SALIK COMPANY P.J.S.C.

CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY 2022 - 1 JULY 2022

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Report on review of condensed interim carve-out financial statements to the Board of Directors of Roads and Transport Authority

Introduction

We have reviewed the accompanying condensed interim carve-out statement of financial position of Salik Company P.J.S.C. (the 'Company' or 'Salik') as at 1 July 2022 and the related condensed interim carve-out statements of profit or loss and comprehensive income, changes in equity and cash flows for the period 1 January 2022 to 1 July 2022 (the 'period') and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim carve-out financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim carve-out 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 statements performed by the independent auditor of the entity'. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Emphases of matter

We draw attention to Note 2 to the condensed interim carve-out financial statements, which describes the basis of accounting. In addition, we draw attention to the fact that, Salik Company P.J.S.C. has not operated as a separate entity for the period from 1 January 2022 to 30 June 2022, the date of transfer of the Salik Tolling Business into the Company. These condensed interim carve-out financial statements are, therefore, not necessarily indicative of results that would have occurred if Salik had been a separate stand alone entity during the period presented or of future results of Salik Company P.J.S.C.

The condensed interim carve-out financial statements are prepared by the management of Salik Company P.J.S.C. in connection with the listing of Salik on the Dubai Financial Market in the United Arab Emirates. As a result, the condensed interim carve-out financial statements may not be suitable for another purpose.

Our conclusion is not modified in respect of these matters.

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Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

Report on review of condensed interim carve-out financial statements to the Board of Directors of Roads and Transport Authority (continued)

Other matter

The comparative information for the condensed interim carve-out statements of profit or loss and comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period 1 January 2021 to 1 July 2021 has not been audited or reviewed. The comparative information for the condensed interim carve-out statement of financial position is based on the audited carve-out financial statements as at 31 December 2021.

PricewaterhouseCoopers Dubai
22 August 2022

Murad Alnsour
Registered Auditor Number 1301
Dubai, United Arab Emirates

CONDENSED INTERIM CARVE-OUT STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
For the period 1 January 2022 – 1 July 2022

	Notes	***1 July 2022 (unaudited) AED'000***	*1 July 2021 (unaudited and not reviewed) AED'000*
Revenue	6	**944,905**	792,968
Cost of tags and recharge cards	7	**(10,931)**	(9,067)
Toll operation and maintenance expense	8	**(47,593)**	(42,193)
Employee benefits expense	9	**(4,888)**	(5,225)
Depreciation expense	13	**(3,317)**	(3,000)
Other expense	10	**(20,045)**	(17,724)
Corporate allocation expense	18	**(40,521)**	(45,273)
Software enhancement expense	14	**(8,334)**	(7,025)
Impairment loss on receivables	16	**(12,528)**	(29,051)
PROFIT FOR THE PERIOD		**796,748**	634,410
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**796,748**	634,410
Earnings per share – basic and diluted, profit for the period attributable to ordinary equity holders of the Company (AED)	25	0.106	0.085

The attached notes 1 to 31 form part of these condensed interim carve-out financial statements.

SALIK COMPANY P.J.S.C.

CONDENSED INTERIM CARVE-OUT STATEMENT OF FINANCIAL POSITION

As at 1 July 2022

	Notes	***1 July 2022 (unaudited) AED'000***	*31 December 2021 (audited) AED'000*
ASSETS			
Non-current assets			
Intangibles	11	4,000,000	-
Property and equipment	13	3	107,337
Other asset	19	640	-
		4,000,643	107,337
Current assets			
Inventories	15	5,233	16,044
Trade and other receivables	16	167,381	158,520
Advance to supplier		27,638	33,416
VAT receivable		202,723	-
Other asset	19	160	-
Cash and cash equivalent	17	4,205,000	-
		4,608,135	207,980
TOTAL ASSETS		8,608,778	315,317
LIABILITIES			
Non-current liabilities			
Long-term borrowings	19	3,983,970	-
Employees' end of service benefits	20	1,779	2,377
Contract liabilities	22	40,079	36,723
		4,025,828	39,100
Current liabilities			
Short-term borrowings	19	17,766	-
Due to RTA	18	4,200,000	
Trade and other payables	21	30,011	9,674
Contract liabilities	22	276,653	276,623
		4,524,430	286,297
TOTAL LIABILITIES		8,550,258	325,397
EQUITY			
Share capital	23	75,000	-
Reorganisation reserve	24	(16,480)	-
Net parent investment		-	(10,080)
TOTAL EQUITY		58,520	(10,080)
TOTAL LIABILITIES AND EQUITY		8,608,778	315,317

To the best of our knowledge, the condensed interim carve-out financial statements are prepared, in all material respects, in accordance with IAS 34. The condensed interim carve-out financial statements were approved by the Board of Directors on 22 August 2022 and were signed on its behalf by:

Chief Executive Officer

Chairman of the Board of Directors

The attached notes 1 to 31 form part of these condensed interim carve-out financial statements.

