PARKIN COMPANY P.J.S.C.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2024 (UNAUDITED)

PARKIN COMPANY P.J.S.C.

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PARKIN COMPANY P.J.S.C.

DIRECTORS' REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

The Directors present their report together with the reviewed financial statements of Parkin Company P.J.S.C. ("Parkin", the "Company") for the three-month period ended 31 March 2024.

Board of Directors:

The directors of the company are:

Chairman:	Ahmed Hashem Bahrozyan
Vice chairman:	Ahmed Hassan Mahboub
Members:	Muna Abdulrahman Al Osaimi
	Nasser Hamad Abu Shehab
	Alawi Ali Al Sheikh
	Mona Mohammad Bajman
	Alunood Thabit Al Ameri

Principal activities:

The principal activities of the Company include offering convenient and cost-effective parking solutions for both residents and visitors in Dubai. Parkin is responsible for operating, overseeing, monitoring, inspecting, and enforcing parking services in public areas, such as on-street parking, off-street parking, multistorey car parks, and designated developer zones within Dubai. The parking fares are collected through various payment channels including the Roads and Transport Authority's website, cash, nol cards, and Smart Applications.

Financial Performance:

During the three-month period ended 31 March 2024, the Company reported revenue of AED 215.3 million (2023: AED 198.8 million). Profit for the period was AED 103.7 million (2023: AED 98.9 million).

Statement of disclosure to auditors:

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

For the Board of Directors

Chairman
Board of Directors
Parkin Company P.J.S.C.
08 May 2024

Review report on condensed interim financial statements to the Board of Directors of Parkin Company P.J.S.C.

Introduction

We have reviewed the accompanying condensed interim statement of profit and loss and other comprehensive income of Parkin Company P.J.S.C. (the 'Company' or 'Parkin') for the three-month period ended 31 March 2024, the condensed interim statement of financial position as at 31 March 2024 and the related condensed interim statements of changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of matter

We draw attention to Note 2 to the condensed interim financial statements, which describes that the Company was not incorporated as a standalone entity for the period up to 29 December 2023 and the assets and liabilities of the Parking Business were transferred from Roads and Transport Authority ("RTA") to the Company on 1 January 2024. Therefore, the condensed interim financial statements include the carve-out financial information of the historical operations of Parking Business within RTA for the period from 1 January 2023 to 31 March 2023 and for the year ended 31 December 2023. We also draw attention to Note 2 to the condensed interim financial statements, which details the basis of preparation and carve-out adjustments applied.

Our conclusion is not modified in respect of this matter.

Other matter

The comparative financial information in the condensed interim statements of profit and loss and other comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period 1 January 2023 to 31 March 2023 has not been audited or reviewed. The comparative financial information in the condensed interim statement of financial position is based on the audited carve-out financial statements of the Company as at 31 December 2023.

Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers Limited Partnership Dubai Branch, License no. 102451
Emaar Square, Building 5, P O Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

Review report on condensed interim financial statements to the Board of Directors of Parkin Company P.J.S.C. (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers Limited Partnership Dubai Branch
08 May 2024

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

برايس ووترهاوس كوبرز شراكة محدودة فرع دبي
P.O.Box: 11987
DUBAI - U.A.E.
PRICEWATERHOUSECOOPERS LIMITED PARTNERSHIP DUBAI BR.

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

		Three-month period ended	
		31 March 2024	*31 March 2023*
		(unaudited)	*(unaudited and not reviewed)*
	Notes	***AED'000***	*AED'000*
Revenue	6	**215,277**	198,803
Other income		**197**	167
Commission expense	7	**(7,584)**	(7,316)
Maintenance expense		**(3,516)**	(6,222)
Employee benefit expense	9	**(18,425)**	(35,728)
Depreciation and amortisation expense	10	**(12,703)**	(4,718)
Variable lease expense	14	**(3,691)**	(3,405)
Concession fee expense	20	**(28,704)**	-
Impairment loss on trade receivables	15	**(8,241)**	(9,070)
Corporate allocation expense	22	**-**	(26,696)
Finance costs	11	**(11,600)**	(344)
Other expenses	8	**(7,033)**	(6,603)
Profit before tax for the period		**113,977**	98,868
Income tax expense	30	**(10,247)**	-
Profit after tax for the period		**103,730**	98,868
Total comprehensive income for the period		**103,730**	98,868
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company	28	**0.03**	0.03

The accompanying notes 1 to 33 form an integral part of these condensed interim financial statements.

PARKIN COMPANY P.J.S.C.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
ASSETS			
Non-current assets			
Property and equipment	12	**28,649**	26,902
Intangible assets	13	**1,426,360**	9,329
Right of use assets	14	**9,321**	25,073
		1,464,330	61,304
Current assets			
Trade and other receivables	15	**315,550**	190,927
Due from related parties	22	**182,882**	-
Cash and cash equivalents	21	**102,862**	-
		601,294	190,927
Total assets		**2,065,624**	252,231
LIABILITIES			
Non-current liabilities			
Long-term borrowings	23	**1,097,387**	-
Provision for employees' end-of-service benefits	16	**28,933**	54,356
Lease liabilities	14	**29,189**	21,644
		1,155,509	76,000
Current liabilities			
Due to related parties	22	**408,757**	-
Lease liabilities	14	**6,548**	5,537
Trade and other payables	17	**48,526**	96,627
Provision for taxation	30	**10,247**	-
Contract liabilities	18	**66,089**	61,459
		540,167	163,623
Total liabilities		**1,695,676**	239,623
EQUITY			
Share capital	26	**60,000**	-
Statutory reserve	27	**10,373**	-
Retained earnings		**299,575**	-
Accumulated net parent investment		**-**	12,608
Total equity		**369,948**	12,608
Total equity and liabilities		**2,065,624**	252,231

To the best of our knowledge, the condensed interim financial statements are prepared, in all material respects, in accordance with IAS 34. The condensed interim financial statements were approved by the Board of Directors on 08 May 2024 and were signed on its behalf by:

Chief Executive Officer

Chairman of the Board of Directors

The accompanying notes 1 to 33 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

		Three-month period ended	
		31 March 2024	*31 March 2023*
		(unaudited)	*(Unaudited and not reviewed)*
	Notes	***AED'000***	*AED'000*
Cash flows from operating activities			
Profit before tax		**113,977**	98,868
Adjustments for:			
Depreciation of property and equipment and right of use assets		**3,410**	4,237
Amortisation of intangible assets	13	**9,293**	481
Provision for employees' end-of-service benefits	16	**263**	1,759
Finance costs (interest on lease liabilities)		**262**	344
Finance costs (profit on loan)		**11,338**	-
Impairment loss on trade receivables	15	**8,241**	9,070
Operating cash flows before changes in working capital and employees' end-of-service benefits paid		**146,784**	114,759
Changes in working capital:			
Changes in trade and other receivables		**(132,864)**	(66,862)
Changes in due from related parties		**(152,433)**	-
Changes in due to related parties		**108,757**	-
Changes in trade and other payables		**10,034**	(17,848)
Changes in contract liabilities		**4,630**	5,464
Changes in provision		**-**	250
		(15,092)	35,763
Employees' end-of-service benefits paid	16	**-**	(5,860)
Net cash flows (used in) / generated from operating activities		**(15,092)**	29,903
Cash flows from investing activities			
Payment for purchase of intangibles and property and equipment		**(1,100,000)**	(3,841)
Proceeds from sale of property and equipment	20	**-**	413
Net cash used in investing activities		**(1,100,000)**	(3,428)
Cash flows from financing activities			
Proceeds from issuance of share capital		**60,000**	-
Proceeds of borrowings, net of transaction costs		**1,097,000**	-
Repayment of lease liability		**(458)**	(331)
Interest element of lease payments		**(47)**	(344)
Contribution from / (distribution to) Parent		**61,459**	(25,800)
Net cash generated from / (used in) financing activities		**1,217,954**	(26,475)
Increase in cash and cash equivalents		**102,862**	-
Cash and cash equivalents at the beginning of the period		**-**	-
Cash and cash equivalents at the end of the period		**102,862**	-

The accompanying notes 1 to 33 form an integral part of these condensed interim financial statements.

