

**SALIK COMPANY P.J.S.C.**

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

**SALIK COMPANY P.J.S.C.**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

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**SALIK COMPANY P.J.S.C.**

**DIRECTORS' REPORT**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

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

**Board of Directors**

The Board of Directors of the Company comprises:

Chairman: His Excellency Mattar Al Tayer  
Vice chairman: Mr. Abdul Muhsen Ibrahim Kalbat  
Members: His Excellency Mohammed Abdulla Lengawi  
His Excellency Mohammad Alhawi  
Mr. Ibrahim Al Haddad (CEO)  
Mr. Mohammed Al-Mudharreb  
Eng. Maitha Bin Adai

**Principal activities**

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.

**Financial Performance**

During the three-month period ended 31 March 2024, the Company reported revenue of AED 562 million (Q1 2023: AED 520 million) and profit after tax for the period was AED 277 million (Q1 2023: AED 275 million).


**Dividends**

On 4<sup>th</sup> March 2024, the Board of Directors proposed to distribute AED 550,035,000 dividend to the shareholders (7.3338 fils per share), reflecting 100% of the Company's distributable net profit for the second half of 2023 as per the Company's dividend policy. The proposed dividend was approved by the shareholders at the Company's General Assembly Meeting held on 2<sup>nd</sup> April 2024.

**Statement of disclosure**

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**

  
His Excellency Mattar Al Tayer  
Chairman  
Board of Directors  
Salik Company P.J.S.C.  
13<sup>th</sup> May 2024



## Report on review of condensed interim financial statements to the Board of Directors of Salik Company P.J.S.C.

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### Introduction

We have reviewed the accompanying condensed interim statement of profit or loss and comprehensive income of Salik Company P.J.S.C. (the 'Company' or 'Salik') 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.

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### 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.

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### 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  
13 May 2024

A handwritten signature in blue ink, appearing to read 'Wassim El Afchal', is written over a faint, circular official stamp.

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

**SALIK COMPANY P.J.S.C.****CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

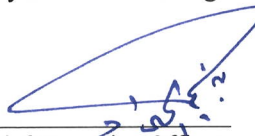
	Notes	<i>Three-month period ended</i>	
		<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 March 2023</i> <i>(unaudited)</i> <i>AED'000</i>
Revenue	6	562,055	520,126
Other income		1,197	-
Finance income	20	14,222	3,993
Cost of tags and recharge cards	7	(7,092)	(7,117)
Toll operation and maintenance expense	8	(20,988)	(20,631)
Employee benefit expense	9	(7,173)	(7,020)
Depreciation and amortisation expense	10	(21,018)	(20,415)
Service providers commission	12	(10,636)	(10,395)
Concession fee expense	15	(122,777)	(113,562)
Software enhancement expense		(2,348)	(1,892)
Impairment loss on trade receivables	19	(9,869)	(7,367)
Finance costs	11	(65,388)	(55,906)
Other expenses	13	(5,467)	(4,533)
<b>Profit before tax</b>		<b>304,718</b>	<b>275,281</b>
Income tax expense	26	(27,425)	-
<b>Profit for the period</b>		<b>277,293</b>	<b>275,281</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>277,293</b>	<b>275,281</b>
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	29	<b>0.04</b>	<b>0.04</b>

The accompanying notes 1 to 34 form an integral part of these condensed interim financial statements.

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

		<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 December 2023</i> <i>(audited)</i> <i>AED'000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	16	4,082	4,289
Intangibles	14	3,858,270	3,877,551
Right-of-use asset	17	6,700	7,078
Other asset		520	560
		<u>3,869,572</u>	<u>3,889,478</u>
<b>Current assets</b>			
Inventories	18	11,288	5,566
Trade and other receivables	19	167,415	173,483
Contract asset	15	1,443	-
Short-term deposit with bank	20	600,000	750,000
Due from related parties	21	158,257	139,078
Cash and cash equivalents	20	724,800	266,180
		<u>1,663,203</u>	<u>1,334,307</u>
<b>Total assets</b>		<u><b>5,532,775</b></u>	<u><b>5,223,785</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	22	3,989,581	3,988,779
Lease liability	17	5,696	6,047
Provision for employees' end-of-service benefits	23	2,822	2,519
Contract liabilities	25	56,524	53,350
		<u>4,054,623</u>	<u>4,050,695</u>
<b>Current liabilities</b>			
Due to a related party	21	131,805	138,693
Lease liability	17	1,438	1,889
Trade and other payables	24	76,310	70,252
Provision for taxation	26	27,425	-
Contract liabilities	25	301,334	299,709
		<u>538,312</u>	<u>510,543</u>
<b>Total liabilities</b>		<u><b>4,592,935</b></u>	<u><b>4,561,238</b></u>
<b>EQUITY</b>			
Share capital	27	75,000	75,000
Statutory reserve	28	37,500	37,500
Retained earnings		827,340	550,047
<b>Total equity</b>		<u><b>939,840</b></u>	<u><b>662,547</b></u>
<b>Total equity and liabilities</b>		<u><b>5,532,775</b></u>	<u><b>5,223,785</b></u>

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 13<sup>th</sup> May 2024 and were signed on its behalf by:

  
Chief Executive Officer

  
Chairman of the Board of Directors

The accompanying notes 1 to 34 form an integral part of these condensed interim financial statements.