CONDENSED INTERIM CARVE-OUT STATEMENT OF CASH FLOWS
For the period 1st January 2022 – 1st July 2022

	Notes	*1 July 2022 (unaudited) AED'000*	*1 July 2021 (unaudited and not reviewed) AED'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		796,748	634,410
Adjustments for:			
Depreciation of property and equipment	13	3,317	3,000
Provision for employees' end-of-service benefits, net		143	126
Provision for impairment losses on trade receivables	16	12,528	29,051
Operating cash flows before movement in working capital:			
Inventories		10,811	7,277
Trade and other receivables excluding impact of impairment loss		(21,389)	(55,016)
Advance to supplier		5,778	8,903
VAT receivable		(2,723)	-
Other asset		(800)	-
Trade and other payables		20,337	(26,583)
Contract liabilities		3,386	13,571
Net cash flows generated from operating activities		828,136	614,739
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	13	(3,161)	(400)
Net cash used in investing activities		(3,161)	(400)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net distributions to parent	18	(826,711)	(614,339)
Proceeds from borrowings obtained during the period	19	4,001,736	-
Proceeds from issuance of share capital	23	75,000	-
Capital contribution received	24	130,000	-
Net cash generated from / (used in) financing activities		3,380,025	(614,339)
Cash, beginning of period		-	-
CASH, END OF PERIOD		4,205,000	-
SUPPLEMENTAL NON-CASH INFORMATION			
Intangibles	12	4,000,000	-
VAT receivable		200,000	-
Due to RTA	12	4,200,000	-
Property and equipment not transferred to the Company	13	107,178	-
End of service benefit liability of employees not transferred to the Company	20	741	-

The attached notes 1 to 31 form part of these condensed interim carve-out financial statements.

CONDENSED INTERIM CARVE-OUT STATEMENT OF CHANGES IN EQUITY
For the period 1st January 2022 – 1st July 2022

	Share capital *AED'000*	Reorganisation reserve *AED'000*	Net parent investment *AED'000*	Total equity *AED'000*
Balance at 1 January 2021	-	-	(157,916)	(157,916)
Total comprehensive income during the period	-	-	634,410	634,410
Net distribution to parent (Note 18)	-	-	(614,339)	(614,339)
Balance at 1 July 2021	-	-	(137,845)	(137,845)
Balance at 1 January 2022	-	-	(10,080)	(10,080)
Issuance of share capital (Note 23)	75,000	-	-	75,000
Capital contribution (Note 24)	-	130,000	-	130,000
Total comprehensive income during the period	-	-	796,748	796,748
Net distribution to parent (Note 18)	-	-	(826,711)	(826,711)
Property and equipment not transferred to the Company (Note 13)	-	-	(107,178)	(107,178)
End of service benefit liability of employees not transferred to the Company (Note 20)	-	-	741	741
Transfer during the period (Note 24)	-	(146,480)	146,480	-
Balance at 1 July 2022	**75,000**	**(16,480)**	-	**58,520**

The attached notes 1 to 31 form part of these condensed interim carve-out financial statements.

1 DESCRIPTION OF BUSINESS AND PRINCIPAL ACTIVITIES

Roads and Transport Authority ("RTA") was incorporated in the Emirate of Dubai, United Arab Emirates (UAE) under decree no. 17/2005 issued by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the Ruler of Dubai, on 1 November 2005. RTA was formed to develop solutions for Dubai's transportation needs and encompasses within its fold the roads and traffic systems, which includes the Salik Tolling Business. Additionally, RTA encompasses public buses and taxis, marine transport, metro railway and licensing system. RTA is fully owned by the Government of Dubai.

The Traffic and Roads Agency ("the Agency") is not a separate legal entity and is a division of RTA. The principal activities of the Agency include construction of roads and related network systems, administration of Salik toll system, parking fees and penalties.

In November 2021, based on the Dubai Government's direction and RTA's senior management decision, RTA announced their intention to undertake an exercise to separate and list RTA's Tolling Business on the Dubai Financial Market ("DFM") stock exchange in Dubai, UAE. Salik Company P.J.S.C. ('Salik' or the 'Company') is a Public Joint Stock Company incorporated on 30 June 2022 in the Emirate of Dubai, United Arab Emirates (UAE) under law no. 12 of 2022 issued by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the Ruler of Dubai. Salik Company P.J.S.C. will carry out, on behalf of RTA, the operations and maintenance of existing tollgates and construction of new toll gates throughout Dubai.

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

Dubai Department of Finance ("DoF" or the "Parent"), on behalf of Government of Dubai, owns Salik Company P.J.S.C. The Company is ultimately owned and controlled by the Government of Dubai. Salik Company P.J.S.C. is anticipated to sell upto certain percentage of their existing shares through an Initial Public Offering ("IPO") on the DFM stock exchange (the "Transaction").

The principal activities of the Company are the operations and maintenance of the existing tollgates throughout Dubai, UAE and for design, construction (including all the civil, electrical, gantry design and manufacturing, system integration, testing and commissioning) of new toll gates, including without limitation, the required tolling equipment, infrastructure and any interface requirements in relation to the new toll gates, but excluding the construction, operation and maintenance of the relevant toll roads. Salik is a free-flowing automated system, so motorists do not need to stop their car at any point on a Dubai highway subject to toll. To use Dubai's highways, subject to tolls, motorists need to attach a Salik tag to their vehicle windshield. Salik's software, Dubai Tolling Collection System ("DTCS"), uses Radio Frequency Identification (RFID) technology which detects the customer's vehicle and scans the Salik sticker tag, which is automatically linked to the motorist's Salik customer account. Customers are required to carry a prepaid balance in their individual customer accounts, and toll fees are automatically deducted from the account once the vehicle passes through the tollgate.

The condensed interim carve-out financial statements are prepared by the management of RTA for the purpose of identifying the financial position of Salik as at 1 July 2022 and its financial performance for the period 1 January 2022 to 1 July 2022 as the Company became operational as on this date. The accompanying condensed interim carve-out financial statements has been prepared for inclusion in the Company's Initial Public Offering document to be filed in connection with the listing of Salik Company P.J.S.C. on the Dubai Financial Market in the United Arab Emirates.