Supplemental Non-Cash Information

		Three-month period	
		31 March 2024 (unaudited)	*31 March 2023 (Unaudited and not reviewed)*
	Notes	*AED'000*	*AED'000*
Right-of-use asset additions (Note 14)		**9,474**	10,864
Lease liability additions (Note 14)		**9,474**	10,864
End of service benefit liability of employees not transferred to the Company (Note 22)		**25,686**	-
Leave provision not transferred to the Company (Note 22)		**305**	-
Trade and other payables not transferred to the Company (Note 22)		**70,707**	**-**
Amounts related to employee payables receivable from RTA (Note 22)		**30,449**	**-**
Additions to intangible assets pertaining to deferred concession fee (Note 20)		**300,000**	**-**

The accompanying notes 1 to 33 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital AED'000	Statutory reserve AED'000	Retained earnings AED'000	Net parent investment AED'000	Total equity AED'000
At 1 January 2023	-	-	-	63,019	63,019
Total comprehensive income for the period	-	-	-	98,868	98,868
Net distribution to parent	-	-	-	(25,800)	(25,800)
At 31 March 2023 (unaudited and not reviewed)	-	-	-	136,087	136,087
At 1 January 2024	**-**	**-**	**-**	**12,608**	**12,608**
Total comprehensive income for the period	**-**	**-**	**103,730**	**-**	**103,730**
Contribution from parent (Note 2)	**-**	**-**	**-**	**61,459**	**61,459**
Other transactions with owners in their capacity as owners (Note 22)	**-**	**-**	**-**	**132,151**	**132,151**
Issuance of share capital (Note 26)	**60,000**	**-**	**-**	**-**	**60,000**
Transfer to statutory reserve (Note 27)	**-**	**10,373**	**(10,373)**	**-**	**-**
Transfer to retained earnings (Note 2)	**-**	**-**	**206,218**	**(206,218)**	**-**
At 31 March 2024 (unaudited)	**60,000**	**10,373**	**299,575**	**-**	**369,948**

The accompanying notes 1 to 33 form an integral part of these condensed interim financial statements.

1 DESCRIPTION OF BUSINESS AND PRINCIPAL ACTIVITIES

Parkin Company P.J.S.C. ('Parkin' or the 'Company') is a Public Joint Stock Company established on 29 December 2023 in the Emirate of Dubai, United Arab Emirates (UAE) under law no. 30 of 2023 issued by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the Ruler of Dubai, and started its operations on 1 January 2024.

The registered address of Parkin is G+2, Old Headquarters, Umm Al Ramool, Marrakech Street, Dubai, UAE.

Parkin is owned by Dubai Investment Fund ("DIF", "the Parent"), which is in turn wholly owned by the Government of Dubai which is the ultimate controlling party. On 21 March 2024, DIF sold 24.99% shares of the Company through an Initial Public Offering ("IPO") on the Dubai Financial Market ("DFM") stock exchange. DIF therefore owns 75.01% of the Company as on 31 March 2024.

The principal activities of the Company include offering convenient and cost-effective parking solutions for both residents and visitors in Dubai. Parkin is responsible for operating, overseeing, monitoring, inspecting, and enforcing parking services in public areas, such as on-street parking, off-street parking, multistorey car parks, and designated developer zones within Dubai. The parking fares are collected through various payment channels including the Roads and Transport Authority ("RTA") website, cash, nol cards, and Smart Applications.

These condensed interim financial statements are the first set of financial statements of the Company since its incorporation. The condensed interim financial statements for the three-month period ended 31 March 2024 have been reviewed, not audited. The comparative information for the condensed interim statement of financial position is based on the audited Roads and Transport Authority – Parking Business carve-out financial statements as at 31 December 2023. The comparative information for the condensed interim statements of profit and loss and other comprehensive income, changes in equity and cash flows, and related explanatory notes, for the three-month period ended 31 March 2023 has not been audited or reviewed as it is the first time the Company has prepared condensed interim financial statements for the three-month period ended 31 March 2024.

2 BASIS OF PREPARATION

These condensed interim financial statements for the three-month period ended 31 March 2024 have been prepared in accordance with International Accounting Standard (IAS): 34 'Interim Financial Reporting' and applicable requirements of the United Arab Emirates laws.

The condensed interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Roads and Transport Authority – Parking Business carve-out financial statements for the year ended 31 December 2023.

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

The preparation of condensed interim financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant to condensed interim financial statements are disclosed in Note 5. These have been applied consistently for all periods presented unless otherwise stated.

The Company started operating as a separate legal entity from 1 January 2024, therefore the comparative information included in the condensed interim statements of profit and loss and other comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2023 and the statement of financial position as at 31 December 2023, represents the Roads and Transport Authority's ("RTA") Parking Business financial information carved out from the accounting records of RTA.

The transfer of the RTA Parking Business to Parkin Company P.J.S.C. was effective on 1 January 2024 and represents a capital reorganisation (Note 32). The condensed interim financial statements of the Company are presented as a continuation of the RTA Parking Business. The financial information presented in these condensed interim financial statements for the comparative period from 1 January 2023 to 31 March 2023 represents the financial results of Parkin before the incorporation date of the Company as if the Company had historically operated as a standalone entity. Therefore, the transfer represents the predecessor method of accounting and retrospective presentation is used. As Parkin was not a standalone legal entity for the comparative period from 1 January 2023 to 31 March 2023, the Company's results and financial performance has been carved-out from the accounting records of RTA and reflect the revenues and expenses of RTA's Parking Business as if these had always been a part of the Company. The assets and liabilities were transferred from RTA to the Company on 1 January 2024, at their predecessor carrying values and fair value measurement was not required.

As Parkin did not comprise a separate legal entity for the three-month period ended 31 March 2023 and for the year ended 31 December 2023, therefore, paid-up capital or an analysis of reserves or components of other comprehensive income, which is separately identifiable have not been presented in the comparative condensed interim statement of changes in equity.

2 BASIS OF PREPARATION (continued)

As on 1 January 2024, the net parent investment amounted to AED 12.6 million. During the three-month period ended 31 March 2024, DIF contributed an amount of AED 60 million comprising of share capital (Note 26) and the Department of Finance (controlled by the ultimate controlling party) made an additional contribution of AED 61.5 million on behalf of the Parent which is not intended to be recalled.

The sum of capital contributed by the Parent (DIF) and on behalf of the Parent and the net parent investment resulting from the transfer of the Parking business of RTA to Parkin Company P.J.S.C. was initially recorded within net parent investment and subsequently transferred to retained earnings.

Financial results and cash flows for the period ended 31 March 2023

Consistent with RTA Parking Business' audited carve-out financial statements for the year ended 31 December 2023, the financial results and cash flows for the comparative period from 1 January 2023 to 31 March 2023 represent historical operations of the RTA Parking Business and have been prepared from the accounting records of RTA wherein revenues, expenses, assets, and liabilities of the parking business were separately maintained in the RTA books except for corporate shared overheads. During the comparative period from 1 January 2023 to 31 March 2023, the Company functioned as part of the Traffic and Roads Agency ("TRA") which is one of the four agencies forming part of RTA. Accordingly, both RTA and TRA have historically performed certain corporate overhead functions for Parkin. These include, but are not limited to, executive oversight, legal, finance, human resources, and financial reporting. The costs of such services have been allocated to the Company based on the most relevant allocation method to the service provided. Management believes such allocations are reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Company been operating as a separate entity apart from RTA.

The cost allocated for these functions is included in corporate allocation expense in the condensed interim statement of profit and loss and other comprehensive income for the comparative period presented. A complete discussion of the Company's relationship with RTA, together with the cost allocations, is included in Note 22 to the condensed interim financial statements.

Because Parkin is not a standalone legal entity in the comparative period from 1 January 2023 to 31 March 2023, Parent's net investment is shown which represents the cumulative net investment by RTA in the Company until 31 March 2023. The impact of transactions between the Company and RTA that were not historically settled in cash are also included in the Net parent investment.

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

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

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

- *Amendments to IAS 1: amendments regarding the classification of liabilities*
- *Amendments to IFRS 16: amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions*
- *Amendments to IAS 1: amendments regarding the classification of debt with covenants*
- *Amendments to IFRS 7: amendments regarding supplier finance arrangements.*
- *Amendments to IAS 7: amendments regarding supplier finance arrangements.*

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (continued)

New standards, interpretations and amendments issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for reporting periods commencing from 1st January 2024 and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual carve-out financial statements for the year ended 31 December 2023 unless otherwise stated, except for the adoption of new and amended standards as mentioned in Note 3.

4.1 Intangible Assets

Intangible assets consist of acquired parking operation systems, including Mobile Automatic Number Plate Recognition ("ANPR") systems, as well as the Company's right under the service concession agreement (Note 22), that is, an upfront concession fee of AED 1.1 billion and a deferred concession fee of AED 300 million to RTA under the service concession agreement between RTA and the Company.

An internally generated intangible asset arising from the Company's product or software development is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes),
- It is probable that the asset will generate future economic benefits; and
- The development costs can be reliably measured.

