	-	(150,000,000)
At 31 December 2023	**100,000,000**	**50,000,000**	**-**	**(23,636)**	**(1,264,162)**	**158,992,767**	**307,704,969**

The attached notes 1 to 32 form part of these financial statements.

Dubai Taxi Company P.J.S.C.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Note	2023 AED	2022 AED
Cash flows from operating activities			
Profit for the year		**345,325,089**	224,375,493
Adjustments for:			
Depreciation of property and equipment	*12*	**136,455,613**	97,752,439
Provision for expected credit losses on financial assets		**44,416,212**	11,776,870
Gain on equity securities held at fair value through profit or loss	*8*	**(4,617,327)**	-
Loss on disposal of investment in financial assets	*8*	**3,647,402**	18,282
Dividend income	*8*	**(898,479)**	-
Finance income	*11*	**(7,448,346)**	(6,228,056)
Interest on bank borrowings	*10*	**15,855,032**	-
Amortization of loan arrangement fee	*26*	**162,750**	-
Provision for employees' end of service benefits	*22*	**5,664,884**	5,633,950
Gain on derecognition of lease liability		**-**	(2,585,945)
Gain on disposal of property and equipment	*8*	**(5,031,152)**	(1,484,171)
(Gain) / loss on disposal of assets held for sale	*8*	**(1,519,380)**	25,425
Depreciation of right-of-use asset	*7*	**-**	475,443
Interest expense on lease liability		**-**	39,895
		532,012,298	329,799,625
Working capital adjustments:			
Inventories		**(73,575)**	1,338,358
Trade and other receivables		**(132,339,630)**	(61,359,111)
Trade and other payables		**46,893,749**	102,746,685
Due to related parties		**(692,598,843)**	85,787,682
		(246,106,001)	458,313,239
Payment of employees' end of service benefits	*22*	**(2,545,951)**	(1,001,830)
Interest paid		**(15,349,020)**	-
Net cash flows (used in) / generated from operating activities		**(264,000,972)**	457,311,409
Cash flows from investing activities			
Proceeds from disposal of investment in financial assets		**173,401,029**	29,786,813
Purchase of investments in financial assets		**-**	(191,010,001)
Increase in wakala deposit held with financial institution		**-**	(40,000,000)
Purchase of property and equipment	*12*	**(358,376,895)**	(284,043,763)
Proceeds from disposal of property and equipment and assets held for sale		**34,401,621**	30,027,584
Dividend income received	*8*	**898,479**	-
Interest income received		**11,466,616**	908,946
Net cash flows used in investing activities		**(138,209,150)**	(454,330,421)
Cash flows from financing activities			
Proceeds from bank borrowings	*26*	**1,000,000,000**	-
Acquisition of own shares, net	*21*	**(1,287,798)**	-
Repayment of due to a related party		**(282,863,684)**	-
Reduction in share capital	*19*	**(100,000,000)**	-
Dividend paid	*20*	**(150,000,000)**	-
Payment of loan arrangement fee	*26*	**(3,150,000)**	-
Net cash flows from financing activities		**462,698,518**	-
Net increase in cash and cash equivalents		**60,488,396**	2,980,988
Cash and cash equivalents at beginning of the year		**235,101,944**	232,120,956
Cash and cash equivalents at end of the year	*17*	**295,590,340**	235,101,944

The attached notes 1 to 32 form part of these financial statements.

1 LEGAL STATUS AND ACTIVITIES

Dubai Taxi Company P.J.S.C. ("DTC" or "the Company") was formed on 28 June 1994 in the Emirate of Dubai with the provisions of Law No. (5) of 1994 decreed by H.H. The Ruler of Dubai ("the Original Decree"). The Company commenced operations on 20 May 1995.

The principal activities of the Company are transportation solutions across its four key business lines, including taxi services, VIP limousine services, bus services, and last mile delivery bike services in the Emirate of Dubai and extending to other Emirates. The registered address of the Company is P.O. Box 2647, Dubai, United Arab Emirates ("UAE").

The Company was wholly owned by the Roads & Transport Authority (“RTA”). On November 9, 2023, RTA transferred its 100% ownership in the Company to the Department of Finance (“DoF”) which was later transferred to Dubai Investment Fund (“DIF” or “the Parent”) with effect from November 21, 2023. The Company’s ultimate shareholder is the Government of Dubai ('ultimate controlling party').

During the year, DoF unveiled its intention to list the Company’s shares on the Dubai Financial Market (DFM) and in order to comply with the listing requirements, based on Decree under Law No. (21) of 2023 (“the Amended Decree”) issued in The Official Gazette of Dubai Government on 9 November 2023, the legal status of the Company had been amended to a Public Joint Stock Company, and hence the revised name of the Company is Dubai Taxi Company P.J.S.C. (formerly “Dubai Taxi Corporation”).

DIF sold 24.99% of its equity stake in the Company through an Initial Public Offering ("IPO"). The Company became officially listed on the DFM on December 7, 2023.

The ownership structure of the Company as at 31 December 2023 is detailed as follows:

	31 December 2023 Ownership	31 December 2022 Ownership
Dubai Investment Fund	**75.01%**	-
Local and international investors	**24.99%**	-
Roads & Transport Authority	**-**	100%
	100%	100%

During the year ended 31 December 2023, the Company has purchased own shares as disclosed in note 21 to these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 29 February 2024.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with 'International Financial Reporting Standards' ("IFRS") as issued by the International Accounting Standards Board (IASB), and the applicable provisions of the Company’s Articles of Association and UAE Federal Decree Law No. (32) of 2021.

2.2 Basis of measurement

The financial statements of the Company have been prepared on the historical cost convention basis except for certain investment in financial assets which are stated at fair value.