These condensed interim carve-out financial statements are the first set of financial statements of Salik Company P.J.S.C. since its incorporation on 30 June 2022. These condensed interim carve-out financial statements have been reviewed, not audited. The comparative information for the condensed interim carve-out statement of financial position is based on the audited RTA – Salik Tolling Business carve-out financial statements as at 31 December 2021. The comparative information for the condensed interim carve-out statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period from 1 January 2021 to 1 July 2021 has not been audited or reviewed as it is the first time the Company has prepared condensed interim carve-out financial statements.

2 BASIS OF PREPARATION

These condensed interim carve-out financial statements for the period 1 January 2022 to 1 July 2022 have been prepared in accordance with International Accounting Standard (IAS): 34 *Interim Financial Reporting*. The condensed interim carve-out financial statements does not include all information and disclosures required in the annual carve-out financial statements and should be read in conjunction with the Roads and Transport Authority (RTA) – Salik Tolling Business carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

The condensed interim carve-out 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.

2 BASIS OF PREPARATION (CONTINUED)

The preparation of condensed interim carve-out 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 the condensed interim carve-out financial statements are disclosed in Note 5. These have been applied consistently for all periods presented

The transfer of the RTA – Salik Tolling Business to Salik Company P.J.S.C. represents a transfer of business under common control, whereby the condensed interim carve-out financial statements of the Company are presented as a continuation of RTA – Salik Tolling Business. The financial information for the period from 1 January 2022 to 1 July 2022 presented in these condensed interim carve-out financial statements represent the financial results of Salik before the incorporation date of the Company as if the Company had historically operated as a standalone entity. Therefore, the transfer represents the predecessor method of accounting and retrospective presentation is used. As Salik was not a standalone legal entity for the period 1 January 2022 to 30 June 2022, the Company's results and financial performance has been carved-out from the accounting records of RTA and reflect the revenues and expenses of Salik Tolling Business as if these had always been a part of the Company. The condensed interim carve-out statement of financial position reflects all the assets and liabilities transferred from RTA to the Company on the day of its incorporation at their predecessor carrying values and fair value measurement is not required. Further, it also reflects transactions entered into by the Company post incorporation of the Company.

Upon formation, Salik Company P.J.S.C. received capital contribution in the form of cash from DoF and net assets from RTA (refer Note 24).

As part of formation of Salik Company P.J.S.C., the Company entered into a Service Concession Agreement ("Concession Agreement") with RTA, pursuant to which RTA grants some of its mandates and powers under Dubai Law No. 17 of 2005 regarding the operation, maintenance, and management of Salik i.e., Dubai's automatic road toll collection system (refer Note 11 and 12).

The Company also entered into a transitional services agreement with RTA effective 1 July 2022 wherein RTA shall provide services to Salik for performance of the tolling operations and back-office functions such as finance, Information technology (IT), Human Resources, Administration, Marketing and Communication in accordance with the tolling Concession Agreement.

Salik Company P.J.S.C. entered into a five-year financing arrangement with Emirates NBD Bank PJSC for a term loan of AED 4 billion and a revolving credit facility of AED 200 million for the purpose of making an upfront payment to RTA under the tolling Concession Agreement and for general corporate purposes (refer Note 19).

Financial results and cash flows for the period ended 1 July 2021

Consistent with the Company's audited annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019, financial results and cash flows for the period ended 1 July 2021 represent historical operations of Salik and have been prepared from the accounting records of RTA wherein revenues, expenses, assets, and liabilities of the Salik tolling business were separately maintained in the RTA books except for corporate shared overheads. During the period presented, the Company functioned as part of the Transport and Roads Agency ("TRA)" which is one of four agencies forming part of RTA. Accordingly, both RTA and TRA have historically performed certain corporate overhead functions for Salik. These include, but are not limited to, executive oversight, legal, finance, human resources, and financial reporting. The costs of such services have been allocated to the Company based on the most relevant allocation method to the service provided. Management believes such allocations are reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Company been operating as a separate entity apart from RTA. The cost allocated for these functions is included in corporate allocation expense in the condensed interim carve-out statement of profit or loss and comprehensive income for the periods presented. A complete discussion of the Company's relationship with RTA, together with the cost allocations, is included in Note 18 to the condensed interim carve-out financial statements.

Because Salik is not a standalone legal entity in the historical periods presented, Parent's net investment is shown which represents the cumulative net investment by RTA in the Company through that date. The impact of transactions between the Company and RTA that were not historically settled in cash are also included in Parent's net investment.

The condensed interim carve-out 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 AS ADOPTED BY THE COMPANY

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

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

Amendments to IFRS 3: *References to Conceptual Framework in IFRS Standards*
Amendments to IAS 37: *Onerous contracts – Cost of fulfilling a contract*
Amendments to IAS 16: *Property, Plant and Equipment- Proceeds before Intended Use*
Amendments to IFRS 1: *First-time Adoption of International Financial Reporting Standards – subsidiary as a first-time adopter.*
Amendments to IFRS 9: *Financial Instruments- fees in the '10 per cent' test for derecognition of financial liabilities*

New standards, interpretations and amendments issued but not yet effective

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

IFRS 17: *Insurance contracts*
Amendments to IAS 1: *Classification of liabilities as current or non-current*
Amendments to IAS 1: and IFRS Practice Statement 2: *Disclosure of accounting policies*
Amendments to IAS 8: *Definition of accounting estimates*
Amendments to IAS 12: *Deferred tax related to assets and liabilities arising from single transaction*
Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture*

The Company has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these condensed interim carve-out financial statements are consistent with those followed in the preparation of annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019, unless otherwise stated.