**SALIK COMPANY P.J.S.C.**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**

	Notes	<i>Three-month period ended</i>	
		<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 March 2023</i> <i>(unaudited)</i> <i>AED'000</i>
<b>Cash flows from operating activities</b>			
Profit before tax for the period		304,718	275,281
Adjustments for:			
Depreciation of property and equipment	10	233	8
Depreciation of right-of-use asset	10	378	-
Amortisation of intangibles	10	20,407	20,407
Provision for employees' end-of-service benefits	23	303	62
Finance charge on lease liability	11	104	-
Other finance costs		65,284	55,906
Finance income		(14,222)	(3,993)
Impairment loss on trade receivables	19	9,869	7,367
<b>Operating cash flows before changes in working capital</b>		<b>387,074</b>	<b>355,038</b>
<b>Changes in working capital:</b>			
Trade and other receivables excluding impact of impairment loss		(11,097)	192,398
Due from related parties		(19,179)	(31,851)
Inventories		(5,722)	9,206
Trade and other payables		6,058	(9,960)
Due to a related party		(6,888)	(196,203)
Other asset		40	40
Contract asset		(1,443)	-
Contract liabilities		4,799	6,410
<b>Net cash flows generated from operating activities</b>		<b>353,642</b>	<b>325,078</b>
<b>Cash flows from investing activities</b>			
Payment for purchase of property and equipment	16	(26)	(55)
Purchase of intangible assets	14	(1,126)	-
Movement in fixed deposits		150,000	-
Interest income on deposits		21,518	3,993
<b>Net cash generated from investing activities</b>		<b>170,366</b>	<b>3,938</b>
<b>Cash flows from financing activities</b>			
Finance charge on lease liability paid		(104)	-
Other finance costs paid		(64,482)	(55,105)
Principal element of lease payment		(802)	-
<b>Net cash used in financing activities</b>		<b>(65,388)</b>	<b>(55,105)</b>
<b>Net increase in cash and cash equivalents</b>		<b>458,620</b>	<b>273,911</b>
Cash and cash equivalents at the beginning of the period		266,180	822,707
<b>Cash and cash equivalents at the end of the period</b>	20	<b>724,800</b>	<b>1,096,618</b>

The accompanying notes 1 to 34 form an integral part of these condensed interim financial statements.

**SALIK COMPANY P.J.S.C.****CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

	<b>Share capital AED'000</b>	<b>Statutory reserve AED'000</b>	<b>Retained earnings AED'000</b>	<b>Total equity AED'000</b>
<b>At 1 January 2023</b>	75,000	37,500	491,414	603,914
Total comprehensive income for the period	-	-	275,281	275,281
<b>At 31 March 2023 (unaudited)</b>	<u>75,000</u>	<u>37,500</u>	<u>766,695</u>	<u>879,195</u>
<b>At 1 January 2024</b>	75,000	37,500	550,047	662,547
Total comprehensive income for the period	-	-	277,293	277,293
<b>At 31 March 2024 (unaudited)</b>	<u>75,000</u>	<u>37,500</u>	<u>827,340</u>	<u>939,840</u>

The accompanying notes 1 to 34 form an integral part of these condensed interim financial statements.



## **SALIK COMPANY P.J.S.C.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

#### **1 DESCRIPTION OF BUSINESS AND PRINCIPAL ACTIVITIES**

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, and started its operations on 1 July 2022. The Company is listed on the Dubai Financial Market on 29<sup>th</sup> September 2022.

The registered address of the Company is Suite No.400, 4<sup>th</sup> floor, Festival Tower, Dubai Festival City, PO Box 36003, Dubai, United Arab Emirates.

The Company is owned by the Dubai Investment Fund ("DIF" or the "Parent") which holds 75.1% of the Company's shares which is ultimately owned and controlled by the Government of Dubai ("ultimate controlling party"). The remaining shares of 24.9% are publicly traded on the Dubai Financial Market ("DFM") stock exchange.

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.

These 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 and related explanatory notes is based on the audited financial statements as at 31 December 2023. The comparative information for the condensed interim statements of profit or loss and comprehensive income, changes in equity and cash flows, and related explanatory notes is based on the unaudited condensed interim financial statements for the three-month period ended 31 March 2023.

#### **2 BASIS OF PREPARATION**

These condensed interim financial statements 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 Company's financial statement 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 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**

A number of amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The amended standards did not have a material impact on the condensed interim financial statements.