2 BASIS OF PREPARATION

2.3 Functional and presentation currency

The financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the presentation and functional currency of the Company.

2.4 Changes in material accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new standards, interpretations and amendments effective as of 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

These amendments had no significant impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Revenue recognition

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date.
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Revenue recognition continued
For performance obligations where any of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of allowances. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities.

The Company's revenue mainly consists of revenue from below services:

Taxi and limousine transport service revenue
The Company offers regular taxi and limousine services. Revenue from these services is recorded when the performance obligation is fulfilled. As the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs, revenue is recognized over the period of time. Customers settle payments using either cash or credit cards after the performance obligation has been satisfied. The billing is determined by meter readings and pre-established rates for trips, encompassing both within and outside the emirate of Dubai.

Bus transport service revenue
The Company engages in contracts with schools and other parties to render bus transport services. These services are rendered throughout the agreed-upon period, leading to the recognition of revenue as the performance obligation is fulfilled over time. The revenue is either calculated based on number of days in a semester and predetermined rates per seat. Invoices are generated in accordance with the terms outlined in the agreements and are typically due for payment within a 30-day period.

Delivery services
Revenue from delivery services is satisfied over time, as the customer simultaneously receives and consumes the benefits provided by the Company on a fixed contract basis. Performance obligation includes to supply bikes and drivers to the customers, enabling the fulfillment of bookings initiated through the customers' delivery application. Customers usually settle payments on a weekly basis after the performance obligation has been satisfied.

Manpower services
The Company recognises revenue from provision of manpower to its customers when the services are rendered to customers and on the basis of the contractual labour rates agreed with the customers. Customers usually settle payments within a week after the performance obligation has been satisfied.

Following are policies for other sources of income:

Finance income
Finance income is recognized as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income:
Rental income arising from operating lease is recognized, net of discount, in accordance with the terms of lease contract over the lease term on a straight-line basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Employee benefits
Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liability in the statement of financial position.

Post-employment obligations
Provision is also made for the full amount of end of service benefits due to employees in accordance with the Company's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period. The accrual relating to annual leave and leave passage is classified as a current liability, while the provision relating to end of service benefits is classified as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. The Company's contribution, for eligible UAE National employees is calculated as a percentage of the employees' salaries and charged to the profit or loss. The Company has no legal or constructive obligation to pay any further contributions.

Property and equipment
Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the followings:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and capitalised borrowing costs.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognised in the statement of profit or loss.

Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss in the period in which they are incurred.

Depreciation
Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the statement of profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term, the depreciation period extends to the full useful life of the underlying asset.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Property and equipment continued
Depreciation *continued*
The estimated useful lives of property and equipment for the current and comparative period is as follows:

	Useful life (years)
Motor vehicles (including buses and bikes)	3 – 15
Equipment	3 – 7
Buildings, prefabricated houses, and sheds	4 – 30
Furniture and fittings	3 – 7

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

Capital work in progress
Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, borrowing costs are capitalised in accordance with the Company's accounting policy. When the assets are ready for intended use, the capital work-in-progress is transferred to the appropriate property and equipment category and is depreciated in accordance with the Company's policies.

Derecognition
The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

Intangible assets
Intangible assets are capitalised at cost only when future economic benefits are probable and can be estimated reliably. Cost includes purchase price together with any directly attributable expenditure. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

When the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount and is reviewed at each reporting date for possible reversal of the impairment loss.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Intangible assets continued

License plates

These represent license plates awarded through auctions conducted by the RTA. These plates have indefinite useful lives and are recorded at cost, net of any impairment losses.

Assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated under the straight line method over the shorter of the asset's useful life or 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 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; and
- 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.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Leases continued
Company as a lessee continued
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.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The Company presents right-of-use assets and lease liabilities separately on statement of financial position.

Variable lease payments that depend on revenue and output are recognised in statement of profit or loss in the period in which the condition that triggers those payments occurs.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property and equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company as a lessor
When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Inventories
Inventories mainly consist of spare parts and consumables. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated based on weighted average method and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets
The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at amortised cost (debt instruments, cash and cash equivalents and trade receivables);
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
d) Financial assets at fair value through profit or loss.

The Company has the following financial assets:

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial assets continued

Financial assets at amortised cost
The Company measures financial assets at amortised cost if both of the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
b) 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.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management strategy focuses on earning contractual interesting come maintaining a particular interest rate profile matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held with in that business model) and how those risk are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost include a certain portion of trade and other receivables, investment in financial assets and cash and bank balances.

Staff receivables
The Company provides interest free admin loan to its drivers to mainly assist in covering initial driving license expenses, excessive traffic fines, and other joining related expenses. The loan is repaid in monthly instalments by deduction from drivers' pay. This loan is recognized as a financial asset at fair value and measured at amortized cost using the EIR method. The difference between the fair value and the actual amount of cash given to the employee is recognized as a "non-current prepaid employee benefit" and is amortized as an expense equally over the repayment period. The same amount is also amortized as finance income against the receivables from drivers.

Cash and short-term deposits
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of bank overdrafts if any.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial assets continued

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes quoted and unquoted equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognised under other income in the statement of profit or loss when the right of payment has been established.

Impairment of financial assets

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be credit-impaired when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For staff receivables, a multiple-state model has been implemented to categorize staff members' employment status, with balances being classified into active, suspended, or terminated states. An active balance is associated with a staff member currently working and earning income, while suspended balances indicate individuals under suspension from service, and terminated balances reflect those who are no longer employed and not on the payroll. The transition between these states is guided by certain principles:

- The terminated state is defined as an absorbing state, signifying that once a staff member and their associated balance enter this state, they will not be reverted to an active or suspended state, with only a few exceptions.
- Movement from an active state to suspended or terminated states is possible.
- Movement from a suspended state to active or terminated states is also feasible.