4.1 Accounting policies

Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are reported at cost less accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangibles recognised as part of service concession agreement are amortised over concession period. The amortisation period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of 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 are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Accounting policies (continued)

Service Concession Agreements

SIC 29 – Service Concession Arrangements: Disclosures deals with information about concession agreements to be disclosed in the Notes to the financial statements.

IFRIC 12 is the interpretation that specifies the common characteristics of concession agreements:

- the grantor, usually a public authority, is required to provide a public service that it delegates to the concessionaire (determining criterion);
- the concession operator (Salik) is responsible for managing the related infrastructure and performing the actual public service as opposed to being a standard agent acting on orders;
- the concession operator is entrusted with specific infrastructure expansion or upgrading obligations while maintaining the infrastructure in proper condition; and
- the price and the conditions (i.e., regulations) for price revision are set at the start of the contract.

For a concession contract to be included in the scope of IFRIC 12, the infrastructure must be controlled by the grantor. Control of the infrastructure by the grantor is ensured when the following two conditions are met:

a. the grantor controls or regulates the public service, i.e., it controls or regulates the services to be provided through the infrastructure subject to the concession and determines to whom and at what price they should be provided; and
b. the grantor controls all residual interest in the infrastructure at the end of the contract. This control is usually reflected through the grantor's right to take over the infrastructure at the end of the contract.

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 fair value on initial recognition.

The concession 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.

Intangible assets include the amount of fixed concession fee paid to RTA in accordance with the concession agreement entered with the RTA for the Dubai Tolling Operations. These intangible assets have finite useful life and are measured at cost less 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Accounting policies (continued)

Borrowings

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.

Borrowing costs

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.

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.

Cash and cash equivalent

For the purpose of condensed interim carve-out statement of cashflows, cash and cash equivalent comprise of cash held in bank.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed interim carve-out 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.

In preparing these condensed interim carve-out financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were same as those that were applied to the annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019, 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 Salik to acquire concession right.

6 REVENUE

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

	1 July 2022 (unaudited) AED'000	*1 July 2021 (unaudited and not reviewed) AED'000*
Tolling fees	837,471	702,098
Fines and penalties	104,455	87,901
Inactive balance write-off	2,864	2,665
Miscellaneous	115	304
	944,905	792,968

Increase in traffic and tag sales due to upliftment of COVID-19 lockdown restrictions and due to Expo 2020 event which happened during the period 1 January 2022 to 31 March 2022, has resulted in an increase in revenue during the current period as compared to prior period. Included in tolling fees revenue is the recognition of tag activation fees over the estimated customer life amounting to AED 16.13 million for the period ended 1 July 2022 (AED 13.35 million for the period ended 1 July 2021).

7 COST OF TAGS AND RECHARGE CARDS

Set out below is the breakup of cost of tags and recharge cards:

	1 July 2022 (unaudited) AED'000	*1 July 2021 (unaudited and not reviewed) AED'000*
Inventories expensed – Salik Tags	10,818	8,931
Inventories expensed – Salik Recharge Cards	113	136
	10,931	9,067

8 TOLL OPERATION AND MAINTENANCE EXPENSE

Set out below is the breakup of toll operation and maintenance expense:

	1 July 2022 (unaudited) AED'000	*1 July 2021 (unaudited and not reviewed) AED'000*
Operating expenses	32,233	31,091
Maintenance expenses	15,360	11,102
	47,593	42,193

The operations and maintenance of the tolling system is outsourced to a third party service provider. Operating expenses comprise of account management charges, customer service charges, processing of violations charges, and charges relating to general requirements to operate the tolling business. Maintenance expense comprises back-office software support, maintaining and replacing equipment, and mobile application maintenance expenses. Operating and maintenance expenses are recorded in the period in which the services are provided.

9 EMPLOYEE BENEFITS EXPENSE

Set out below is the breakup of employee benefits expense:

	1 July 2022 (unaudited) AED'000	*1 July 2021 (unaudited and not reviewed) AED'000*
Salaries and wages	4,401	4,735
Other benefits and allowances	344	364
End of service benefits	143	126
	4,888	5,225

10 OTHER EXPENSES

Set out below is the breakup of other expenses expense:

	1 July 2022 (unaudited) AED'000	*1 July 2021 (unaudited and not reviewed) AED'000*
Service provider expense – Other Emirates Commissions	5,355	4,490
Commission on card sale	4,475	5,254
Service provider expense – Bank Commissions	3,478	3,115
Professional fees	2,407	2,783
Commission on tag sale	1,971	1,609
Other expenses	1,958	83
Wireless communication for Salik RFID tags	52	-
Utilities	349	390
	20,045	17,724

11 INTANGIBLES

This represents the Company's right under the service concession agreement (refer note 12), an upfront concession fee of AED 4 billion (31 December 2021: Nil) to RTA under the service concession agreement between RTA and the Company.

12 SERVICE CONCESSION ARRANGEMENTS

Salik Company P.J.S.C. entered into a concession agreement with RTA effective 1 July 2022 to undertake the Dubai tolling operations for which Salik ("Operator") will make an upfront concession payment of AED 4 billion plus VAT of AED 200 million to RTA ("Grantor") for existing toll gates and an amount as agreed upon as and when new toll gates are constructed.