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Research costs are recognised in the statement of profit and other comprehensive income in the period in which they are incurred. Development costs are capitalized if, and only if, all the following conditions are fulfilled:

- The technical feasibility of the product has been demonstrated,
- The product or process will be placed on the market or used internally,
- The assets will generate future economic benefits (a potential market exists for the product or, where it is to be used internally, its future utility has been demonstrated),
- The cost of the asset can be measured reliably, and
- The technical, financial, and other resources required to complete the project are available.

Intangible assets are amortised on a straight-line basis over their useful lives.

Parking operation systems	4 to 15 years
Concession agreement rights	49 years

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.1 Intangible Assets (continued)

Intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the condensed interim statement of profit and loss and other comprehensive income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the condensed interim statement of profit and loss and other comprehensive income when the asset is derecognised.

Other development expenditures that do not meet these criteria, along with all expenditures on research activities, are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Intangible assets under development represent expenditures on software for Parking systems that are in the process of development which have not yet reached the stage of being available for use. Intangible assets under development are amortised only when they are available for use.

4.2 Cash and cash equivalents

For the purpose of statement of cashflows, cash and cash equivalents are comprised of cash held in bank in the current account.

4.3 Value added tax

Expenses and assets are recognized net of the amount of tax, except:

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

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

4.4 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs which are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities in case if settlement is due within 12 months otherwise, they are classified as non-current liabilities.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The future cash payment is estimated taking into account all the contractual terms of the instrument.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.5 Service concession agreement

The Company recognizes an intangible asset arising from a service concession arrangement when it has a right to charge the users for use of the concession infrastructure. An intangible asset received as consideration for providing the upfront fee in a service concession arrangement is measured at cost on initial recognition.

The concession agreement rights are stated at cost, less amortization of cost. The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Company is able to charge the public for the use of the infrastructure to the end of the concession period.

Concession agreement rights included within intangibles assets include the amount of fixed concession fee paid to RTA in accordance with the concession agreement entered with the RTA for the Parking Business and the deferred payment of AED 300 million (Note 22). These intangible assets have finite useful life and are measured at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation is recognised in the profit or loss on a straight-line basis over the life of the concession term.

4.6 Income Tax

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised in directly in equity or in other comprehensive income (OCI).

Current Tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

4.6 Income Tax (continued)

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
  - is not a business combination; and
  - at the time of the transaction
    (i) affects neither accounting nor taxable profit or loss and
    (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

4.7 Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the carve-out financial statements of RTA's Parking Business as at and for the year ended 31 December 2023 unless otherwise stated.

a) Determining whether RTA's voluntary right to terminate is substantive or not

As per the terms of the concession agreement, RTA has an option to voluntarily terminate the agreement by giving notice of voluntary termination to the Company and paying the termination value as determined on the termination date based on terms of the concession agreement. The Company applies judgement in evaluating whether it is reasonably certain whether RTA will exercise the option to terminate the agreement. Based on the judgement applied, the Company believes it will not be economically beneficial for RTA to exercise the rights and voluntarily terminate this agreement as the termination payment will significantly exceed the upfront concession payment made by Parkin to acquire concession right.

6 REVENUE

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

	Three-month period ended	
	31 March 2024	*31 March 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
Recognised at a point in time:		
- Public Parking fee		
On-street/off-street Parking	**99,311**	89,248
Developer Parking fee	**16,558**	14,591
Multistorey Parking building fees	**2,920**	4,726
- Fines	**52,582**	52,024
Total revenue recognised at a point in time	**171,371**	160,589
Recognised over time:		
- Permits and seasonal cards	**36,937**	31,652
- Parking reservations	**4,412**	4,524
- Other services	**2,557**	2,038
Total revenue recognised over time	**43,906**	38,214
Total revenue	**215,277**	198,803

7 COMMISSION EXPENSE

	Three-month period ended	
	31 March 2024	*31 March 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
- Service charges - telecom operators*	**7,584**	6,596
- Service charges - other agencies	**-**	720
	7,584	7,316

*Service charges from telecom operators include the commission payment for collection of parking fees on behalf of the Company. Additionally, the share of the SMS convenience fee received by the Company from telecom operators of AED 2.4 million and AED 2.2 million has been netted off from the commission expense for the three month periods ended 31 March 2024 and 31 March 2023 respectively.

8 OTHER EXPENSES

	Three-month period ended	
	31 March 2024	*31 March 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
Transitional service expense	**5,777**	-
Professional Fees	**648**	-
Miscellaneous expenses	**608**	395
Operating expenses*	**-**	6,208
	7,033	6,603

*Operating expenses comprise of recharges by RTA for the assets utilised by the Company but not recognised as property and equipment or intangible assets. These amount to AED 4.75 million for the three month period ended 31 March 2023. Further, the operating expenses include utilization costs for vehicles leased and owned by RTA of AED 1.25 million for the three month period ended 31 March 2023. During the three month period ended 31 March 2024, such operating expenses are not applicable as these costs are covered either through concession fees or through transitional service agreement. Refer Note 22 for details.

9 EMPLOYEE BENEFITS EXPENSE

	Three-month period ended	
	31 March 2024	*31 March 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
Salaries and wages	**17,680**	28,449
Other benefits and allowances	**482**	5,520
End of service benefits (Note 16)	**263**	1,759
	18,425	35,728

The decrease in the employee benefits expense is on account of some employees not being transferred from RTA to Parkin post incorporation of the Company.

10 DEPRECIATION AND AMORTISATION EXPENSE

	Three-month period ended	
	31 March 2024	*31 March 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
Depreciation on property and equipment (Note 12)	**3,257**	2,598
Depreciation on right-of-use assets (Note 14)	**153**	1,639
Amortisation of intangible assets (Note 13)	**9,293**	481
	12,703	4,718

11 FINANCE COST

	Three-month period ended	
	31 March 2024	*31 December 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
Finance cost on bank borrowing*	**10,950**	-
Finance cost on lease liabilities	**262**	344
Commitment fee on revolving credit facility	**250**	-
Unwinding of capitalized upfront fee on loan	**138**	-
	11,600	344

*Finance cost on bank borrowing relates to a loan taken with Emirates NBD PJSC ("ENBD") which is a related party, refer Note 22 for reference.

12 PROPERTY AND EQUIPMENT

For the period ended 31 March 2024:

	Machinery & Equipment	*Motor Vehicles*	*Office Equipment & furniture*	*Capital work in progress*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Cost					
At 1 January 2024	**154,700**	**586**	**6,288**	**3,600**	**165,174**
Additions	**5,004**	**-**	**-**	**-**	**5,004**
At 31 March 2024 (unaudited)	**159,704**	**586**	**6,288**	**3,600**	**170,178**
Accumulated depreciation					
At 1 January 2024	**131,764**	**338**	**6,170**	**-**	**138,272**
Depreciation charge for the period	**3,213**	**25**	**19**	**-**	**3,257**
At 31 March 2024 (unaudited)	**134,977**	**363**	**6,189**	**-**	**141,529**
Net carrying amount					
At 31 March 2024 (unaudited)	**24,727**	**223**	**99**	**3,600**	**28,649**

12 PROPERTY AND EQUIPMENT (continued)

For the year ended 31 December 2023:

	Machinery & Equipment AED'000	*Motor Vehicles AED'000*	*Office Equipment & Furniture AED'000*	*Capital work in progress AED'000*	*Total AED'000*
Cost					
At 1 January 2023	156,219	701	7,161	117	164,198
Additions	909	-	4	3,483	4,396
Adjustments	(2,210)	(115)	(3)	-	(2,328)
Retirements	(218)	-	(874)	-	(1,092)
At 31 December 2023 (audited)	154,700	586	6,288	3,600	165,174
Accumulated depreciation					
At 1 January 2023	122,741	347	6,962	-	130,050
Depreciation charge for the year	11,038	106	85	-	11,229
Adjustments	(1,831)	(115)	(3)	-	(1,949)
Retirements	(184)	-	(874)	-	(1,058)
At 31 December 2023 (audited)	131,764	338	6,170	-	138,272
Net carrying amount					
At 31 December 2023 (audited)	22,936	248	118	3,600	26,902

For the period ended 31 March 2023:

	Machinery & Equipment AED'000	*Motor Vehicles AED'000*	*Office Equipment & Furniture AED'000*	*Capital work in progress AED'000*	*Total AED'000*
Cost					
At 1 January 2023	156,219	701	7,161	117	164,198
Additions	-	-	-	3,841	3,841
Adjustments	(2,210)	(115)	(3)	-	(2,328)
Retirements	(196)	-	(76)	-	(272)
At 31 March 2023 (unaudited and not reviewed)	153,813	586	7,082	3,958	165,439
Accumulated depreciation					
At 1 January 2023	122,741	347	6,962	-	130,050
Depreciation charge for the period	2,549	24	25	-	2,598
Adjustments	(1,831)	(115)	(3)	-	(1,949)
Retirements	(162)	-	(76)	-	(238)
At 31 March 2023 (unaudited and not reviewed)	123,297	256	6,908	-	130,461
Net carrying amount					
At 31 March 2023 (unaudited and not reviewed)	30,516	330	174	3,958	34,978

Machinery and equipment includes parking equipment, ticketing equipment, office and security equipment and communication equipment. Land, multistorey Parking buildings, signages, parking lots (including fixtures such as streetlights and benches), building fixtures, security cabins, building security equipment, and IT network equipment represents assets that are dedicated for Company's operation, however, the title of these will remain with RTA.