The terminated state is regarded as default, indicating that balances in this state are unlikely to be recovered with only a few exceptions. The probability of default is determined through the analysis of the annual movement of balances across states, ultimately leading to the defined default state - terminated. The calculation of the loss given default involves assessing various forms of security that effectively reduce associated receivables and exposure. This includes the examination of refundable deposits from drivers, pension and/or end-of-service benefits payable to drivers, and the presence of a surety or guarantor.

Provision for expected credit losses measured at amortised cost are deducted from the gross carrying amount of the assets. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial assets continued

Derecognition of financial assets

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

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, due to related parties and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to a certain portion of trade and other payables, due to related parties, lease liabilities and borrowings.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Value added tax ("VAT")
Expenses and assets are recognised net of the amount of VAT, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Fair value measurement
The Company measures financial instruments such as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Own shares
Own equity instruments that are reacquired (own shares) are recognised at cost and deducted from equity. No gain or loss is recognised in statement of profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium. Such own shares may be acquired and held by the entity or by a third party on behalf of the Company. Consideration paid or received shall be recognised directly in equity.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Dividends
The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

4 STANDARDS ISSUED BUT NOT EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Lack of exchangeability – Amendments to IAS 21

The Company does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its financial statements.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

While applying the accounting policies as stated in note 3, management of the Company has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation of uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives and residual value of property and equipment
The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation / amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation / amortisation charge would be adjusted where management believes that the useful lives and residual value differ from previous estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated / amortised over the revised remaining useful life.

Impairment assessment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to intangibles with indefinite useful lives recognised by the Company. Intangible assets with indefinite useful lives are tested for impairment on an annual basis.

Property and equipment are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss.

Based on the assessment performed, management has not recorded any impairment loss on any of its non-financial assets for the year ended 31 December 2023 (2022: AED nil). Further, based on impairment testing conducted by management, no impairment loss was recorded on intangible assets with indefinite useful lives.

Provision for expected credit losses of trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating etc.).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivables were AED 143,911,608 (2022: AED 104,243,904), with provision for expected credit losses of AED 69,705,708 (2022: AED 56,365,470). Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the statement of profit or loss.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Key sources of estimation of uncertainty *continued*
Provision for expected credit losses of staff receivables
For staff receivables, a multiple-state model has been implemented to categorize staff members' employment status, with balances being classified into active, suspended, or terminated states. An active balance is associated with a staff member currently working and earning income, while suspended balances indicate individuals under suspension from service, and terminated balances reflect those who are no longer employed and not on the payroll. The transition between these states is guided by certain principles:

- The terminated state is defined as an absorbing state, signifying that once a staff member and their associated balance enter this state, they will not be reverted to an active or suspended state, with only a few exceptions.
- Movement from an active state to suspended or terminated states is possible.
- Movement from a suspended state to active or terminated states is also feasible.

The terminated state is regarded as default, indicating that balances in this state are unlikely to be recovered with only a few exceptions. The probability of default is determined through the analysis of the annual movement of balances across states, ultimately leading to the defined default state - terminated. The calculation of the loss given default involves assessing various forms of security that effectively reduce associated receivables and exposure. This includes the examination of refundable deposits from drivers, pension and/or end-of-service benefits payable to drivers, and the presence of a surety or guarantor.

At the reporting date, gross staff receivables were AED 164,517,239 (2022: AED 108,527,995), with provision for expected credit losses of AED 58,324,794 (2022: AED 27,170,906). Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the statement of profit or loss.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2023 AED	2022 AED
Regular taxis	**1,711,292,320**	1,532,328,688
Limousine service	**115,194,991**	134,281,786
Bus service	**107,034,261**	89,741,234
Others	**19,991,230**	3,279,122
	1,953,512,802	1,759,630,830
Timing of revenue recognition		
Services transferred over the period of time	**1,953,512,802**	1,759,630,830

All the revenues are generated within United Arab Emirates.

7 DIRECT COSTS

	2023 AED	2022 AED
Staff costs*	**511,408,938**	505,013,236
Fuel cost	**237,599,335**	266,243,844
Depreciation of property and equipment (note 12)	**131,039,503**	92,669,534
Charges and commission	**108,533,113**	99,476,506
Insurance	**58,343,890**	49,543,047
Vehicle maintenance	**58,238,760**	72,597,619
VAT expenses	**26,276,018**	27,024,842
Rent expense	**17,151,977**	11,342,045
Depreciation of right-of-use assets	**-**	475,443
Credit card processing fee	**17,013,293**	14,219,314
Vehicle surveillance hosting charges	**7,622,078**	8,162,982
Others	**31,283,544**	25,930,373
	1,204,510,449	1,172,698,785

*This includes drivers' commission and other benefits amounting to AED 390,473,367 for the year ended 31 December 2023 (2022: AED 397,333,609).

8 OTHER INCOME

	2023 AED	2022 AED
Penalties and fines on drivers	**14,044,954**	9,012,322
Rental income	**8,875,089**	8,527,596
Gain on equity securities held at fair value through profit or loss	**4,617,327**	-
Gain / (loss) on disposal of assets held for sale	**1,519,380**	(25,425)
Advertising income	**4,321,600**	3,340,400
Gain on disposal of property and equipment	**5,031,152**	1,484,171
Dividend income	**898,479**	-
Loss on disposal of investment in financial assets	**(3,647,402)**	(18,282)
Others	**15,087,770**	14,767,461
	50,748,349	37,088,243

9 GENERAL AND ADMINISTRATIVE EXPENSES

	2023 AED	2022 AED
Staff costs	**46,388,893**	40,473,040
Maintenance expenses	**6,878,464**	9,558,155
Depreciation of property and equipment (note 12)	**5,416,110**	5,082,905
Insurance expenses	**3,160,655**	2,295,869
Security expenses	**3,032,672**	3,414,287
Advertising	**1,611,453**	937,744
Cleaning expenses	**1,553,592**	1,604,311
Others	**5,265,280**	5,120,127
	73,307,119	68,486,438

The Company has made social contributions amounting to AED 614,000 for the year ended 31 December 2023 (2022: AED 103,430).