##### **New standards, interpretations and amendments issued but not yet effective**

Certain amendments to accounting standards have been published that are not mandatory for the three-month period ended 31 March 2024 and have not been early adopted by the Company. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)**

**4 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied by the Company in its recent annual audited financial statements for the year ended 31 December 2023 except for the policies set out below and the adoption of new and amended standards as mentioned in Note 3.

**Income taxes**

Income taxes have been provided for in the condensed interim financial statements in accordance with legislation enacted or substantively enacted at the reporting date in the United Arab Emirates where the Company operates and generates taxable income. The income tax charge comprises current tax and is recognised in profit or loss for the period.

Taxable profits or losses are based on estimates if the condensed interim financial statements are authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

**Revenue recognition - toll gate construction**

Salik has the exclusive rights for the construction of new toll gates for and on behalf of Roads and Transport Authority ("RTA") (Note 15). The Company has concluded that for such arrangement it is creating an asset controlled by the customer and has an enforceable right to payment for work completed. Therefore, it meets the criteria to recognise revenue over time.

The Company is reimbursed for all costs and expenses associated with toll gate construction at a consideration equal to cost plus 10% mark-up. The Company has determined to be acting as an agent under IFRS 15 'Revenue from Contracts with Customers' as toll gate construction service is provided using third parties without taking control. Accordingly, revenue is recognised on a net basis (which is equivalent to the of 10% markup) as and when the construction progresses.

When the services rendered by the Company exceeds the payment from the customer, a contract asset is recognised. If the payment exceeds the services rendered, a contract liability is recognised.

**5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of 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 financial statements of the Company as at and for the year ended 31 December 2023.

**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****6 REVENUE**

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

	<i>Three-month period ended</i>	
	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 March 2023</i> <i>(unaudited)</i> <i>AED'000</i>
Tolling revenue		
- Toll usage fees	491,110	454,246
- Tag activation fees*	9,776	8,602
	<u>500,886</u>	<u>462,848</u>
Fines	58,907	55,346
Inactive balance write-off (Note 25)	1,470	1,384
Toll gate construction** (Note 15)	131	-
Miscellaneous	661	548
	<u>562,055</u>	<u>520,126</u>

\*Tag activation fees is recognised on a straight-line basis over the estimated customer life of 5 years.

\*\*It represents 10% mark-up Salik is entitled to in relation to construction work carried out during the period for new toll gates.

**7 COST OF TAGS AND RECHARGE CARDS**

	<i>Three-month period ended</i>	
	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 March 2023</i> <i>(unaudited)</i> <i>AED'000</i>
Inventories expensed - Salik tags	7,042	7,062
Inventories expensed - Salik recharge cards	50	55
	<u>7,092</u>	<u>7,117</u>

**8 TOLL OPERATION AND MAINTENANCE EXPENSE**

	<i>Three-month period ended</i>	
	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 March 2023</i> <i>(unaudited)</i> <i>AED'000</i>
Operating expenses	15,423	15,088
Maintenance expenses	5,565	5,543
	<u>20,988</u>	<u>20,631</u>

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.

**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****9 EMPLOYEE BENEFITS EXPENSE**

	<i>Three-month period ended</i>	
	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 March 2023</i> <i>(unaudited)</i> <i>AED'000</i>
Salaries and wages	5,970	5,715
End of service benefits	303	62
Bonus	-	518
Other benefits and allowances	900	725
	<b>7,173</b>	<b>7,020</b>

**10 DEPRECIATION AND AMORTISATION EXPENSE**

	<i>Three-month period ended</i>	
	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 March 2023</i> <i>(unaudited)</i> <i>AED'000</i>
Depreciation of property and equipment (Note 16)	233	8
Depreciation of right-of-use asset (Note 17)	378	-
Amortisation of intangibles (Note 14)	20,407	20,407
	<b>21,018</b>	<b>20,415</b>

**11 FINANCE COSTS**

	<i>Three-month period ended</i>	
	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 March 2023</i> <i>(unaudited)</i> <i>AED'000</i>
Finance cost on borrowings	65,244	55,866
Finance charge on lease liability (Note 17)	104	-
Other finance costs	40	40
	<b>65,388</b>	<b>55,906</b>

**12 SERVICE PROVIDERS COMMISSION**

	<i>Three-month period ended</i>	
	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 March 2023</i> <i>(unaudited)</i> <i>AED'000</i>
Service provider expense		
- Banks and other providers commission	4,168	3,790
- Other Emirates commission	3,131	3,321
Commission on card sales	1,954	2,240
Commission on tag sales	1,383	1,044
	<b>10,636</b>	<b>10,395</b>

**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****13 OTHER EXPENSES**

	<i>Three-month period ended</i>	
	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 March 2023 (unaudited) AED'000</i>
Professional fees	2,034	2,094
Transitional service expense (Note 21)	1,266	794
Rent and maintenance	409	-
Marketing and advertisement	406	255
Travel and accommodation	46	73
Other expenses	1,306	1,317
	<u>5,467</u>	<u>4,533</u>