Additionaly, a variable concession fee of 25% of toll revenue earned excluding tag activation fees, violations revenue, inactive balance write-off or any other miscellaneous revenue is payable by Salik to RTA for each quarter period. The agreement term is for a period of 49 years ("the concession period") unless terminated or extended as per the terms of the concession agreement. As per the terms of the concession agreement, there is no decommissioning obligations at the end of the contractual period and therefore, no liability has been recorded as of 1 July 2022.

12 SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Key elements of concession agreement

Tolling Operations, Tolling Systems, Tolling Assets: The Company shall have the absolute responsibility for the Dubai tolling operations and the operation, maintenance, development and/or upgrade of the tolling system. All costs and expenses incurred in this relation are at expense of the Company. Ownership over tolling assets vests with RTA.

Revisions to toll fee: The Company has exclusive right to charge, collect and keep for its account toll fees and other road user charges from vehicles utilizing the toll roads. The Company has the right to increase the toll fees up to a maximum authorized limit and subject to the approval of RTA. The allowed escalation is a function of the existing toll rate adjusted for inflation rates. In case the revision in toll rate is not approved by RTA, the Company, at the discretion of RTA, may be compensated for such non approval, like for instance, by reduction in the variable concession fee charged by RTA.

New toll gates: The Company has exclusive right to undertake any tolling works with respect to the new toll gates and all costs and expenses incurred for the tolling works will be reimbursed by RTA on a cost plus 10% basis. For obtaining the right to charge users, the Company shall pay to RTA a fee determined based on valuation of the new toll gate. In addition to the fee determined, during the period of 5 years following the completion and commissioning of the new toll gate, the Company shall be liable to pay earn-out payments only if there is a positive traffic delta.

Replacement of Tolling Assets: The Company shall be reimbursed by RTA on a cost plus 5% basis for replacement of each tolling asset upon the end of its useful life.

Termination: The Company may terminate the agreement if RTA is in breach of its obligations or 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 or if the Company commits a prohibited act or if certain type of breaches of the agreement occur. Further, RTA also has an option to voluntarily terminate the agreement by giving notice of voluntary termination to the Company. Compensation amounts will have to be paid by either of the parties upon occurrence of certain events, that is, it will have to be paid by RTA in case of exercise of voluntary termination or breach by RTA of its obligations and will have to be paid by the Company if it commits a prohibited act.

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

13 PROPERTY AND EQUIPMENT

For the period 1st January 2022 to 1st July 2022:

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

*This represents transfers of Information technology (IT) assets from CWIP to tolling equipment during the period.

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

***The property and equipment i.e., building, infrastructure assets and tolling equipment used by the Company till 30 June 2022 in its operations but are legally owned by RTA and are not transferred to Salik Company P.J.S.C. on formation of the legal entity. However, as part of the service concession agreement (refer Note 12) entered into between by the Company and RTA these assets will be used by Salik to provide operation, maintenance, and management of Tolling business in Dubai.

13 PROPERTY AND EQUIPMENT (CONTINUED)

For the year ended 31 December 2021:

	Buildings AED'000	*Infrastructure assets AED'000*	*Tolling equipment AED'000*	*Office & furniture AED'000*	*Capital Work-In-Progress AED'000*	*Total AED'000*
Cost:						
At 1 January 2021	2,438	128,718	49,438	1,657	26,471	208,722
Additions	-	-	-	-	1,209	1,209
At 31 December 2021	2,438	128,718	49,438	1,657	27,680	209,931
Accumulated depreciation:						
At 1 January 2021	1,050	45,993	47,900	1,651	-	96,594
Depreciation charge for the year	103	5,149	746	2	-	6,000
At 31 December 2021	1,153	51,142	48,646	1,653	-	102,594
Net carrying amount:						
At 31 December 2021	1,285	77,576	792	4	27,680	107,337

13 PROPERTY AND EQUIPMENT (CONTINUED)

For the period 1st January 2021 to 1st July 2021:

	Buildings AED'000	*Infrastructure assets AED'000*	*Tolling equipment AED'000*	*Office & furniture AED'000*	*Capital Work-In-Progress AED'000*	*Total AED'000*
Cost:						
At 1 January 2021	2,438	128,718	49,438	1,657	26,471	208,722
Additions	-	-	-	-	400	400
At 1 July 2021	2,438	128,718	49,438	1,657	26,871	209,122
Accumulated depreciation:						
At 1 January 2021	1,050	45,993	47,900	1,651	-	96,594
Depreciation charge for the period	52	2,574	373	1	-	3,000
At 1 July 2021	1,102	48,567	48,273	1,652	-	99,594
Net carrying amount:						
At 1 July 2021	1,336	80,151	1,165	5	26,871	109,528

14 SOFTWARE ENHANCEMENT EXPENSE

The expenditures incurred towards enhancements of the software did not meet capitalisation criteria and have been expensed in the period in which the expense was incurred. Expenses incurred related to software development was AED 8.33 million and AED 7.03 million during the period 1 January 2022 to 1 July 2022 and 1 January 2021 to 1 July 2021 respectively.

15 INVENTORIES

The composition of inventory is as follows:

	As at 1 July 2022 (unaudited) AED'000	*As at 31 December 2021 (audited) AED'000*
Salik recharge scratch cards	84	78
Salik Tags	5,149	15,966
	5,233	16,044

All inventories are in the form of finished goods. The cost of inventories recognised as expense during the period is included in 'Cost of tags and recharge cards ' on the condensed interim carve-out statement of profit or loss and comprehensive income. None of the inventories are carried at net realisable value being lower than cost for all years presented. There are no obsolete or slow-moving inventories. There have been no write-off of inventory in the period / year presented. The decrease in inventory is due to increased tag and recharge card sales on account of increase in traffic post COVID-19 lockdown and due to Expo 2020 event which happened during the period 1 October 2021 to 31 March 2022.