12 PROPERTY AND EQUIPMENT (continued)

The Company has entered into a concession agreement with RTA (Note 20) wherein, rights are provided to the Company to use these assets against a concession fee. Accordingly, these assets are not included in the current and will not be included in the future financial statements of the Company.

Property and equipment include assets that are fully depreciated but still in use. The cost of these assets is AED 17.98 million as at 31 March 2024, AED 17.97 million as at 31 December 2023, and AED 18.9 million as at 31 March 2023.

13 INTANGIBLE ASSETS

For the period ended 31 March 2024:

	Concession agreement rights	Concession rights - developer parking	Concession rights - parking operation systems	Parking operation systems	Intangible assets under development	Total
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Cost						
At 1 January 2024	**-**	**-**	**-**	**28,868**	**3,659**	**32,527**
Transferred*	**-**	**41,619**	**28,868**	**(28,868)**	**-**	**41,619**
Additions	**1,400,000**	**-**	**1,251**	**-**	**-**	**1,401,251**
At 31 March 2024 (unaudited)	**1,400,000**	**41,619**	**30,119**	**-**	**3,659**	**1,475,397**
Accumulated amortisation						
At 1 January 2024	**-**	**-**	**-**	**23,198**	**-**	**23,198**
Transferred*	**-**	**16,546**	**23,198**	**(23,198)**	**-**	**16,546**
Charge for the period	**7,143**	**1,505**	**645**	**-**	**-**	**9,293**
At 31 March 2024 (unaudited)	**7,143**	**18,051**	**23,843**	**-**	**-**	**49,037**
Net carrying amount						
At 31 March 2024 (unaudited)	**1,392,857**	**23,568**	**6,276**	**-**	**3,659**	**1,426,360**

**Concession rights – developer parking and concession rights – parking operation systems pertains to assets tailored and used for the provision of services under the service concession arrangement (Note 20) and accordingly have been included as intangible assets under IFRIC 12.*

For the year ended 31 December 2023:

	Parking Operation Systems	Intangible assets under development	Total
	AED'000	*AED'000*	*AED'000*
Cost			
At 1 January 2023	28,463	3,659	32,122
Additions	405	-	405
At 31 December 2023 (audited)	28,868	3,659	32,527
Accumulated amortisation			
At 1 January 2023	20,736	-	20,736
Charge for the year	2,462	-	2,462
At 31 December 2023 (audited)	23,198	-	23,198
Net carrying amount			
At 31 December 2023 (audited)	5,670	3,659	9,329

13 INTANGIBLE ASSETS (continued)

For the period ended 31 March 2023:

	Parking Operation Systems *AED'000*	Intangible assets under development *AED'000*	Total *AED'000*
Cost			
At 1 January 2023 and 31 March 2023 (unaudited and not reviewed)	28,463	3,659	32,122
Accumulated amortisation			
At 1 January 2023	20,736	-	20,736
Charge for the year	481	-	481
At 31 March 2023 (unaudited and not reviewed)	21,217	-	21,217
Net carrying amount			
At 31 March 2023 (unaudited and not reviewed)	7,246	3,659	10,905

Intangible assets under development are not amortized until they become available for use.

Management did not identify any indicators of impairment for intangible assets for all periods presented.

Certain software licenses for IT equipment are dedicated to Company's operation, however, the title of these will remain with RTA. The Company has entered into a concession agreement with RTA (Note 20) wherein, rights are provided to the Company to use these assets against a concession fee. Accordingly, these intangible assets are not included in the current and will not be included in the future financial statements of the Company.

Intangible assets include assets that are fully depreciated but still in use. The cost of these assets is AED 12.19 million as at 31 March 2024, AED 12.19 million as at 31 December 2023, and AED 11.79 million as at 31 March 2023.

14 LEASE

In accordance with the Concession Agreement, RTA is novating the developer contracts relating to the RTA Parking Business to Parkin, effective 1 January 2024. These developer contracts pertain to the operation and management of parking spaces within different areas in Dubai. Certain of these contracts contain a lease in accordance with the lease definition of IFRS 16.

As on 31 March 2024, Parkin and RTA are in the process of completing the formalities of novating such developer contracts. As the Concession Agreement has assigned the rights and obligations for each of the these contracts from RTA to Parkin effective 01 January 2024, the assets and liabilities and the accompanying income and expenses of the contracts being novated have been included in these condensed interim financial statements.

Parkin leases developer parking areas that have been tailored for the provision of parking services under the Service Concession Arrangement. Accordingly, such assets have been acquired for the purposes of the Service Concession Arrangement. After entering into the Service Concession Arrangement (Note 20), the right to use such assets have been transferred and included within "Concession rights - developer parking" as a part of intangible assets.

In addition to the above leases, the Company has also entered into a new office lease in March 2024 for a period of 5 years.

As on 31 March 2024, the Company has one lease for an office space. During the year ended 31 December 2023, the Company had leases with developer contracts which have been transferred and included within "Concession rights - developer parking" as a part of intangible assets as on 31 March 2024.

Information about leases for which the Company is a lessee is presented below.

14 LEASE (continued)

a) Right-of-use assets

For the period ended 31 March 2024:

	31 March 2024
	AED'000
Cost:	
At 1 January 2024	**41,619**
Transferred to intangible assets (Note 13)	**(41,619)**
Additions during the period	**9,474**
At 31 March 2024 (unaudited)	**9,474**

	31 March 2024
	AED'000
Accumulated depreciation:	
At 1 January 2024	**16,546**
Transferred to intangible assets (Note 13)	**(16,546)**
Charge for the period	**153**
At 31 March 2024 (unaudited)	**153**
Net carrying amount (unaudited)	**9,321**

For the year ended 31 December 2023:

	31 December 2023
	AED'000
Cost:	
At 1 January 2023	27,308
Additions during the period	14,311
At 31 December 2023 (audited)	41,619
Accumulated depreciation:	
At 1 January 2023	10,862
Charge for the period	5,684
At 31 December 2023 (audited)	16,546
Net carrying amount	25,073

14 LEASE (continued)

a) Right-of-use assets (continued)

For the period ended 31 March 2023:

	31 March 2023 ***AED'000***
Cost:	
At 1 January 2023	27,308
Additions during the period	10,864
At 31 March 2023 (unaudited and not reviewed)	38,172
Accumulated depreciation:	
At 1 January 2023	10,862
Charge for the period	1,639
At 31 March 2023 (unaudited and not reviewed)	12,501
Net carrying amount (unaudited and not reviewed)	25,671

b) Lease liabilities- movement

	31 March 2024 ***(unaudited)*** ***AED'000***	*31 December 2023* *(audited)* *AED'000*	*31 March 2023* *(unaudited and unreviewed)* *AED'000*
At 1 January	**27,181**	17,320	17,320
Additions during the period	**9,474**	14,311	10,864
Finance charge for the period	**262**	900	344
Lease repayments	**(505)**	(5,350)	(675)
Transferred to accruals	**(675)**	-	-
	35,737	27,181	27,853

The lease liabilities presented above include liabilities pertaining to leases entered as part of the concession arrangement. After entering into the Service Concession Arrangement (Note 20), the right to use such assets have been transferred and included within "Concession rights - developer parking" as a part of intangible assets.

c) Lease liabilities- classification

	31 March 2024 ***(unaudited)*** ***AED'000***	*31 December 2023* *(audited)* *AED'000*
Current	**6,548**	5,537
Non-current	**29,189**	21,644
Balance at the end of the period/ year	**35,737**	27,181