**14 INTANGIBLES***For the period ended 31 March 2024*

	<i>Toll operation rights (Note 15) AED '000</i>	<i>Work in progress AED '000</i>	<i>Total AED '000</i>
<b>Cost</b>			
At 1 January 2024	4,000,000	-	4,000,000
Additions	-	1,126	1,126
At 31 March 2024	<u>4,000,000</u>	<u>1,126</u>	<u>4,001,126</u>
<b>Accumulated amortisation</b>			
At 1 January 2024	122,449	-	122,449
Charge for the period (Note 10)	20,407	-	20,407
At 31 March 2024	<u>142,856</u>	<u>-</u>	<u>142,856</u>
<b>Net carrying amount</b>			
At 31 March 2024	<u>3,857,144</u>	<u>1,126</u>	<u>3,858,270</u>

\*Work in progress is associated with development of a Parking Management System and modifications to existing fully amortised toll operations software.

*For the year ended 31 December 2023*

	<i>Toll operation rights (Note 15) AED'000</i>
<b>Cost</b>	
At 1 January and 31 December 2023	<u>4,000,000</u>
<b>Accumulated amortisation</b>	
At 1 January 2023	40,817
Charge for the year	<u>81,632</u>
At 31 December 2023	<u>122,449</u>
<b>Net carrying amount</b>	
At 31 December 2023	<u>3,877,551</u>

**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****14 INTANGIBLES (continued)***For the period ended 31 March 2023*

	<i>Toll operation rights (Note 15) AED'000</i>
<b>Cost</b>	
At 1 January and 31 March 2023	<u>4,000,000</u>
<b>Accumulated amortisation</b>	
At 1 January 2023	40,817
Charge for the period (Note 10)	<u>20,407</u>
At 31 March 2023	<u>61,224</u>
<b>Net carrying amount</b>	
At 31 March 2023	<u><u>3,938,776</u></u>

**15 SERVICE CONCESSION ARRANGEMENT**

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") made an upfront concession payment of AED 4,000 million plus VAT of AED 200 million to RTA ("Grantor") for existing toll gates and an amount to be agreed upon as and when new toll gates are constructed.

Additionally, a variable concession fee of 25% of toll usage fee earned excluding tag activation fees, violations revenue, inactive balance write-off or any other miscellaneous revenue is payable to RTA for each quarter period. The agreement term is 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 are no decommissioning obligations at the end of the contractual period and therefore, no liability has been recorded as of 31 March 2024 and 31 December 2023.

Variable concession fee for three-month period ended 31 March 2024 amounts to AED 122.78 million (31 March 2023: AED 113.56 million), which has been recorded as an expense in the condensed interim statement of profit or loss and comprehensive income.

**Key elements of concession agreement**

- *Tolling Operations, Tolling Systems, Tolling Assets:* The Company 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 a right to increase the toll fees to account for increase in operational cost or to consider the impact of inflation. Such increase in toll fees has to be approved by Dubai Executive Council. In case the revision in toll rate is not approved by the Dubai Executive Council, the Company will be compensated for such non approval by reduction in the variable concession fee charged by RTA only if the proposed increase was on account of increased inflation rates.

**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****15 SERVICE CONCESSION ARRANGEMENT (continued)****Key elements of concession agreement (continued)**

- *New toll gates:* The Company has exclusive right to undertake any tolling works (construction) 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 case of difference in valuation done by RTA and that done by Salik by more than 5%, an earnout mechanism will apply, whereby 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.

On 19<sup>th</sup> January 2024, RTA formally assigned Salik to install two new toll gates to optimise traffic flow and reduce congestion on key routes within Dubai. The addition of two gates will increase the total number of gates in Dubai from eight to ten, with the new gates expected to be operational by November 2024.

During the three-month period ended 31 March 2024, the Company recorded a revenue of AED 131 thousand (2023: Nil) from toll gate construction. As on 31 March 2024, unbilled portion associated with toll gate construction amounts to AED 1.4 million which is shown as contract assets in the statement of financial position.

- *Replacement of end-of-life 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 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.
- *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.

**16 PROPERTY AND EQUIPMENT**

	<i>Office furniture and equipment AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Leasehold improvements AED '000</i>	<i>Total AED '000</i>
<i>For the period ended 31 March 2024</i>				
<b>Cost</b>				
At 1 January 2024	1,707	362	2,555	4,624
Additions	26	-	-	26
At 31 March 2024	<u>1,733</u>	<u>362</u>	<u>2,555</u>	<u>4,650</u>
<b>Accumulated depreciation</b>				
At 1 January 2024	138	26	171	335
Depreciation charge for the period (Note 10)	87	18	128	233
At 31 March 2024	<u>225</u>	<u>44</u>	<u>299</u>	<u>568</u>
<b>Net carrying amount</b>				
At 31 March 2024	<u>1,508</u>	<u>318</u>	<u>2,256</u>	<u>4,082</u>