16 TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables is as follows:

	As at 1 July 2022 (unaudited) AED'000	*As at 31 December 2021 (audited) AED'000*
Fines and penalties	293,543	292,541
Taxi	31,367	20,807
Other Emirates	12,285	21,263
Gas Stations	10,664	15,105
Telecom	5,258	2,882
Banks	2,281	1,831
Other	1	771
Less: loss allowance on fines and penalties	(188,018)	(196,680)
Total	167,381	158,520

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

Trade and other receivables from Other Emirates, taxi, gas stations, telecom, banks and others are not secured, non-interest bearing and are generally on terms of 30 to 90 days. The allowance for expected credit losses or impairment incurred for trade and other receivables from other Emirates, taxi, gas stations, telecom, banks and other is considered to be not material.

16 TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables from fines and penalties are not secured, are non-interest bearing, and customers are generally required to pay the violation 12 months from the issuance date. The movement of loss allowance on receivable relating to fines and penalties were as follows:

	As at 1 July 2022 (unaudited) AED'000	*As at 31 December 2021 (audited) AED'000*	*As at 1 July 2021 (unaudited and not reviewed) AED'000*
Balance at beginning of the period / year / period	196,680	170,401	170,401
Provision for expected credit losses	12,528	26,279	29,051
Write offs during the period / year / period	(21,190)	-	-
Balance at the end of the period / year / period	188,018	196,680	199,452

The impairment of receivables has been included in "Impairment loss on receivables" in the condensed interim carve-out statement of profit or loss and other comprehensive income. The Company fully writes off a trade receivable arising from a violation when there is no realistic prospect of recovery, which is estimated by management to be at the end of the average customer useful life, which is five years.

Set out below is the ageing analysis of the Company's trade receivables from violations using a provision matrix:

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

31 December 2021 (audited)	**Expected credit loss %**	**Gross carrying amount *AED'000***	**Loss allowance *AED'000***
Current	41%	106,132	43,693
1-90 days	60%-62%	13,026	7,797
91-180 days	64%-66%	12,392	8,079
180 – 365 days	69%-79%	32,046	24,542
365+ days	87%	128,945	112,569
Total		**292,541**	**196,680**

1 July 2021 (unaudited)	**Expected credit loss %**	**Gross carrying amount *AED'000***	**Loss allowance *AED'000***
Current	47%	106,652	50,205
1-90 days	65%-70%	8,631	5,793
91-180 days	72%-74%	28,499	20,824
180 – 365 days	77%-84%	24,461	19,606
365+ days	90%	114,046	103,024
Total		**282,289**	**199,452**

17 CASH AND CASH EQUIVALENT

	As at 1 July 2022 (unaudited) AED'000	*As at 31 December 2021 (audited) AED'000*
Cash at bank	4,205,000	-
	4,205,000	-

Bank balance represent amounts held in current accounts maintained with Emirates NBD operating in the UAE.

18 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include the ultimate controlling party, the shareholder, key management personnel, subsidiaries, joint venture, directors, and businesses which are controlled directly or indirectly by the ultimate controlling party, or directors or over which they exercise significant management influence. The Company has availed the exemption as per para 25 of IAS 24 Related Party Disclosure and consider the entities controlled by Government of Dubai as non-related except for RTA, Emirates NBD Bank PJSC (ENBD) and Emirates National Oil Company (ENOC).

The Company, in the normal course of business, receives services from and provide services to related parties. These transactions comprise the purchase and sale of goods and services in the normal course of business at terms determined by the management. Additionally, the Company entered into a Service Concession Agreement with RTA (refer Note 12), Transitional Services agreement with RTA (refer Note 1) and debt agreement with Emirates NDB Bank PJSC (refer Note 19).

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

	Notes	**As at 1 July 2022** ***AED'000***
Balances with entities under common control of the Government of Dubai		
Due to RTA	12	4,200,000
Borrowings - Emirates NBD Bank PJSC	19	4,001,736
Cash at bank - Emirates NBD Bank PJSC	17	4,205,000

Transactions with ENBD relate to commissions earned and amount to AED 1.16 million and AED 1.07 million for the period ended 1 July 2022 and 1 July 2021 respectively. Transactions, gross of commission earned, with ENOC relate to the sale of Salik tag and recharge cards and amount to AED 57.5 million and AED 66 million for the period ended 1 July 2022 and 1 July 2021 respectively. The Company does not have any other significant transactions with the entities controlled, jointly controlled, or significantly influenced by the Government of Dubai.

Tolling fees collected by Dubai Taxi Corporation

It represents toll fee collection by taxis operated by the related parties within the Emirate of Dubai and are based on trips under tollgates where there is a passenger in the taxi vehicle. Tolling fees collected by Dubai Taxi Corporation are AED 31.9 million for the period ended 1 July 2022 and AED 20.33 million for the period ended 1 July 2021. Historically, collections made by Dubai Taxi Corporation are settled directly with Government of Dubai's Department of Finance. The total effect of the settlement of the tolling fee portion of these transactions is reflected in the condensed interim carve-out statements of cash flows as a financing activity and in the condensed interim carve-out statement of changes in equity as net distribution to parent. Effective from 1 July 2022, the amounts are collected by RTA on behalf of the Company and will be transferred to the Company in accordance with the terms of agreement with the Company.