14 LEASE (continued)

d) Amount recognised in profit or loss

	Three-month period ended	
	31 March 2024	*31 March 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
Finance cost on lease liabilities	**262**	344
Depreciation on right-of-use asset	**153**	1,639
Variable lease payments not included in the measurement of lease liabilities	**3,691**	3,405
	4,106	5,388

e) Amount recognised in the statement of cash flows

	Three-month period ended	
	31 March 2024	*31 March 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
Principal element of lease payments	**(458)**	(331)
Interest element of lease payment	**(47)**	(344)
	(505)	(675)
Variable lease payments not included in the measurement of lease liabilities*	**(3,691)**	(3,405)
	(4,196)	(4,080)

f) Lease payments

Certain leases of developer parking areas contain variable lease payment based on the revenue generated from operating the parking facilities in such areas. Fixed and variable rental payments for the three-month period ended 31 March were as follows:

	Three-month period ended	
	31 March 2024	*31 March 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
Fixed payments in relation to lease liabilities	**505**	675
Variable payments*	**3,691**	3,405
	4,196	4,080

*Variable payments presented above pertain to leases entered as part of the concession arrangement (Note 20)

15 TRADE AND OTHER RECEIVABLES

	31 March 2024 (unaudited) AED'000	*31 December 2023 (audited) AED'000*	*31 March 2023 (unaudited and not reviewed) AED'000*
Fines receivables	**116,160**	110,261	116,504
Telecom receivables	**139,839**	88,179	181,687
Less: loss allowance on fines and receivables from telecom operators	**(27,281)**	(22,091)	(29,347)
	228,718	176,349	268,844
Police receivables	**15,154**	12,329	14,402
VAT receivable (Note 22)	**53,412**	-	-
Staff advances and other advances	**15,014**	49	101
Other receivables	**3,252**	2,200	2,125
	315,550	190,927	285,472

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

There is no allowance for expected credit losses or impairment incurred for trade and other receivables from police receivables, other receivables, and staff advances and other advances.

Movements in the loss allowance on receivables relating to telecom operators and fines are as follows:

	31 March 2024 (unaudited) AED'000	*31 December 2023 (audited) AED'000*	*31 March 2023 (unaudited and not reviewed) AED'000*
At 1 January	**22,091**	22,839	22,839
Write off during the period/ year/ period for fines	**(3,051)**	(10,561)	(2,562)
Impairment loss for period/ year/ period for fines receivables	**3,476**	12,600	6,440
Impairment loss/(Reversal) for telecom receivables	**4,765**	(2,787)	2,630
Balance at the end of the period / year / period	**27,281**	22,091	29,347

The provision for impaired receivables has been included in "(Impairment loss)/Reversal of impairment loss on trade receivables" in the condensed interim statement of profit and other comprehensive income. The Company writes off trade receivables when there is no realistic prospect of recovery, which is estimated by management to be at the end of the average customer useful life, which is five years. There is no contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity.

16 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the end of service provision for the year ended 31 December are as follows:

	31 March 2024 (unaudited) AED'000	*31 December 2023 (audited) AED'000*
As 1 January	**54,356**	61,229
Employees not transferred from RTA (Note 22)*	**(25,686)**	-
Expense for the period/ year	**263**	4,971
Payouts during the period/ year	**-**	(11,844)
Balance at the end of the period / year	**28,933**	54,356

In accordance with IAS 19 (revised) 'Employee Benefits' management has carried out an exercise to assess the present value of its obligation as at 31 March 2024 and 31 December 2023, in respect of end of employees' end of service benefits payable under the Government of Dubai Human Resource management Law. The expected liability at the date of leaving the service has been discounted to its present value.

*Post incorporation of the Company, some employees were not transferred from RTA to Parkin. This amount relates to the end of service benefits for the employees not transferred.

17 TRADE AND OTHER PAYABLES

	31 March 2024 (unaudited) AED'000	*31 December 2023 (audited) AED'000*
Trade payables and accruals	**46,264**	93,301
Payables to employees	**2,262**	3,326
Balance at the end of the period / year	**48,526**	96,627

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

During the three month period ended 31 March 2024, AED 70,707 thousand (2023: NIL) of trade and other payables were waived off by RTA and accordingly not transferred to Parkin (Note 22)

18 CONTRACT LIABILITIES

As of 31 March 2024 and 31 December 2023, contract liabilities consisted of AED 46.55 million and AED 42.82 million respectively related to account balances paid in advance by the customer for seasonal public parking cards or temporary permits of parking access. Further, AED 3.97 million and AED 4 million represent advance payments collected from customers against parking spot reservation in public parking and multistorey parking buildings as of 31 March 2024 and 31 December 2023 respectively. The remaining amount of AED 15.57 million and AED 14.63 million relate to amounts deposited by customers in the RTA Parking Wallet application as of 31 March 2024 and 31 December 2023 respectively.

As of 31 March 2024 and 31 December 2023, contract liabilities of AED 46.55 million and AED 42.82 million respectively, arising from seasonal cards and permits will be recognised as revenue in the next one year. Further, as of 31 March 2024 and 31 December 2023, contract liabilities of AED 3.97 million and AED 4 million respectively, arising from parking spot reservations will be recognised as revenue in the next one year. Movements in contract liabilities for the period ended 31st March 2024 and year ended 31 December 2023 is as follows:

18 CONTRACT LIABILITIES (continued)

	31 March 2024 ***(unaudited)*** ***AED'000***	*31 December 2023* *(audited)* *AED'000*
At 1 January 2024	**61,459**	55,202
Add: Collection from permits and seasonal cards	**40,665**	137,485
Add: Collection from wallet application	**23,059**	73,998
Add: Collection from reservations	**4,368**	19,861
Less: Revenue recognised from permits and seasonal cards from current years collection	**(14,395)**	(93,025)
Less: Revenue recognised from permits and seasonal cards from prior years collection	**(22,542)**	(42,441)
Less: Revenue recognised from wallet application from current year Collection	**(7,485)**	(59,369)
Less: Revenue recognised from wallet application from prior years Collection	**(14,628)**	(9,933)
Less: Revenue recognised from reservations from current year collection	**(2,161)**	(15,848)
Less: Revenue recognised from reservations from prior years collection	**(2,251)**	(4,471)
At 31 March 2024	**66,089**	61,459

19 PROVISIONS

The Company has recognised a provision for the amounts due to the developers in accordance with Parking operation agreements.

	31 March 2024 ***(unaudited)*** ***AED'000***	*31 December 2023* *(audited)* *AED'000*
As at 1 January 2024	**-**	2,850
Transfer to payable	**-**	(2,850)
Balance at the end of the period / year	**-**	-

20 SERVICE CONCESSION ARRANGEMENT

On 5 February 2024, Parkin Company P.J.S.C. ("Parkin") entered into a Parking Concession Agreement effective 1 January 2024 with Road and Transport Authority ("RTA"), pursuant to which RTA grants some of its mandates and powers under 2016 Parking Regulations (No. 5 of 2016) (the 2016 Parking Law. “the law”), regarding the operation, management, and supervision of parking facilities in Dubai. In respect of the Parking Concession Agreement, Parkin has made an upfront concession payment of AED 1,100 million to RTA. Further, as per the Parking Concession Agreement, Parkin has recorded a deferred concession fee of AED 300 million and a VAT payable to RTA of AED 55 million, both of which are recorded under due to related parties with RTA as at 31 March 2024.

The agreement term is for a period of 49 years unless terminated or extended as per the terms of the concession agreement. As per the terms of the concession agreement, there is no decommissioning obligations at the end of the contractual period and therefore, no liability has been recorded.

The Concession Agreement grants Parkin the right to charge parking fees and parking user charges generated by the parking facilities. RTA also grants the right to use real estate assets used in the public parking operations and ownership rights over assets used in public parking operations. In exchange, Parkin made an upfront concession payment and is obligated to make a deferred payment, due on insolvency of Parkin to RTA. Further, Parkin will pay a variable concession fee of 20% of the parking revenues quarterly which is recorded as “Concession fee expense” in the condensed interim statement of profit and loss and other comprehensive income. Concession fee expense amounted to AED 28.7 million during the three month period ended 31 March 2024 (2023: NIL).

20 SERVICE CONCESSION ARRANGEMENT (continued)

Under the same agreement, RTA will reimburse to Parkin an amount equivalent to the end-of-service related benefits (including accrued end-of-service gratuity and leave balances) due as at the date of transfer, for the employees that will be transferred to Parkin (Note 22).

Furthermore, out of a total of 450 employees from parking business identified as of 31 December 2023, RTA transferred 273 employees to Parkin (Note 22).

Parking Operations, Parking Systems, Parking Assets: The Company has the absolute responsibility for the Dubai sideroad parking facilities, open areas parking facilities, self-operated multistorey parking facilities operations. All costs and expenses incurred in this relation are at expense of the Company.