**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****16 PROPERTY AND EQUIPMENT (continued)***For the year ended 31 December 2023*

	<i>Office furniture and equipment AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Leasehold improvements AED '000</i>	<i>Total AED '000</i>
<b>Cost</b>				
At 1 January 2023	150	-	-	150
Additions	1,685	362	2,555	4,602
Adjustment	(128)	-	-	(128)
At 31 December 2023	<u>1,707</u>	<u>362</u>	<u>2,555</u>	<u>4,624</u>
<b>Accumulated depreciation</b>				
At 1 January 2023	60	-	-	60
Depreciation charge for the year	126	26	171	323
Adjustment	(48)	-	-	(48)
At 31 December 2023	<u>138</u>	<u>26</u>	<u>171</u>	<u>335</u>
<b>Net carrying amount</b>				
At 31 December 2023	<u>1,569</u>	<u>336</u>	<u>2,384</u>	<u>4,289</u>

*For the period ended 31 March 2023*

	<i>Office furniture and equipment AED'000</i>
<b>Cost</b>	
At 1 January 2023	150
Additions	<u>55</u>
At 31 March 2023	<u>205</u>
<b>Accumulated depreciation</b>	
At 1 January 2023	60
Depreciation charge for the period (Note 10)	<u>8</u>
At 31 March 2023	<u>68</u>
<b>Net carrying amount</b>	
At 31 March 2023	<u>137</u>



**SALIK COMPANY P.J.S.C.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)**

**17 LEASES**

**(i) Right-of-use asset**

*For the period ended 31 March 2024*

	<i>Office space AED '000</i>
<b>Cost</b>	
At 1 January and 31 March 2024	<u>8,096</u>
<b>Accumulated depreciation</b>	
At 1 January 2024	1,018
Charge for the period (Note 10)	378
At 31 March 2024	<u>1,396</u>
<b>Net book value</b>	
At 31 March 2024	<u>6,700</u>

*For the year ended 31 December 2023*

	<i>Office space AED '000</i>
<b>Cost</b>	
At 1 January 2023	-
Additions	8,096
At 31 December 2023	<u>8,096</u>
<b>Accumulated depreciation</b>	
At 1 January 2023	-
Charge for the year	1,018
At 31 December 2023	<u>1,018</u>
<b>Net book value</b>	
At 31 December 2023	<u>7,078</u>

**(ii) Lease liability**

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
At beginning of the period / year	7,936	-
Lease additions during the period / year	-	8,096
Finance charge for the period / year	104	293
Lease repayments during the period / year	(906)	(453)
At end of the period / year	<u>7,134</u>	<u>7,936</u>

Lease liability is bifurcated into:

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
Current	1,438	1,889
Non-current	5,696	6,047
	<u>7,134</u>	<u>7,936</u>

**SALIK COMPANY P.J.S.C.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)**

**17 LEASES (continued)**

**(iii) Amounts recognised in profit or loss**

	<i>Three-month period ended</i>	
	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 March 2023 (unaudited) AED'000</i>
Finance charge on lease liability (Note 11)	<b>104</b>	-
Depreciation of right-of-use asset (Note 10)	<b>378</b>	-

**(iv) Contractual undiscounted cash flows**

The contractual undiscounted cash flows associated with the lease are as follows:

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
Not later than 1 year	<b>1,812</b>	2,264
Between 1 to 5 years	<b>6,250</b>	6,703
	<b>8,062</b>	8,967

**18 INVENTORIES**

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
Salik tags	<b>11,233</b>	5,461
Salik recharge scratch cards	<b>55</b>	105
	<b>11,288</b>	5,566

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 statement of profit or loss and comprehensive income. None of the inventories are carried at net realisable value being lower than cost for all periods presented. There are no obsolete or slow-moving inventories. There has been no write-off of inventory in the periods presented.

**19 TRADE AND OTHER RECEIVABLES**

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>	<i>31 March 2023 (unaudited) AED'000</i>
Trade receivables (including fines receivable)	<b>297,554</b>	301,192	314,801
Less: loss allowance on fines receivable	<b>(176,327)</b>	(177,827)	(179,657)
	<b>121,227</b>	123,365	135,144
VAT receivable	<b>9,740</b>	17,246	9,277
Accrued interest	<b>5,425</b>	12,721	-
Advance to supplier	<b>30,358</b>	19,484	18,829
Others	<b>665</b>	667	1,392
	<b>167,415</b>	173,483	164,642

**SALIK COMPANY P.J.S.C.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)**

**19 TRADE AND OTHER RECEIVABLES (continued)**

Break up of trade receivables is as follows:

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>	<i>31 March 2023 (unaudited) AED'000</i>
Fines	283,265	284,066	282,184
Taxi	7,135	10,154	8,051
Telecom	58	94	4,644
Banks	2,779	2,647	2,725
Gas stations	-	-	16,815
Other Emirates	353	353	353
Others	3,964	3,878	29
	<u>297,554</u>	<u>301,192</u>	<u>314,801</u>

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 others is considered to be not material.