Corporate costs allocation

The Company has been allocated expenses of AED 40.5 million and AED 45.3 million for the period 1 January 2022 to 30 June 2022 and 1 January 2021 to 1 July 2021 respectively from RTA. 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.

18 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Corporate costs allocation (continued)

Further, RTA's Director compensation is included in these amounts. The amounts allocated to the Company are intended to represent the costs of providing these services, and management believes the allocation methods are reasonable. However, the actual cost of obtaining these individual services, if the Company were a stand-alone company, could be materially different. The cost of the services provided by RTA and TRA were determined by the most relevant allocation method, primarily relative percentage of headcount or revenue. These costs are recorded as corporate allocation expenses in the condensed interim carve-out statement of profit or loss and comprehensive income. Effective 1 July 2022, the Company entered into a transitional services agreement ('TSA') with RTA wherein RTA shall provide services to Salik for performance of the tolling operations and back office functions such as finance, Information technology (IT), Human Resources, Administration, Marketing and Communication in accordance with the tolling Concession Agreement. Thus, from the effective date of the TSA no such cost will be allocated to the Company rather costs as per TSA will be incurred for above mentioned services.

Cash pooling

The Company utilises the RTA's centralised processes and systems for cash management. As a result, substantially all cash received related to the tolling business is deposited and comingled with RTA's general corporate funds. The Company does 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. The total net effect of the settlement of these transactions is reflected in the condensed interim carve-out statements of cash flows as a financing activity and in the condensed interim carve-out statement of changes in equity as net distribution to parent.

	As at 1 July 2022 (unaudited) AED'000	*As at 31 December 2021 (audited) AED'000*	*As at 1 July 2021 (unaudited and not reviewed) AED'000*
Cash pooling and general activities	(415,936)	(1,222,255)	(561,206)
Receivables from RTA	(451,296)	(123,560)	(98,406)
Corporate allocations	40,521	113,076	45,273
Net decrease in parent company investment	(826,711)	(1,232,739)	(614,339)

Effective from 1 July 2022, the Company has its own bank account and ceased to use the centralized cash pooling process and systems of RTA. Accordingly, all the transactions will be settled directly with the bank account of the Company from this date.

19 BORROWINGS

On 30 June 2022, the Company and Emirates NBD Bank entered into an agreement to underwrite a 5 year, AED 4,200 million unsecured credit facility (the "Facility"). The Facility is bifurcated further into a term facility commitment of AED 4,000 million and a revolving facility commitment of AED 200 million. The purpose of the facility is firstly, towards making an upfront payment as per requirements under the Concession Agreement; and secondly, for general corporate purposes including fees and expenses in relation to the Facilities.

Borrowings under the term facility carries variable interest at 3-month EIBOR plus a margin at a rate per annum of 0.82%. The upfront fee under the Facility is 0.4% flat and commitment fee on revolving credit facility is 0.25% per annum, calculated on daily undrawn and available commitments, and payable quarterly in arrears. Transaction costs incurred in relation to the term facility have been deducted from the financial liability amount and considered in the computation of the effective interest rate. The upfront fee allocated to the revolving facility has been capitalized and will be amortized on a straight-line basis over the term of the agreement and the same have been disclosed as 'Other Asset' in the statement of financial position.

Principal amounts outstanding under the term facility will be due and payable in full on final maturity which is 5 years from the date of the facility agreement.

19 BORROWINGS (CONTINUED)

The Facility contains customary representations and warranties, subject to limitations and exceptions and customary covenants restricting the Company's ability to declare dividends or make distributions in the event of outstanding default or a default that may occur as a result of such dividend distribution. The Company is also required to comply with financial covenant, leverage (Net Debt to EBITDA): 5x or lower tested semi-annually with testing commencing from June 2023.

As of 1st July 2022, the amount of AED 3,984 million disclosed in the condensed interim carve-out statement of financial position in respect of "Long term financing" reflects proceeds from the drawdown amounting to AED 4,000 million, net of transaction costs amounting to AED 16.03 million. The amount of AED17.8 million disclosed in the condensed interim carve-out statement of financial position in respect of "Short-term finance" reflects the amount utilized from the revolving credit facility.

As of 1st July 2022, unutilized amount from the revolving credit facility is AED 182.2 million, VAT paid on upfront fee in the amount of AED 0.845 million is disclosed as VAT Receivable in the condensed interim carve-out statement of financial position.

20 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the condensed interim carve-out statement of financial position is as follows:

	As at 1 July 2022 (unaudited) AED'000	*As at 31 December 2021 (audited) AED'000*
As at 1 January	2,377	2,114
Charge for the period / year	143	263
Liability of employees not transferred to the Company	(741)	-
As at end of period / year	1,779	2,377

21 TRADE AND OTHER PAYABLES

The composition of trade and other payables is as follows:

	As at 1 July 2022 (unaudited) AED'000	*As at 31 December 2021 (audited) AED'000*
Trade payables to O&M service provider	15,085	-
Fine refunds payable	2,767	3,219
Employee benefits	1,050	222
Trade payables to others	18	22
Other payables	11,091	6,211
	30,011	9,674

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

22 CONTRACT LIABILITIES

As of 1 July 2022, current contract liabilities of AED 276.7 million (31 December 2021: AED 276.6 million), and non-current contract liabilities of AED 40.1 million (31 December 2021: AED 36.7 million), either relate to account balances paid in advance by the customer or arise from tag sale activation fees. The Company expects to recognise these unsatisfied performance obligations as revenue over a period of up to 5 years. At the end of 5 years any inactive customer account balances will be released and recognised as revenue.