Revisions to parking fees: The determination and adjustment of parking fees remain under the authority of the Government of Dubai. However, the Company can request fee adjustments. RTA is responsible for implementing any operational and system changes necessary for fee adjustments, ensuring that the adjusted parking fees are published in accordance with the law.

New parking facilities: During the concession period, the Company has the exclusive right and obligation to charge, collect, and retain parking fees and other user charges from users of any new parking facilities designated for public parking purposes. The Company also manages the relationship with third-party operators of multistorey parking facilities.
RTA retains all regulatory powers, including the authority to plan, develop, and allocate new parking facilities in coordination with the Government of Dubai. RTA has the right to determine when new parking areas will be paved, how parking fees will be applied, and the relevant parking fee zone. Furthermore, RTA has the right to mandate the Company to develop and/or operate multistorey parking facilities. If mandated, the Company may offer to develop the facility, subject to RTA's approval. Alternatively, the Company may assign the project to a third-party operator or develop it jointly with third parties, as agreed upon with RTA.

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

Transitional Services Agreement ("TSA")

On 5 February 2024, RTA entered into a Transitional Services Agreement with Parkin effective I January 2024 wherein RTA shall provide services to Parkin for an interim period of up to 24 months, as defined under the TSA, for the performance of certain operations and back-office functions such as information technology (IT), administration, marketing, and communication in accordance with the TSA. In exchange, Parkin will make an annual fixed payment of AED 12.39 million to RTA, as well as certain variable payments based on actual costs incurred.

The services to be provided under the TSA include the following:

- Security & Monitoring (SMD) - Information security, data leak prevention, etc.
- Human Resources - Talent acquisition, talent development, managing employee relations, and handling employee complaints/grievances.
- Administration services - Execution support for vehicle management, renewal of visa and other travel services for employees and their families, document management/archiving and support for general services e.g. building security, employee IDs and access cards, office telephones, office boys, catering/kitchen supplies, stationary).
- Customer happiness function services - Access to customer happiness centers, contact center support, maintaining service catalogues, and designing customer experiences as well as managing Customer Relationship Management (CRM), customer relations, Master Data Management (MDM), and golden records.
- Marketing and corporate communications - Managing marketing campaigns and all media communications.
- Procurement – Provision of all necessary insurance contracts and space in warehouse.
- Smart Services Department - Hosting parking services on RTA portal, RTA App, Dubai Drive, WhatsApp, etc.
- Information Technology (IT) – IT infrastructure and end-user support

20 SERVICE CONCESSION ARRANGEMENT (continued)

Transitional Services Agreement ("TSA") (continued)

- Intelligent Traffic Systems (ITS) - Support to updated Geographic Information System (GIS) and for parking projects under development.
- Provide space for Parkin vehicles at selected metro stations.
- Human Resources - Support with recruitment, payroll processing, and training programs.
- Finance - Support with accounting and financial

21 CASH AND CASH EQUIVALENTS

	31 March 2024 (unaudited) AED'000	*31 December 2023 (audited) AED'000*
Cash at bank		
- In current account	**102,862**	-
	102,862	-

Bank balance represent amounts held in current accounts with a related party, Emirates NBD PJSC operating in the UAE.

22 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include the ultimate controlling party, the shareholder, key management personnel, subsidiaries, joint venture, directors, and businesses that are controlled directly or indirectly by the ultimate controlling party, or directors or over which they exercise significant management influence. The Company, in the normal course of business, receives services from related parties. These transactions comprise services availed by the Company from the various agencies at terms determined by the management. Unless otherwise stated, the transactions are entered into at market terms. The balances are unsecured and payable in cash.

The Company has availed the exemption as per para 25 of IAS 24 Related Party Disclosure. To meet the disclosure requirements of lAS 24, the Company has disclosed the nature and amount of each individually significant transaction and there are no other transactions that are collectively significant to be disclosed.

The Company has entered into various agreements with city developers to lease and operate parking areas.

Significant transactions and balances with related parties:

Balances:	***31 March 2024 (unaudited) AED'000***	*31 December 2023 (audited) AED'000*
Due from related parties		
Entities under common control of the Government of Dubai		
Roads and Transport Authority*	**112,954**	-
Dubai E-government	**69,928**	-
	182,882	-
Due to related parties		
Entities under common control of the Government of Dubai		
Roads and Transport Authority*	**408,755**	-
Dubai Investment Fund	**2**	-
	408,757	-

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

22 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Significant transactions and balances with related parties (continued):

Loan from a related party		
Entities under common control of the Government of Dubai		
Emirates NBD PJSC ("ENBD")	**1,097,387**	-

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

Bank balances as disclosed in note 21 are also held with ENBD.

	31 March 2024 (unaudited) AED'000	*31 December 2023 (audited) AED'000*
Lease liabilities balance at the end of the period/year (note 14)		
Dubai Silicon Oasis Authority	**8,817**	8,781
TECOM Investment FZ-LLC	**14,370**	14,917
DCM Districts LLC	**3,535**	3,482
	26,722	27,180

Trade payable balance at the end of the period/year (note 17)	***31 March 2024 (unaudited) AED'000***	*31 December 2023 (audited) AED'000*
Dubai Multi Commodities Center	**2,903**	5,737
Dubai Silicon Oasis Authority	**750**	1,976
TECOM Investment FZ-LLC	**2,838**	15,634
DCM Districts LLC	**-**	3,850
	6,491	27,197

Trade and other receivables balance at the end of the period/year (note 15)
As on 31 March 2024, police receivables include AED 12.6 million (31 December 2023: nil) due from Dubai Police which is a related party.

Transactions:	***31 March 2024 (unaudited) AED'000***	*31 December 2023 (audited) AED'000*	*31 March 2023 (unaudited and not reviewed) AED'000*
Variable lease payments during the period/ year (note 14)			
Dubai Multi Commodities Center	**2,903**	10,447	2,617
TECOM Investment FZ-LLC	**1,913**	3,150	263
	4,816	13,597	2,880
Lease liabilities payments during the period/ year (note 14)			
Dubai Silicon Oasis Authority	**-**	3,000	-
TECOM Investment FZ-LLC	**675**	2,350	675
	675	5,350	675

22 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Significant transactions and balances with related parties (continued):

Other transactions with owners in their capacity as owners
During the three month period ended 31 March 2024, Parkin entered into transactions with RTA. The transactions were done so at the behest of the Government of Dubai which ultimately owns both RTA and Parkin. Accordingly the below transactions have been recorded directly in equity.

- Employees’ end-of-service benefits receivable from RTA: During the three-month period ended 31 March 2024, RTA has agreed to reimburse Parkin for future end of service-related benefits for an amount of AED 30,449 thousand.
- Employees’ end-of-service benefits not transferred: During the three-month period ended 31 March 2024, RTA waived off AED 25,686 thousand of employees’ end of service benefits for employees that were not transferred to Parkin (Note 20).
- Provision for leave not transferred: During the three-month period ended 31 March 2024, RTA waived off AED 305 thousand of provision for leave for employees that were not transferred to Parkin.
- Trade and other payables not transferred: During the three-month period ended 31 March 2024, RTA has waived off and taken the obligation of AED 70,707 thousand in trade payables due to third parties which were accordingly not transferred to Parkin.

Key management and directors' remuneration

	31 March 2024 (unaudited) AED'000
Key management	
Salaries and other benefits*	**1,357**
End of service benefits	**8**
Directors’ remuneration	**-**
	1,365

Further, the allocated key management compensation from RTA to Parkin amounted to NIL, AED 5 million, and AED 1.4 million for the three month period ended 31 March 2024, year ended 31 December 2023, and three month period ended 31 March 2023 respectively.

RTA assets used by the Company: Land for on-street parking spaces, off-street parking lots, and multistorey parking buildings are owned by RTA. These assets are being used by the Company under the Concession Agreement (Note 20) during the period ended 31 March 2024 and free of charge for the comparative periods presented.

The corporate building and warehouse are shared by the Company and other agencies/departments of RTA. Also, multistorey parking buildings including integrated bus stations, signages, parking lots (including fixtures such as streetlights and benches), building fixtures, security cabins, building security equipment, IT network equipment, and software for IT equipment represent assets that are dedicated to the Company's operation, however, the title of these will remain with RTA. The Company has recognised an expense for utilisation of these assets for the three month period 31 March 2023 and year ended 31 December 2023 (Note 8). For the period ended 31 March 2024, the use of such assets is covered under the Concession Agreement and TSA.