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

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>	<i>31 March 2023 (unaudited) AED'000</i>
Balance at the beginning of the period / year / period	177,827	183,074	183,074
Provision for expected credit losses	9,869	34,412	7,367
Write offs during the period / year / period	<u>(11,369)</u>	<u>(39,659)</u>	<u>(10,784)</u>
<b>Balance at the end of the period / year / period</b>	<u>176,327</u>	<u>177,827</u>	<u>179,657</u>

The provision for expected credit losses for the period has been included as "Impairment loss on trade receivables" in the condensed interim 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:

<b>31 March 2024 (unaudited)</b>	<b>Expected credit loss %</b>	<b>Gross carrying amount AED'000</b>	<b>Loss allowance AED'000</b>
<b>Current</b>	40%	123,067	48,715
<b>1-90 days</b>	59% - 64%	14,628	9,036
<b>91-180 days</b>	66% - 68%	11,056	7,390
<b>180 - 365 days</b>	71% - 77%	19,677	14,592
<b>365+ days</b>	84%	114,837	96,594
		<u>283,265</u>	<u>176,327</u>

**SALIK COMPANY P.J.S.C.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)**

**19 TRADE AND OTHER RECEIVABLES (continued)**

	Expected credit loss%	Gross carrying amount AED'000	Loss allowance AED'000
31 December 2023 (audited)			
Current	40%	121,814	48,378
1-90 days	59% - 64%	12,340	7,625
91-180 days	66% - 68%	10,545	7,048
180 - 365 days	71% - 77%	21,414	15,915
365+ days	84%	117,953	98,861
		<u>284,066</u>	<u>177,827</u>
31 March 2023 (unaudited)			
Current	41%	111,763	43,847
1-90 days	60% - 65%	13,639	8,286
91-180 days	66% - 70%	10,964	7,241
180 - 365 days	71% - 80%	19,967	14,902
365+ days	84%	125,851	105,381
		<u>282,184</u>	<u>179,657</u>

**20 CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSIT WITH BANK**

	31 March 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000	31 March 2023 (unaudited) AED'000
<b>Cash and cash equivalents</b>			
Islamic Mudarabah call account	724,800	266,180	-
Current account	-	-	596,618
Fixed deposits with original maturity less than 3 months	-	-	500,000
	<u>724,800</u>	<u>266,180</u>	<u>1,096,618</u>
<b>Short term deposit with bank</b>			
Fixed deposits with original maturity of 3 to 12 months	<u>600,000</u>	<u>750,000</u>	-

Cash in bank represents amounts held in current account, call account and Wakala deposits maintained with Emirates NBD Bank PJSC operating in the UAE. The fixed deposits as on 31 March 2024 and 31 December 2023 have an original maturity period of 3 to 12 months and earn expected profits of 5.1% (31 December 2023: 5.3%). During the three-month period ended 31 March 2024, the Company earned a profit of AED 14.2 million (2023: AED 4.0 million) on these Wakala deposits and Mudarabah call account.

**21 RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties comprise the Parent, ultimate controlling party, the shareholders, 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, Dubai Taxi Company PJSC ("DTC"), Dubai E-Government, Dubai Digital Authority, Emirates NBD Bank PJSC ("ENBD") and Emirates National Oil Company ("ENOC").

The Company, in the normal course of business, receives services from and provides services to related parties. These transactions comprise the purchase and sale of goods and services in the normal course of business at mutually agreed terms. Additionally, the Company entered into a Service Concession Agreement with RTA (Note 15), Transitional Services agreement with RTA and debt agreement with Emirates NBD Bank PJSC (Note 22).

**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****21 RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

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

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
<b>Due from related parties</b>		
<i>Entities under common control of the Government of Dubai</i>		
Roads and Transport Authority*	64,547	47,563
Dubai E-Government	82,170	79,567
Dubai Taxi Corporation	11,540	11,948
	<u>158,257</u>	<u>139,078</u>

**Due to related parties**

*Entities under common control of the Government of Dubai*  
Roads and Transport Authority\*

<u>131,805</u>	<u>138,693</u>
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\*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.

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
<b>Loan from a related party</b>		
<i>Entities under common control of the Government of Dubai</i>		
Emirates NBD Bank PJSC	<u>3,989,581</u>	<u>3,988,779</u>

The Company obtained a financing facility with ENBD, related party, as has been disclosed in Note 22. Bank balances as disclosed in Note 20 are also held with ENBD.

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 December 2023 (audited) AED'000</i>
Contract asset	<u>1,443</u>	<u>-</u>

It represents unbilled portion of revenue to Roads and Transport Authority, associated with toll gate construction, as detailed in Note 15.