22 CONTRACT LIABILITIES (CONTINUED)

As of 1 July 2022, contract liabilities of AED 65.1 million, arising from tag activation fees will be recognized as revenue as follows:

Year ended	*AED'000*
2022 (Q3 to Q4)	12,050
2023	21,857
2024	15,938
2025	11,172
2026	4,081
Total	**65,098**

Movements in contract liabilities is as follows:

	As at 1 July 2022 (unaudited) AED'000	*As at 31 December 2021 (audited) AED'000*	*As at 1 July 2021 (unaudited and not reviewed) AED'000*
Beginning balance	313,345	289,199	289,199
Add: Recharges during the period / year / period	823,315	1,491,141	701,687
Add: Tag activation fees	20,407	35,451	16,648
Less: Revenue recognised during the period / year / period – tolling fees	(821,340)	(1,466,619)	(688,749)
Less: Revenue recognised during the period / year / period – tag sales	(16,131)	(30,458)	(13,349)
Less: Inactive balance write-off during the period / year / period	(2,864)	(5,369)	(2,665)
Ending balance	316,732	313,345	302,771

23 SHARE CAPITAL

At 1 July 2022, the share capital of the Company comprised of 7,500,000,000 (31 December 2021: NIL) shares of AED 0.01 each. All shares are authorised, issued and fully paid up.

24 REORGANISATION RESERVE

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

During the period 1 January 2022 to 1 July 2022 the movement in Net parent investment includes the impact of property and equipment not transferred to the Company (Note 13), impact of employees end of service benefits liability not transferred to the Company (Note 20), the net distribution to the parent (Note 18) and the total comprehensive income for the period.

At the date of incorporation of the Company i.e., 30 June 2022, the Parent has contributed an amount of AED 205 million in the Company comprising of share capital of AED 75 million (Note 23) and remaining AED 130 million of additional capital which is not intended to be recalled by the Parent.

At 30 June 2022, the resulting Net parent investment of AED 146.5 million is offsetted by the additional capital contributed by the Parent and included in the reorganisation reserve.

As Salik did not comprise a separate legal entity for the period ended 1 July 2021 and year ended 31 December 2021, 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 carve-out statement of changes in equity. Net parent investment in the comparative period represents the cumulative net investment by RTA in the Company through that date.

25 EARNINGS PER SHARE

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

	1 July 2022 ***(unaudited)***	*1 July 2021 (unaudited and not reviewed)*
Profit attributable to ordinary equity holders of the Company (AED '000)	796,748	634,410
Weighted average number of ordinary shares for basic and diluted EPS (number '000)	7,500,000	7,500,000
Earnings per share – basic and diluted, profit for the period attributable to ordinary equity holders of the Company (AED)	0.106	0.085

There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation.

Salik did not exist as a standalone legal entity in the historical periods presented. Therefore, for the purpose of comparative earnings per share we have considered the carved out 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.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019, unless otherwise stated.

Credit risk

In addition to policy disclosed in annual carve-out financial statement of the Salik Tolling Business for the years ended 31 December 2021, 2020, and 2019 the Company is also exposed to credit risk in relation to cash and cash equivalent. However, the risk is considered to be minimal as the Company maintain its bank account with bank in UAE having sound credit rating.

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 shareholder 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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

		Undiscounted cashflows		
	Carrying amounts AED '000	*Less than 1 year AED '000*	*Between 2-5 years AED '000*	*Total AED '000*
As at 1 July 2022				
Borrowings (Note 19)	4,001,736	17,766	4,000,000	4,017,766
Due to RTA (Note 18)	4,200,000	4,200,000	-	4,200,000
Trade and other payables (Note 21)	30,011	30,011	-	30,011
	8,231,747	4,247,777	4,000,000	8,247,777
At 31 December 2021				
Trade and other payables (Note 21)	9,674	9,674	-	9,674

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 funding.

The Company is ungeared as at 1 July 2022 (2021: NIL) as cash and cash equivalents are greater than total borrowings.

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. The Company's financial assets consist of trade and other receivables and cash and cash equivalents. The Company's financial liabilities consist of trade and other payables, borrowings (current and non-current) and due to RTA. 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.

28 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at 1 July 2022 and 31 December 2021, the Company had outstanding trade receivable balances with gas stations related to the purchases of Salik tag and recharge cards in the amounts of AED 10.7 million and AED 15.1 million, respectively. These financial assets are offset by the commission payable by the Company to the gas stations in the amounts of AED 561.25 thousand and AED 800 thousand respectively. The net amount is reported in the condensed interim carve-out statement of financial position. The Company has an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis.

29 IMPACT OF SEASONALITY ON THE BUSINESS

The nature of the Company's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality

30 SUBSEQUENT EVENTS

The United Arab Emirates Ministry of Finance announced on 31 January 2022 that it will introduce a federal corporate tax regime for the first time in the UAE. A federal corporate tax law is expected to be issued soon along with executive regulations. It is expected that the corporate tax will come into effect on or after 1 June 2023 and will apply to profits generated during financial years starting on or after 1 June 2023. The financial impact of this event is unknown at this time.

31 APPROVAL OF THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS

The condensed interim carve-out financial statements were approved by the Board of Directors of Salik Company P.J.S.C. on 22 August 2022 and signed on its behalf by His Excellency Mattar Al Tayer, Director - General and Chairman of the Board of Executive Directors and Ibrahim Al Haddad, Chief Executive Officer.