Others include the audit fees pertaining to the Company' principal auditors, KPMG Lower Gulf Limited for the following services in relation to financial year ended 31 December 2023:

	2023 AED	2022 AED
Audit services	**575,000**	165,000
*Other services**		
Audit-related	**1,505,000**	-
Other services	**95,000**	-
	1,600,000	-

*This primarily relates to fees associated with the reviews of interim condensed financial statements and assurance services related to a capital market transaction. These expenses were borne by DoF.

10 FINANCE COST

	2023 AED	2022 AED
Interest on bank borrowings (note 26)	**15,855,032**	-
Bank charges	**172,476**	271,404
Amortization of arrangement fee (note 26)	**162,750**	-
Interest expense on lease liability	**-**	39,895
	16,190,258	311,299

11 FINANCE INCOME

	2023 AED	2022 AED
Interest income on sukuk and wakala deposits (note 16, 28)	**6,935,317**	6,030,380
Interest income on cash at banks (note 17)	**513,029**	197,676
	7,448,346	6,228,056

12 PROPERTY AND EQUIPMENT

	Motor vehicles AED	Equipment AED	Building, prefabricated house & shed* AED	Furniture and fittings AED	Capital work-in-progress AED	Total AED
Cost						
At 1 January 2022	740,871,305	37,374,618	129,541,034	23,630,394	-	931,417,351
Additions	276,412,976	2,749,235	-	1,885,578	2,995,974	284,043,763
Disposals	(131,231,836)	-	-	-	(278,604)	(131,510,440)
Transferred to assets held for sale (note 18)	(61,999,089)	-	-	-	-	(61,999,089)
At 31 December 2022	824,053,356	40,123,853	129,541,034	25,515,972	2,717,370	1,021,951,585
At 1 January 2023	824,053,356	40,123,853	129,541,034	25,515,972	2,717,370	1,021,951,585
Additions	341,423,101	3,490,478	244,125	4,187,140	9,032,051	358,376,895
Disposals	(76,560,021)	-	-	-	-	(76,560,021)
Transferred to assets held for sale (note 18)	(146,481,114)	-	-	-	-	(146,481,114)
At 31 December 2023	**942,435,322**	**43,614,331**	**129,785,159**	**29,703,112**	**11,749,421**	**1,157,287,345**
Accumulated depreciation						
At 1 January 2022	392,917,220	32,559,843	79,125,119	17,031,991	-	521,634,173
Charge for the year	90,203,009	2,155,475	2,513,967	2,879,988	-	97,752,439
Relating to disposals	(102,662,998)	-	-	-	-	(102,662,998)
Transferred to assets held for sale (note 18)	(51,609,370)	-	-	-	-	(51,609,370)
At 31 December 2022	328,847,861	34,715,318	81,639,086	19,911,979	-	465,114,244
At 1 January 2023	328,847,861	34,715,318	81,639,086	19,911,979	-	465,114,244
Charge for the year	128,390,888	2,167,074	2,516,094	3,381,557	-	136,455,613
Relating to disposals	(57,743,338)	-	-	-	-	(57,743,338)
Transferred to assets held for sale (note 18)	(121,504,830)	-	-	-	-	(121,504,830)
At 31 December 2023	**277,990,581**	**36,882,392**	**84,155,180**	**23,293,536**	**-**	**422,321,689**
Net book value						
At 31 December 2023	**664,444,741**	**6,731,939**	**45,629,979**	**6,409,576**	**11,749,421**	**734,965,656**
At 31 December 2022	495,205,495	5,408,535	47,901,948	5,603,993	2,717,370	556,837,341

Depreciation charge of AED 131,039,503 *(2022: AED 92,669,534)* is charged to direct operating cost and AED 5,416,110 *(2022: AED 5,082,905)* has been charged to general and administrative expenses respectively.

*The Company originally owned the land where the building, prefabricated house, and shed are situated. However, in 2008, ownership was transferred to the RTA (Roads and Transport Authority), and the Company has been utilizing the property without incurring any charges. In the current year, the RTA has signed a lease agreement with the Company, granting the land for a three-year period starting from October 25, 2023, at nominal value.

13 INTANGIBLE ASSETS

	Airport taxi licensed plates AED	Normal taxi licensed plates AED	Total AED
At 31 December 2023	**36,075,000**	**520,633,240**	**556,708,240**
At 31 December 2022	36,075,000	520,633,240	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 (refer to note 14).

14 IMPAIRMENT ASSESSMENT

License plates with indefinite useful lives have been allocated to regular taxis, for the purpose of impairment testing.

The recoverable amount of the CGU has been determined based on their value in use calculated using cash flow projections based on the financial budgets and forecasts approved by management.

Details of the CGU are shown below:

	2023 AED	2022 AED
Carrying value of regular taxis	**448,617,436**	363,565,350
Carrying value of licensed plates	**556,708,240**	556,708,240
	1,005,325,676	920,273,590

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of regular taxis and license plates.

- Gross budgeted margins
- Discount rate
- Growth rate
- Terminal growth rate

For license fleet, five years' cash flows were included in the discounted cash flow model and a terminal growth rate thereafter.