**Transactions with related parties***Commission expense*

Transactions with ENBD, other than finance cost on borrowings as explained in Note 22, relates to commission paid for collection services provided by ENBD and amounts to AED 0.7 million for three-month period ended 31 March 2024 (31 March 2023: AED 0.6 million). Transactions, gross of commission earned, with ENOC relate to the sale of Salik tag and recharge cards and amount to AED 31.7 million for three-month period ended 31 March 2024 (31 March 2023: AED 37 million).

*Tolling fees collected by Dubai Taxi Corporation*

Dubai Taxi Corporation ("DTC") is ultimately controlled by the Government of Dubai. Tolling fees collected by DTC represents toll fee collection by the taxis operated by DTC within the Emirate of Dubai and are based on trips under tollgates where there is a passenger in the taxi vehicle. Tolling fees collected DTC are AED 17.7 million for three-month period ended 31 March 2024 (31 March 2023: AED 17.7 million).

**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****21 RELATED PARTY BALANCES AND TRANSACTIONS (continued)****Transactions with related parties (continued)***Service concession arrangement*

As part of formation of Salik Company P.J.S.C., the Company entered into a Service 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 14 and Note 15 for the financial impact associated with the Concession Agreement.

*Transitional Service Agreement*

The Company entered into a transitional services agreement ("TSA") with RTA, effective from 1 July 2022, wherein RTA providing services to Salik for performance of the tolling operations and back-office functions such as financial services, information technology (IT), human resources, administration, marketing and communication in accordance with the tolling Concession Agreement. During the three-month period ended 31 March 2024, an amount of AED 1.3 million (31 March 2023: AED 0.8 million) has been charged by RTA for such transitional services and these have been included as 'Transition service expense' under 'Other expenses'.

*Key management remuneration*

	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 March 2023</i> <i>(unaudited)</i> <i>AED'000</i>
Salaries and other benefits	<b>1,868</b>	2,267
End of service benefits	<b>284</b>	20
	<b><u>2,152</u></b>	<b><u>2,287</u></b>

**22 BORROWINGS**

	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 December 2023</i> <i>(audited)</i> <i>AED'000</i>
Term loan from Emirates NBD Bank PJSC	<b>4,000,000</b>	4,000,000
Unamortised loan cost	<b>(10,419)</b>	(11,221)
Total borrowing	<b><u>3,989,581</u></b>	<b><u>3,988,779</u></b>

On 30 June 2022, the Company and Emirates NBD Bank PJSC entered into an agreement to underwrite a 5-year, AED 4,200 million unsecured Islamic Mudarabah 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. On 19 May 2023, the Company agreed with the bank for a partial reduction of Facility B, that is, revolving Murabaha facility commitment, to reduce the commitment to AED 50 million instead of the original commitment of AED 200 million. The purpose of the overall borrowing 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 capitalised and is 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.

**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****22 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. The Company complied with the financial covenant throughout the period ended 31 March 2024 and year ended 31 December 2023.

As at 31 March 2024, the Company has access to the following borrowing facilities:

	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 December 2023</i> <i>(audited)</i> <i>AED'000</i>
Total available facilities	4,050,000	4,050,000
Facility utilised	<u>(4,000,000)</u>	<u>(4,000,000)</u>
Available financing facility	<u>50,000</u>	<u>50,000</u>

**23 PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS**

	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 December 2023</i> <i>(audited)</i> <i>AED'000</i>
Balance at the beginning of the period / year	2,519	2,624
Charge for the period / year	303	699
Adjustment	-	(804)
<b>Balance at the end of the period / year</b>	<u><b>2,822</b></u>	<u><b>2,519</b></u>

**24 TRADE AND OTHER PAYABLES**

	<i>31 March 2024</i> <i>(unaudited)</i> <i>AED'000</i>	<i>31 December 2023</i> <i>(audited)</i> <i>AED'000</i>
Trade payables - Operation and Maintenance service provider	53,278	39,638
Advance from customers	3,692	5,350
Fine refund payables	2,912	2,888
Employee benefits	1,611	1,400
Commission accruals and other payables	<u>14,817</u>	<u>20,976</u>
	<u><b>76,310</b></u>	<u><b>70,252</b></u>

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.

**25 CONTRACT LIABILITIES**

As of 31 March 2024, current contract liabilities of AED 301.3 million (31 December 2023: AED 299.7 million), and non-current contract liabilities of AED 56.5 million (31 December 2023: AED 53.4 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.