Road and building maintenance: The road and building maintenance services were provided directly by RTA’s fellow agencies in the amount of AED 2.7 million for the period ended 31 March 2023 and AED 10.8 million for the year ended 31 December 2023. These are included in the comparative maintenance expenses. For the period ended 31 March 2024, the use of such services is covered under the Concession Agreement and TSA.

Information Technology Services maintenance: The maintenance in regard to parking software, and parking machines is directly incurred by RTA’s fellow agencies in the amount of AED 1.7 million for the period ended 31 March 2023 and AED 7.3 million for the year ended 31 December 2023. These are included in the comparative maintenance expenses. For the period ended 31 March 2024, the use of such services is covered under the Concession Agreement and TSA.

22 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Vehicle utilization: The Company utilised leased and owned vehicles that were provided by RTA in the amount of AED 1.3 million for the period ended 31 March 2023 and AED 5 million for the year ended 31 December 2023. These are included in the condensed interim statement of profit and loss and other comprehensive income under "other expenses". For the period ended 31 March 2024, the use of such services is covered under the Concession Agreement and TSA.

Health insurance: RTA has incurred insurance expenses of AED 2.8 million for the period ended 31 March 2023 and AED 11.6 million for employees of the Company for the year ended 31 December 2023. These are included in the condensed interim statement of profit and loss and other comprehensive income under "employee benefits expense". For the period ended 31 March 2024, the use of such services is covered under the Concession Agreement and TSA. The Company ceased health insurance under TSA from March 2024, engaging directly with the vendor.

Corporate costs allocation: The Company has been allocated expenses from RTA in the amount of AED Nil, AED 121.16 million and AED 26.7 million for the period, year and period ended 31 March 2024, 31 December 2023 and 31 March 2023 respectively. These costs are derived from multiple levels of the organization including shared RTA corporate expenses and shared agency expenses. The allocated corporate costs include, but are not limited to executive oversight, legal, finance, human resources, audit, strategic planning, and IT governance, and are allocated to the Company to represent the cost of providing these services. No such costs have been allocated following the transitional service agreement.

Cash pooling

Until Parkin was formed as a legal entity, the Parking Business utilised the RTA's centralised processes and systems for cash management. As a result, substantially all cash received related to the Parking business was deposited and comingled with RTA's general corporate funds. The Company did not have legal right to deposit or withdraw funds autonomously. Substantially all cash received by the Company was deposited in and commingled with RTA's general corporate funds and is not specifically allocated to the Company.

Effective from January 2024, the Company has its own bank account and ceased to use the centralized cash pooling processes and systems of RTA. Accordingly all transactions are settled directly with the bank account of the Company from this date. Any amount collected or paid by RTA on behalf of Parkin is accounted under related party receivable/payable.

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

	Three-month period ended 31 March 2024	*For the year ended 31 December 2023*	*Three-month period ended 31 March 2023*
	(unaudited)	*(audited)*	*(unaudited and not reviewed)*
	AED'000	*AED'000*	*AED'000*
Cash pooling and general activities	**-**	(565,658)	(52,496)
Corporate allocations	**-**	121,157	26,696
Net decrease in parent company investment	**-**	(444,501)	(25,800)

Transitional Service Agreement

On 5 February 2024, the Company entered into a transitional services agreement ("TSA") with RTA, effective from 1 January 2024, wherein RTA is providing services to Parkin during an interim period of up to 24 months. The services include various operational and back-office functions such as Information Technology (IT), Administration, Marketing, and Communication, all in accordance with the terms specified in the TSA. During the three-month period ended 31 March 2024, an amount of AED 5.78 million has been charged by RTA for such transitional services and these have been included as 'Transitional service expense' as a part of 'Other expenses' in the condensed interim statement of profit and loss and other comprehensive income.

22 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Parking Concession Agreement ("Concession Agreement")

On 5 February 2024, Parkin and RTA entered into a Parking Concession Agreement effective from 1 January 2024. Under this agreement, RTA grants certain mandates and powers outlined in the 2016 Parking Regulations (No. 5 of 2016), specifically related to the operation, management, and supervision of parking facilities in Dubai, to Parkin. The concession agreement also grants Parkin the right to charge parking fees and parking user charges generated by the parking facilities. Further, RTA grants right to use real estate assets and transfers the ownership of certain assets related to Parking Business under this agreement (Refer to Notes 12 and 13). In exchange, Parkin is obligated to make a concession payment to RTA, comprising of an upfront payment of AED 1.1 billion (which has already been paid during the three month period ended 31 March 2024), plus VAT of AED 55 million (which is unpaid and recorded as a part of due to related parties with RTA as at 31 March 2024), and a deferred payment of AED 300 million (recorded under due to related parties with RTA as at 31 March 2024), and variable performance-based payments. Additionally, the VAT of AED 55 million is deemed to be recoverable from the federal tax authority and is therefore recorded as a VAT receivable (Note 15) as at 31 March 2024.

The Concession Agreement is accounted for under IFRIC 12 Service Concession Arrangements. An intangible asset measured at AED 1.4 billion is recognised representing the right to charge parking fees and parking user charges from the public granted by RTA to Parkin.

As per the Concession Agreement, Parkin has accepted novation of contracts currently under the name of RTA that relates to the RTA Parking Business which was transferred to Parkin on 01 January 2024. As on 31 March 2024, Parkin and RTA are in the process of novating the contracts with the respective third parties and related parties and the transfer of the contracts to the name of Parkin is expected to be completed shortly. As the Concession Agreement has assigned from RTA to Parkin the rights and obligations for each of the contracts effective 01 January 2024, the assets and liabilities and the accompanying income and expenses of the contracts being novated have been included in these condensed interim financial statements. As at 31 March 2024, contracts that are not yet novated by third parties and related parties but are included in the condensed interim statement of financial position as the rights and obligations have been assigned to Parkin by the Concession Agreement amounted to trade and other receivables of AED 157,289 thousand, Due from related parties of AED 69,928 thousand, lease liabilities of AED 14,370 thousand and trade and other payables of AED 32,915 thousand.

23 BORROWINGS

	31 March 2024 (unaudited) AED'000	*31 December 2023 (audited) AED'000*
Term loan from Emirates NBD	**1,100,000**	-
Unamortised loan cost	**(2,613)**	-
Total borrowing	**1,097,387**	-
Less: current portion	**-**	-
Non-current portion	**1,097,387**	-

On 26 January 2024, Parkin and Emirates NBD PJSC entered into an agreement for AED 1.2 billion unsecured credit facilities (the "Facilities"). The Facilities include an AED 1.1 billion Murabaha term financing facility and AED 100 million Murabaha revolving credit facility. The purpose of the facility is firstly, towards making an upfront payment as per requirements under the Concession Agreement; secondly, for making dividend payments to Parent, and thirdly for general corporate purposes including fees and expenses in relation to the Facilities. Principal amounts outstanding under the AED 1.1 billion Murabaha term financing facility will be due and payable in full on final maturity which is 5 years from the date of the facility agreement.

Borrowings under the term facility carries variable interest at 3-month EIBOR plus a margin at a rate per annum of 0.80%. The upfront fee under the Facility is 0.25% flat and commitment fee on revolving credit facility is 0.25% per annum, calculated on daily undrawn and available commitments under the revolving credit facility, and payable quarterly in arrears.

23 BORROWINGS (continued)

The Facilities contain customary representations and warranties, subject to limitations and exceptions and customary covenants restricting the Company’s ability to declare dividends or make distributions in the event of outstanding default or a default that may occur as a result of such dividend distribution. The Company is also required to comply with financial covenant, leverage (Net Debt to EBITDA): 4.5x or lower tested semi-annually with testing commencing from June 2024.

	31 March 2024 (unaudited) AED'000	*31 December 2023 (audited) AED'000*
Total available facilities	**100,000**	-
Facility used	**-**	-
Financing facility available	**100,000**	-

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise, trade and other payables, bank borrowings and lease liabilities. The Company's principal financial assets comprise cash and cash equivalents, trade and other receivables excluding staff advances and other advances and due from related parties. These financial assets and liabilities arise directly from Company's operations.