Gross budgeted margins – The basis used to determine the value assigned to the gross budgeted margin is the average gross margin achieved in the year immediately before the budgeted year, adjusted for expected growth rates. The initial gross budgeted margin stood at 30%, with an annual increment of 1% being implemented. A decrease in the margin by 13% would result in impairment.

Discount rates – The Company has taken the Weighted Average Cost of Capital (WACC) as the discount rate of 9%. This represents the cost of capital adjusted for the UAE risk factor. A rise in the discount rate to 25% would result in impairment.

Terminal value growth rate – In management's view, the terminal growth rate is the minimum growth rate expected to be achieved beyond the five-year period. This is based on the overall regional economic growth forecasted and the Company's existing internal capacity changes. Based on the historical trend of growth, the long-term growth of 3% is considered reasonable.

Sensitivity to changes in assumptions
The calculation of value in use for the CGU requires estimates on future earnings and therefore a sensitivity analysis was performed. A sensitivity analysis demonstrated that a 20% decrease in earnings for a future period of five years from the reporting date would not result in impairment. An increase of 2.5% in discount rate and / or decrease of 0.5% in terminal value growth rate would not result in impairment.

15 TRADE AND OTHER RECEIVABLES

	2023 AED	2022 AED
Trade receivables	**143,911,608**	104,243,904
Less: provision for expected credit losses	**(69,705,708)**	(56,365,470)
Trade receivables, net	**74,205,900**	47,878,434
Staff receivables	**164,517,239**	108,527,995
Less: provision for expected credit losses	**(58,324,794)**	(27,170,906)
Staff receivables, net	**106,192,445**	81,357,089
Prepaid expenses	**13,563,154**	11,238,893
Advances to suppliers	**599,538**	601,560
Other receivables*	**47,318,651**	12,958,208
	241,879,688	154,034,184
Non-current portion	**(47,462,290)**	(27,112,535)
Current portion	**194,417,398**	126,921,649

The average credit period on rendering of services is 30 - 90 days. No interest is charged on the outstanding trade receivables.

*Included in other receivables is a balance held with a liquidity provider as of 31 December 2023 amounting to AED 23,661,724 (2022: AED Nil) (Note 21).

Below is the information about the credit risk exposure on the Company's trade receivables:

	31 December 2023			31 December 2022		
	ECL %	**Gross carrying amount at default AED**	**Life time ECL AED**	ECL %	Gross carrying amount at default AED	Lifetime ECL AED
Not yet due	**5%**	**24,651,469**	**1,353,323**	3%	18,645,043	528,154
0 to 30	**9%**	**18,302,856**	**1,573,214**	7%	19,912,300	1,323,342
31 to 60	**23%**	**12,506,864**	**2,827,275**	15%	783,437	120,482
61 to 90	**22%**	**9,138,733**	**2,038,908**	23%	3,384,331	772,520
91 to 180	**25%**	**15,501,311**	**3,882,853**	20%	3,415,016	696,272
181 to 365	**12%**	**6,562,251**	**782,011**	37%	8,172,871	2,993,794
Above 365	**100%**	**57,248,124**	**57,248,124**	100%	49,930,906	49,930,906
		143,911,608	**69,705,708**		104,243,904	56,365,470

Below is the information about the credit risk exposure on the Company's staff receivables:

		31 December 2023			31 December 2022	
		Gross carrying amount at default AED	**ECL AED**		Gross carrying amount at default AED	ECL AED
Active	**13%**	**101,762,526**	**12,874,043**	2%	69,832,585	1,243,855
Suspended	**74%**	**20,820,469**	**15,391,373**	84%	4,015,658	3,372,571
Terminated	**72%**	**41,934,244**	**30,059,378**	65%	34,679,752	22,554,480
		164,517,239	**58,324,794**		108,527,995	27,170,906

The movement in the provision for expected credit losses during the year on trade and staff receivables is as follows:

15 TRADE AND OTHER RECEIVABLES continued

	2023 AED	2022 AED
As at 1 January	**83,536,376**	71,482,428
Charge for the year*	**44,494,126**	12,053,948
As at 31 December	**128,030,502**	83,536,376

Provision for expected credit losses is categorized as:

	2023 AED	2022 AED
Relating to trade receivables	**69,705,708**	56,365,470
Relating to staff receivables	**58,324,794**	27,170,906
	128,030,502	83,536,376

*This includes provision for the staff receivables in relation to terminated, suspended and active employees. During the year the Company has provided for AED 31,153,888 (31 December 2022: AED 4,038,825).

16 INVESTMENTS IN FINANCIAL ASSETS

	2023 AED	2022 AED
Non-current		
Sukuk and national bonds (note (i) below)	**-**	223,025,083
Less: allowance for expected credit loss (note 28)	**-**	(99,167)
	-	222,925,916
Current		
Sukuk and national bonds (note (i) below)	**66,570,206**	-
Investment in equity securities (refer note (ii) below)	**-**	18,491,719
Less: allowance for expected credit loss (note 28)	**(21,253)**	-
	66,548,953	18,491,719
	66,548,953	241,417,635

(i) These are investments in listed national bonds. The national bonds are held by the Company 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 national bonds are classified at amortized cost. The interest from these investments are ranging between 3% - 5% with a maturity period within 1 - 5 years.

During the year, Sukuk with net carrying amount of AED 153,939,386 (2022: nil) were sold by the Company for AED 150,291,984 (2022: nil) resulting in loss on disposal of AED 3,647,402 (2022: nil).

16 INVESTMENTS IN FINANCIAL ASSETS continued

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

	2023 AED	2022 AED
Salik Company PJSC	**-**	9,210,000
Tecom Company 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.