**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****25 CONTRACT LIABILITIES (continued)**

As of 31 March 2024, contract liabilities of AED 80.8 million (31 December 2023: AED 76.6 million), arising from tag activation fees will be recognized as revenue as follows:

	<b>31 March 2024</b> <b>(unaudited)</b> <b>AED'000</b>	<b>31 December 2023</b> <b>(audited)</b> <b>AED'000</b>
- 0 to 12 months	24,266	23,236
- 13 to 24 months	21,779	20,543
- 25 – 36 months	18,038	17,149
- 37 – 48 months	12,269	11,562
- 49 – 60 months	4,438	4,096
	<u>80,790</u>	<u>76,586</u>

Movements in contract liabilities is as follows:

	<b>31 March 2024</b> <b>(unaudited)</b> <b>AED'000</b>	<b>31 December 2023</b> <b>(audited)</b> <b>AED'000</b>	<b>31 March 2023</b> <b>(unaudited)</b> <b>AED'000</b>
Balance at the beginning of the period / year / period	353,059	337,533	337,533
Add: Recharges during the period / year / period	493,175	1,859,152	459,955
Add: Tag activation fees received	13,980	45,732	10,687
Less: Revenue recognised – toll usage	(491,110)	(1,845,477)	(454,246)
Less: Revenue recognised – tag activation fee	(9,776)	(38,200)	(8,602)
Less: Inactive balance write-off	(1,470)	(5,681)	(1,384)
<b>Balance at the end of the period / year / period</b>	<u>357,858</u>	<u>353,059</u>	<u>343,943</u>

**26 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 commencing 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.

While current taxes are not payable on profits generated before the Company's financial year commencing on 1 January 2024, the existence of an enacted tax law results in the need to immediately record deferred taxes on assets and liabilities where the carrying amount differs from the tax base. Based on the assessment performed by the management, an immaterial deferred tax impact has been noted as of and for the three-month period ended 31 March 2024 and for the year ended 31 December 2023. As certain other cabinet decisions are pending as on the date of these financial statements, the Company will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalized and published.

**(i) Components of income tax expense**

Income tax expense comprise the following:

	<b>31 March 2024</b> <b>(unaudited)</b> <b>AED'000</b>	<b>31 March 2023</b> <b>(unaudited)</b> <b>AED'000</b>
Current tax	<u>27,425</u>	<u>-</u>



**SALIK COMPANY P.J.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)****26 INCOME TAX (continued)****(ii) Reconciliation between tax expense and profit or loss multiplied by applicable tax rate**

The income tax rate applicable to the Company's income is 9%. A reconciliation between the expected and actual taxation charge is as follows:

	<i>31 March 2024 (unaudited) AED'000</i>
Profit before tax	<u>304,718</u>
Theoretical tax charge at statutory rate of 9%	27,425
Tax effect of items which are not deductible for tax purposes	-
<b>Income tax expense</b>	<u><u>27,425</u></u>

**27 SHARE CAPITAL**

The share capital of the Company comprised of AED 7,500,000,000 (31 December 2023: 7,500,000,000) shares of AED 0.01 each. All shares are authorised, issued and fully paid up.

**28 STATUTORY RESERVE**

In accordance with the UAE Federal Decree Law No. (32) of 2021, 5% of net profit of the Company is to be allocated every year to a statutory reserve. 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. There was no allocation from net profit to statutory reserve during the period ended 31 March 2024 and year ended 31 December 2023 as the Company has reached the maximum limit for the reserve.

**29 EARNINGS PER SHARE**

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

	<i>31 March 2024 (unaudited) AED'000</i>	<i>31 March 2023 (unaudited) AED'000</i>
Profit attributable to ordinary equity holders of the Company (AED '000)	277,293	275,281
Weighted average number of ordinary shares for basic and diluted EPS (number)	<u>7,500,000,000</u>	<u>7,500,000,000</u>
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	<u>0.04</u>	<u>0.04</u>

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary equity holders of the Company and the number of shares on formation for the effects of all dilutive potential ordinary shares. There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation.

## **SALIK COMPANY P.J.S.C.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (continued)**

#### **30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

##### **30.1 Financial risk factors**

The Company's activities and borrowings expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk.

These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. As such, they should be read in conjunction with the Company's financial statements for the year ended 31 December 2023. There has been no change in any financial risk management policies since year end.

##### **30.2 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.

There has been no material change in the capital risk management policies of the Company during this period.

#### **31 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 receivable and advance to supplier), contract assets, due from related parties, short-term deposit with bank and cash and cash equivalents. The Company's financial liabilities consist of borrowings, lease liabilities, trade and other payables (excluding advance from customers) and due to a related party. 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.

#### **32 SUBSEQUENT EVENTS**

On 3<sup>rd</sup> April 2024, the Company received confirmation from Roads and Transport Authority on reducing the annual concession fee from 25% to 22.5% of toll usage revenue, effective from 1<sup>st</sup> April 2024. This is in line with the inflation adjustment clauses of the Service Concession Agreement (Note 15).

#### **33 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.

#### **34 APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The condensed interim financial statements were approved by the Board of Directors of Salik Company P.J.S.C. on 13 May 2024 and signed on its behalf by His Excellency Mattar Al Tayer, Chairman of the Board of Directors and Ibrahim Sultan Al Haddad, Chief Executive Officer.