The Company's activities expose it to a variety of financial risks including the effects of changes in market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

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. Further quantitative disclosures are included throughout these condensed interim financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mainly faces its interest rates risk arising on its interest-bearing liabilities such as borrowings and lease liabilities.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing obligations with floating interest rates. At 31 March 2024, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit for the period would have been AED 2.74 million (2023: NIL) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Lease liabilities issued at fixed rates exposes the Company to fair value interest rate risk. Management monitors on periodic basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The Company does not hedge its exposure to interest rate risk.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuers or factors affecting all the instruments traded in the market. The Company is not exposed to significant price risk as it does not have significant price-sensitive financial instruments.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company and arises principally from trade receivables, other receivables and receivables from related parties. The Company evaluates the concentration of risk with respect to trade receivables, other receivables and receivables from related parties as low. The Company is exposed to credit risk primarily on trade receivables arising from fines, telecom operators and receivables from related parties. An impairment analysis is performed at each reporting date to measure expected credit losses. The Company is also exposed to credit risk in relation to cash and cash equivalents, however, the risk is considered to be minimal as the Company maintains its bank accounts with one bank in the UAE having sound credit rating (Moody's long term counterparty risk of A1). The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Impairment of trade receivables from fines

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables from fines receivables using a provision matrix:

31 March 2024 (unaudited)	**Expected credit loss %**	**Gross carrying amount** ***AED'000***	**Loss allowance** ***AED'000***
Current – 395 days	**7%**	**75,280**	**5,192**
395+ days	**42%**	**40,880**	**17,321**
Total		**116,160**	**22,513**

31 December 2023 (audited)	Expected credit loss %	Gross carrying amount *AED'000*	Loss allowance *AED'000*
Current – 395 days	7%	69,702	4,903
395+ days	42%	40,559	17,185
Total		110,261	22,088

Impairment of trade receivables from telecom operators

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables from telecom operators using a provision matrix.

31 March 2024 (unaudited)	**Expected credit loss %**	**Gross carrying amount** ***AED'000***	**Loss allowance** ***AED'000***
Current - 90 days	**0.01%**	**73,746**	**4**
91- 360 days	**10%**	**66,093**	**4,764**
361+ days	**10%**	**-**	**-**
		139,839	**4,768**

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Impairment of trade receivables from telecom operators (continued)

31 December 2023 (audited)	Expected credit loss %	Gross carrying amount *AED'000*	Loss allowance *AED'000*
Current - 90 days	0.01%	88,179	3
91- 360 days	10%	-	-
361+ days	10%	-	-
		88,179	3

Impairment of police receivables and other receivables, staff and other advances and balances due from related parties

The balances due from police receivables and other receivables, staff and other advances and balances due from related parties are subject to the impairment requirement of IFRS 9. As at 31 March 2024 and 31 December 2023, the Company has not recorded any impairment loss on these balances as the identified impairment loss is not material.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The Company's objective is to maintain a balance between continuity of funding from the shareholders and flexibility through efficient cash management. The Company limited its liquidity risk by ensuring adequate funds from operations and committed credit lines are available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Due to related parties and trade and other payables balances are due within one year and therefore are undiscounted as the impact of discounting is not material.

		Undiscounted cashflows			
	Carrying amount	**Less than 1 year**	**Between 1-5 years**	**More than 5 years**	**Total**
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
As at 31 March 2024					
Borrowings (including future interest) (Note 23)	**1,097,387**	**65,705**	**1,363,131**	**-**	**1,428,836**
Lease liabilities (Note 14)	**35,737**	**7,865**	**28,891**	**3,375**	**40,131**
Due to related parties (Note 22)	**408,757**	**408,757**	**-**	**-**	**408,757**
Trade and other payables (Note 17)	**48,526**	**48,526**	**-**	**-**	**48,526**
	1,590,407	**530,853**	**1,392,022**	**3,375**	**1,926,250**
As at 31 December 2023					
Lease liabilities (Note 14)	27,181	5,537	21,644	-	27,181
Trade and other payables (Note 17)	96,627	96,627	-	-	96,627
	123,808	102,164	21,644	-	123,808

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risks mainly arise from sales or purchase by operating unit in foreign currencies other than the unit's functional currency. The Company is currently not exposed to foreign exchange risk as majority of all the Company's transactions are denominated in AED.

25 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of profit distributed to the shareholder, repay debt or obtain additional financing. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the condensed interim statement of financial position) less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the condensed interim statement of financial position plus net debt.

The gearing ratio as at 31 March 2024 is as below (31 December 2023: The Company is ungeared as it has no borrowings):

	31 March 2024 (unaudited) AED'000
Borrowings (Note 23)	1,097,387
Less: cash and cash equivalents (Note 21)	(102,862)
Net debt	994,525
Total equity	369,948
Total capital	1,364,473
Gearing ratio	**73%**

26 SHARE CAPITAL

The share capital of the Company comprised of 3,000,000,000 shares of AED 0.02 each. All shares are authorised, issued and fully paid up. They entitle the holder to participate in dividends and vote, in proportion to the number of the shares held. Each share carries one vote.

27 STATUTORY RESERVE

In accordance with the UAE Federal Decree Law No. (32) of 2021, a statutory reserve of 5% of net profit is required. However, the Company's Articles of Association specify a higher statutory reserve requirement of 10% of net profit. Therefore, the Company has maintained a statutory reserve in compliance with the requirements outlined in its Articles of Association. This statutory reserve, as per the Articles of Association, is subject to a maximum of 50%, of the Company's issued share capital. This reserve is not available for distribution except as stipulated by the law. During the period ended 31 March 2024 the Company has allocated AED 9.9 million from net profit to statutory reserve.

28 EARNINGS PER SHARE

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

	Three-month period ended	
	31 March 2024 (unaudited) AED'000	*31 March 2023 (unaudited and not reviewed) AED'000*
Profit attributable to ordinary equity holders of the Company ('000)	**103,730**	98,868
Weighted average number of ordinary shares for basic and diluted EPS (number)	**3,000,000,000**	3,000,000,000
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company	**0.03**	0.03

There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation. Parkin did not exist as a standalone legal entity in the comparative period presented. Therefore, for the purpose of comparative earnings per share, the profit for the prior period attributable to the ordinary equity holders of the Company and the weighted average number of ordinary shares for the current period was considered.

29 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

30 INCOME TAX

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

i) Components of income tax expense

	Three-month period ended	
	31 March 2024	*31 March 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
Income tax		
- Current	**10,247**	-
- Deferred	**-**	-
Total tax expense	**10,247**	-
Profit after tax	**103,730**	98,868

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

	Three-month period ended	
	31 March 2024	*31 March 2023*
	(unaudited)	*(unaudited and not reviewed)*
	AED'000	*AED'000*
Profit before tax	**113,977**	98,868
Theoretical tax charge at statutory rate of 9%	**10,247**	**-**
Tax effect of items which are not deductible for assessable for taxation purposes		
- Exempt Income	**-**	**-**
- Non-deductible expenses	**-**	**-**
Under / (over) provision of current tax in prior years	**-**	**-**
Unrecognized tax loss carry forwards for the year	**-**	**-**
Unrecognized other potential deferred tax assets	**-**	**-**
Income tax expense for the year	**10,247**	-

31 IMPACT OF SEASONALITY ON THE BUSINESS

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

32 CAPITAL REORGANIZATION

The transfer of the RTA Parking Business to Parkin Company P.J.S.C. was effective on 1 January 2024 and represents a capital reorganisation. The condensed interim financial statements of the Company are presented as a continuation of the RTA Parking Business.

The assets and liabilities were transferred from RTA to the Company on 1 January 2024, at their predecessor carrying values and fair value measurement was not required. The sum of capital contributed by the Parent (DIF) and on behalf of the Parent and the net parent investment resulting from the transfer of the Parking business of RTA to Parkin Company P.J.S.C. was initially recorded within net parent investment and subsequently transferred to retained earnings.

On incorporation of the Company, DIF contributed an amount of AED 60 million comprising of share capital (Note 26) and the Department of Finance (controlled by the ultimate controlling party) made an additional contribution of AED 61.5 million on behalf of the Parent which is not intended to be recalled. .

During the period 1 January 2024 to 31 March 2024, the movement in Net parent investment includes the impact of transaction with owners in the capacity as owners amounting to AED 132.2 million which comprises trade and other payables not transferred, provision for leave not transferred, employees' end of service benefits not transferred, and employees' end of service benefits receivable from RTA. Refer to Note 22 for further details.

As Parkin did not comprise a separate legal entity for the period ended 31 March 2023 and year ended 31 December 2023, therefore, paid-up capital or an analysis of reserves or components of other comprehensive income, which is separately identifiable have not been presented in the condensed interim statement of changes in equity for the comparative periods presented. Net Parent Investment in the comparative period represents the cumulative net investment by RTA in the Company through that date.

33 APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by the Board of Directors of Parkin Company P.J.S.C on 08 May 2024 and signed on its behalf by Ahmed Hashem Bahrozyan, Chairman of the Board of Directors and Mohamed Abdulla Al Ali, Chief Executive Officer.