During the year, investments in equity securities with fair value of AED 23,338,804 (2022: nil) were sold by the Company for AED 23,109,045 (2022: nil) resulting in loss on disposal of AED 229,759 (2022: nil)

17 CASH AND CASH EQUIVALENTS

	2023 AED	2022 AED
Cash in hand	**137,472**	475,132
Cash at banks	**295,563,917**	234,718,295
Less: provision for expected credit losses (note 28)	**(111,049)**	(91,483)
Cash and cash equivalents	**295,590,340**	235,101,944

18 ASSETS HELD FOR SALE

	2023 AED	2022 AED
At 1 January	**12,947,233**	3,124,116
Transfer from property and equipment (note 12)	**24,976,284**	10,389,719
Completed sale during the year	**(9,034,406)**	(566,602)
At 31 December	**28,889,111**	12,947,233

The Company has classified a portion of its vehicle fleet as held for sale. This classification signifies the intent to sell or otherwise dispose these assets. The assets held for sale are reported separately on the balance sheet, and their carrying amount is presented at the lower of their carrying amount or fair value less costs to sell. The Company is actively pursuing the disposal of these vehicles, and any significant changes in their status will be disclosed in the financial statements. Assets held for sale amounting to AED 22,392,047 (2022: AED 11,291,292) and AED 6,497,064 (2022: AED 1,655,941) relates to regular taxi and limousine service segments respectively.

19 SHARE CAPITAL

	2023 **AED**	2022 AED
Authorised issued and fully paid 2,500,000,000 shares of AED 0.04 each	**100,000,000**	-
Authorised capital in accordance with Law No. (5) of 1994 Fully paid up by the Government of Dubai	**-**	200,000,000
	=========	=========

In previous years, a total of AED 200 million was transferred from the Government of Dubai to the share capital account. In line with the resolution passed by the Board of Directors of the RTA on 6 November 2023, the Company has executed a reduction in the share capital, lowering it from AED 200 million to AED 100 million.

Under the authority of the Company's Board of Directors, the remaining share capital has been subdivided into 2,500,000,000 shares, each having a nominal value of AED 0.04. All shares within the Company maintain equal status in all respects. Therefore, as of December 31, 2023, the Company's share capital is composed of authorized and paid-up capital amounting to AED 100 million.

20 RESERVES

Statutory reserve
In accordance with UAE Federal Decree Law No. (32) of 2021 and the Company’s Articles of Association, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except as stipulated by the Law. As the statutory reserve already constitutes 50% of the share capital, no transfers were carried out during the current year.

General reserve
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 Company will be transferred to general reserve each year until it reaches a maximum of 50% of the paid-up capital.

Pursuant to the Board resolution adopted by the Board of Directors of the RTA on 6 November 2023, the Company has undertaken a reduction in the general reserve from AED 100 million to AED nil, and the statutory reserve has been decreased by AED 50 million in line with reduction in share capital. This adjustment aligns with the Company's obligation to uphold a statutory reserve equivalent to 50% of the share capital. These reductions have been declared as a dividend to the RTA.

During 2022, 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 Company was being transferred to statutory and general reserve each year until each reserve reaches a maximum of 50% of the paid-up capital.

21 OWN SHARES

During the year, the Company engaged a third-party licensed Market Maker on the Dubai Financial Market that offers liquidity provision services, to place buy and sell orders of the Company’s shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. At 31 December 2023, the Market Maker held 590,889 of the Company’s shares on behalf of the Company at par value and recorded the premium paid over and above par value as own share reserve of AED 1,234,958, which is classified under equity as at 31 December 2023. Further, during the year, net loss of AED 29,204 has been recognised under own share reserves. The initial advance balance remitted to the liquidity provider amounting to AED 25,000,000, and the outstanding balance as of 31 December 2023, stands at AED 23,661,724 (Note 15).

22 EMPLOYEES' END OF SERVICE BENEFITS

	2023 AED	2022 AED
At 1 January	**28,556,992**	23,924,872
Charge for the year	**5,664,884**	5,633,950
Paid during the year	**(2,545,951)**	(1,001,830)
At 31 December	**31,675,925**	28,556,992

In addition to the above, the Company contributes 15% of the 'contribution calculation salary' in case of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Company's contribution is recognised as an expense in the statement of profit or loss as incurred.

23 TRADE AND OTHER PAYABLES

	2023 AED	2022 AED
Trade payables	**311,414,720**	336,489,408
Staff payable	**110,848,048**	94,422,523
Accrued expenses	**71,731,200**	21,537,711
Leave salary provision*	**26,577,266**	25,664,606
Bonus payable**	**24,147,486**	18,524,000
Interest payable	**506,012**	-
Other payables	**35,847,357**	33,909,080
	581,072,089	530,547,328
Non-current portion	**(3,466,826)**	(2,365,823)
Current portion	**577,605,263**	528,181,505

* Arisen during the year amounting to AED 17,373,943 and utilized during the year amounting to AED 16,461,283.

** This represents outstanding bonuses for employees, calculated at 5% of the net profit before bonus.

24 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the Parent, ultimate controlling party, the shareholders, key management personnel, subsidiaries, joint venture 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 the Government of Dubai as non-related.

The Company, in the normal course of business, receives goods / services from related parties at terms mutually agreed.

24 RELATED PARTY TRANSACTIONS AND BALANCES continued

Balances with related parties included in the statement of financial position are as follows:

	2023 AED	2022 AED
Due to related parties		
Entities with common key management personnel		
Roads & transport authority ("RTA")	**39,865,968**	835,146,737
Salik Company PJSC	**11,810,348**	5,659,784
	51,676,316	840,806,521

These balances are unsecured, interest free and are repayable on demand.

During the year, the Company entered into the following significant transactions with related parties in the ordinary course of business, carried out on terms and conditions, agreed between the parties:

	2023 AED	2022 AED
Entities with common key management personnel:		
Plate and license fees*	**309,826,800**	313,492,735
Salik charges	**74,756,822**	73,399,973
Traffic fines	**8,405,470**	9,552,205
Dividend income	**346,445**	-
Rent income**	**7,200,000**	7,200,000
Net profit transferred to RTA***	**186,332,322**	196,448,901
Reduction in share capital (note 19)	**100,000,000**	
Dividend paid (note 20)	**150,000,000**	-

* 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.

** This pertains to office space leased to RTA.

*** This represents net profit for the six-month period ended 30 June 2023, transferred in accordance with the resolution passed on 28 September 2023. (2022: profit for the year ended 31 December 2022, transferred in accordance with the Original Decree).

Compensation of key management personnel

Key management personnel and entities controlled by them are also related to the Company. Key management personnel within the Company encompass directors and employees serving as directors of specific segments or departments. This relationship extends to both the individuals themselves and the entities under their control.

	2023 AED	2022 AED
Salaries and short-term employee benefits	**7,005,113**	7,818,625
Post-employment benefits	**541,621**	539,634
	7,546,734	8,358,259
Board of directors' remuneration	**2,325,746**	2,402,656

25 SEGMENTAL ANALYSIS

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

- Regular taxis
- Limousine service
- Bus transport service

The Company measures the segment performance on profit for the year. The Chief Operating Decision Maker (Chief Executive Officer) reviews the internal management reports of the reported segments on a monthly basis.

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

	Regular taxis		**Limousine service**		**Bus transport service**		**Total**	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022	**31 Decembe 2023**	31 December 2022
	AED	AED	**AED**	AED	**AED**	AED	**AED**	AED
Revenue	**1,731,283,550**	1,535,607,810	**115,194,991**	134,281,786	**107,034,261**	89,741,234	**1,953,512,802**	1,759,630,830
Gross profit / (loss)	**421,505,242**	265,897,341	**15,368,787**	12,704,849	**2,301,524**	(5,162,880)	**439,175,553**	273,439,310
Operating profit /(loss) before bonus*	**370,299,643**	233,526,397	**10,232,805**	7,209,916	**(8,351,443)**	(10,468,341)	**372,181,005**	230,267,972
Finance income	**7,448,346**	6,228,056	**-**	-	**-**	-	**7,448,346**	6,228,056
Finance cost	**(14,113,981)**	(273,025)	**(949,012)**	(22,151)	**(1,127,265)**	(16,123)	**(16,190,258)**	(311,299)
Profit (loss) before bonus	**363,634,008**	239,481,428	**9,283,793**	7,187,765	**(9,478,708)**	(10,484,464)	**363,439,093**	236,184,729
Staff bonus	**(17,665,073)**	(11,465,123)	**(448,931)**	(344,113)	**-**	-	**(18,114,004)**	(11,809,236)
Profit / (loss) for the year	**345,968,935**	228,016,305	**8,834,862**	6,843,652	**(9,478,708)**	(10,484,464)	**345,325,089**	224,375,493

**This includes provision for expected credit losses recognised in accordance with IFRS 9, amounting to AED 44,435,778 (2022: AED 11,773,143). A provision of AED 33,522,889 (2022: AED 4,625,437) is associated with regular taxis, while AED 2,482,049 (2022: AED 555,471) is linked to limousine services, and AED 8,430,840 (2022: AED 6,592,235) pertains to bus transport services.*

	Regular taxis		**Limousine service**		**Bus transport service**		**Total**	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022
	AED	AED	**AED**	AED	**AED**	AED	**AED**	AED
Segment assets	**1,550,485,403**	1,533,852,762	**79,242,812**	34,577,448	**339,413,834**	231,480,631	**1,969,142,049**	1,799,910,841
Segment liabilities	**1,471,845,492**	1,317,202,027	**96,140,669**	67,603,071	**93,450,919**	15,105,743	**1,661,437,080**	1,399,910,841

Assets and liabilities not associated with any specific segment have been consolidated under the regular taxi segment.

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

	Regular taxis		**Limousine service**		**Bus transport service**		**Total**	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022
	AED	AED	**AED**	AED	**AED**	AED	**AED**	AED
Over the period of time	**1,731,283,550**	1,535,607,810	**115,194,991**	134,281,786	**107,034,261**	89,741,234	**1,953,512,802**	1,759,630,830

The operations of the Company are entirely based in United Arab Emirates. Delivery services revenue amounting to AED 18,673,537 (2022: AED 2,163,400) and other revenue amounting to AED 1,317,693 (2022: AED 1,115,722) have been included within regular taxi segment. Throughout the year, the Company generated 90% of the total revenue (2022: 87%) within the bus transport service segment from one customer.

26 BANK BORROWINGS

	2023 AED	2022 AED
Term loan	**997,012,750**	-

Disclosed in the statement of financial position as follows:

	2023 AED	2022 AED
Current	**-**	-
Non-current	**997,012,750**	-

Movement in bank borrowings is as follows:

	2023 AED	2022 AED
As 1 January	**-**	-
Drawdown	**1,000,000,000**	-
Transaction costs	**(3,150,000)**	-
Amortisation of transaction cost	**162,750**	-
At 31 December	**997,012,750**	-

The loan carries an interest rate of EIBOR plus 0.8% and is structured for repayment over a period of 5 years in the form of a bullet payment. The funds obtained from the loan drawdown were utilized to settle the RTA liability.

Additionally, within the fiscal year, the Company secured a revolving credit facility amounting to AED 200 million, maturing in 5 years. However, no drawdown was executed from the revolving credit facility throughout the year.

27 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributed to the owners of the Company by the weighted average number of shares in issue throughout the year.

Diluted earnings per share is calculated by dividing the profit for the year attributed to the owners of the Company by the weighted average number of shares in issue throughout the year, adjusted for the effects of dilutive instruments if any.

	2023 AED	2022 AED
Profit attributable to owners of the Company (AED)	**345,325,089**	224,375,493
Weighted average number of shares (shares)*	**2,499,991,955**	2,500,000,000
Basic and diluted earnings per share for the year (AED)	**0.14**	0.09

As of 31 December 2023 and 31 December 2022, the Company has not issued any instruments that have a dilutive impact on earnings per share when exercised.

*Weighted average number of ordinary shares takes into account the weighted average effect of changes in own shares during the year.

During the year, share capital amounting to AED 100 million has been subdivided into 2,500,000,000 shares, each having a nominal value of AED 0.04 (refer to note 19). As the issued shares did not have a corresponding change in resources, the number of shares as of 31 December 2022 have been adjusted for the purpose of calculating the weighted average number of ordinary shares.

28 FINANCIAL RISK MANAGEMENT

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

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Furthermore, quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility and oversight for the Company's risk management framework and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables, investment in financial assets and cash at banks. Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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:

	2023	2022
	AED	AED
Cash at banks, net	**295,452,868**	234,626,812
Trade and other receivables (excluding prepayments and advances)	**202,896,253**	142,193,731
Investments in financial assets	**66,548,953**	241,417,635
Wakala deposits*	**42,093,333**	40,471,111
	606,991,407	658,709,289

* This represents deposit with financial institution, with original maturity of more than 3 months, earning interest in the range of 3.5% to 4.5% and maturing within the year 2024.

Information about the credit risk exposure on the Company's trade and staff receivables is disclosed under note 15.

Cash at banks and wakala deposits
The Company limits its exposure to credit risk by placing balances with local reputed banks. Bank balances are limited to high-credit-quality financial institutions and bank ratings are reviewed on an annual basis. Banks have credit ratings of A+, A, BBB+ and A- indicating the stable outlook and low default risk. Given the profile of its bankers, management does not expect any counter party to fail to meet its obligations.

Impairment of cash at banks has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of UAE. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL.

28 FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Details of provision for expected credit losses as per IFRS 9 are as follows:

	2023 AED	2022 AED
As at 1 January	**91,483**	95,210
Charge for the year	**19,566**	-
Reversal during the year	**-**	(3,727)
As at 31 December	**111,049**	91,483

Investment in financial assets

For the purposes of impairment assessment, the Sukuk and national bonds are considered to have low credit risk as the counterparties to these investments have a minimum B- credit rating. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the expected credit losses for these assets, the management of the Company have taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers operate obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Details of provision for expected credit losses as per IFRS 9 are as follows:

	2023 AED	2022 AED
At 1 January	**99,167**	376,245
Reversal during the year	**(77,914)**	(277,078)
At 31 December	**21,253**	99,167

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built a liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining reserves and by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. 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 – 5 Years
At 31 December 2023				
Non-derivative financial liabilities:				
Due to related parties	**51,676,316**	**(51,676,316)**	**(51,676,316)**	**-**
Trade and other payables (excluding advances)	**580,011,768**	**(580,011,768)**	**(576,544,942)**	**(3,466,826)**
Bank borrowings	**997,012,750**	**(1,288,728,482)**	**(60,916,703)**	**(1,227,811,779)**
	1,628,700,834	**(1,920,416,566)**	**(689,137,961)**	**(1,231,278,605)**

28 FINANCIAL RISK MANAGEMENT continued

Liquidity risk continued

At 31 December 2022

	Carrying value AED	Contractual cash flows AED	Less than 1 year AED	1 – 5 Years
Non-derivative financial liabilities:				
Due to related parties	840,806,521	(840,806,521)	(840,806,521)	-
Trade and other payables (excluding advances)	523,980,486	(523,980,486)	(521,614,663)	(2,365,823)
	1,364,787,007	(1,364,787,007)	(1,362,421,184)	(2,365,823)

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

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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk in respect of its fixed deposits and bank borrowings.

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

	2023 AED	2022 AED
Fixed rate instrument		
Financial asset		
Sukuk and national bonds (note 16)	**66,548,953**	222,925,916
Floating rate instrument		
Financial liability		
Bank borrowings (note 26)	**997,012,750**	**-**

Sensitivity analysis for floating rate instruments

At 31 December 2023, if interest rates on the bank borrowings had been 10 basis points lower/higher with all other variables held constant, profit for the year would have been increased or decreased by AED 1,000,000 (2022: nil).

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to the shareholders. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

28 FINANCIAL RISK MANAGEMENT continued

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

29 COMMITEMENTS AND CONTINGENT LIABILITIES

The Company's capital commitments relating to purchase of motor vehicles at the reporting date amounted to AED 30,064,642 *(2022: AED 33,634,560)*. The Company does not have any contingent liabilities (2022: nil).

30 CORPORATE TAXATION

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MOF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023.

As the Company's accounting year ends on 31 December, the first tax period will be 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The taxable income of the Company will be subject to the rate of 9% corporate tax. The Cabinet of Ministers Decision No. 116/2022 effective from 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.

As per the Company's assessment, there is no material deferred tax impact on account of the CT Law in the Company's financial statements for the year ended 31 December 2023.

31 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified, wherever necessary, to confirm to the presentation adopted in the current year financial statements. Such reclassifications have no impact on previously reported profit or equity of the Company.

32 SUBSEQUENT EVENT

On 29 February 2024, the Board of Directors proposed to distribute a dividend payment of AED 71,000,000 (2.84 fils per share) for the fourth quarter of 2023, as per the Company's dividend policy. The proposed dividend is subject to the approval of the shareholders at the Company's General Assembly Meeting on 28 March 2024.