SALIK COMPANY P.J.S.C.

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Salik Company P.J.S.C. (the 'Company' or 'Salik') as at 30 September 2022 and the related condensed interim statement of profit or loss and comprehensive income for the three-month and nine-month periods then ended and the condensed interim statements of changes in equity and cash flows for the nine-month period then ended 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 financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial statements 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.

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".

Emphasis of matter

We draw attention to Note 2 to the condensed interim financial statements, which describes the basis of accounting. In particular, we draw attention to the fact that, Salik Company P.J.S.C. did not begin trading as a separate legal entity until 1 July 2022, the date of transfer of the Salik Tolling Business into the Company from the Roads and Transport Authority ("RTA"). Therefore, the results for the nine-month period ended 30 September 2022 include those of the Salik Tolling Business carved out from the results of RTA for the period from 1 January 2022 to 30 June 2022. These condensed interim 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.

Our conclusion is not modified in respect of this matter.

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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 financial statements to the Board of Directors of Salik Company P.J.S.C. (continued)

Other matter

The comparative information for the condensed interim statement of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2021, condensed interim statements of changes in equity and cash flows, and related explanatory notes for nine-month period ended 30 September 2021 has not been audited or reviewed. The comparative information for the condensed interim statement of financial position is based on the audited carve-out financial statements as at 31 December 2021.

PricewaterhouseCoopers Dubai
9 November 2022

Murad Alnsour
Registered Auditor Number 1301
Dubai, United Arab Emirates

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

	Notes	*Three-month period ended* **30 September 2022** *(unaudited)* *AED'000*	*Three-month period ended* 30 September 2021 *(unaudited and not reviewed)* *AED'000*	*Nine-month period ended* **30 September 2022** *(unaudited)* *AED'000*	*Nine-month period ended* 30 September 2021 *(unaudited and not reviewed)* *AED'000*
Revenue	6	**445,430**	408,173	**1,390,333**	1,201,140
Finance income	12	**155**	-	**155**	-
Concession fee expense	15	**(96,623)**	-	**(96,623)**	-
Cost of tags and recharge cards	7	**(4,870)**	(4,924)	**(15,800)**	(13,990)
Toll operation and maintenance expense	8	**(21,127)**	(18,336)	**(68,719)**	(60,529)
Employee benefits expense	9	**(3,291)**	(2,004)	**(8,179)**	(7,228)
Depreciation and amortisation expense	10	**(20,415)**	(1,500)	**(23,732)**	(4,500)
Software enhancement expense	17	**-**	(2,946)	**(8,334)**	(9,972)
Impairment loss on receivables	19	**(9,612)**	(13,285)	**(22,140)**	(42,335)
Corporate allocation expense	21	**-**	(24,876)	**(40,521)**	(70,149)
Finance costs	11	**(28,980)**	-	**(28,980)**	-
Other expenses	13	**(18,737)**	(9,146)	**(38,782)**	(26,871)
Profit for the period		**241,930**	331,156	**1,038,678**	965,566
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the period		**241,930**	331,156	**1,038,678**	965,566
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	28	**0.03**	0.044	**0.14**	0.13

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

	Notes	*30 September 2022 (unaudited) AED '000*	*31 December 2021 (audited) AED '000*
ASSETS			
Non-current assets			
Property and equipment	16	**97**	107,337
Intangibles	14	**3,979,592**	-
Other asset		**600**	-
		3,980,289	107,337
Current assets			
Inventories	18	**5,873**	16,044
Trade and other receivables	19	**353,766**	191,936
Due from related parties	21	**141,410**	-
Cash and cash equivalents	20	**489,526**	-
		990,575	207,980
Total assets		**4,970,864**	315,317
LIABILITIES			
Non-current liabilities			
Long-term borrowings	22	**3,984,772**	-
Provision for employees' end-of-service benefits	23	**2,563**	2,377
Contract liabilities	25	**41,390**	36,723
		4,028,725	39,100
Current liabilities			
Due to a related party	21	**298,722**	-
Trade and other payables	24	**45,868**	9,674
Contract liabilities	25	**280,619**	276,623
		625,209	286,297
Total liabilities		**4,653,934**	325,397
EQUITY			
Share capital	26	**75,000**	-
Retained earnings		**241,930**	-
Net parent investment		-	(10,080)
Total equity		**316,930**	(10,080)
Total equity and liabilities		**4,970,864**	315,317

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 November 9th 2022 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.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

		Nine-month period ended	
		30 September 2022	*30 September 2021*
		(unaudited)	*(unaudited and not reviewed)*
	Notes	***AED'000***	*AED'000*
Cash flows from operating activities			
Profit for the period		**1,038,678**	965,566
Adjustments for:			
Depreciation of property and equipment	10	**3,324**	4,500
Amortisation of intangibles	10	**20,408**	-
Provision for employees' end-of-service benefits	9	**927**	252
Finance costs	11	**28,980**	-
Finance income	12	**(155)**	-
Impairment loss on receivables	19	**22,140**	42,335
Operating cash flows before changes in working capital		**1,114,302**	1,012,653
Changes in working capital:			
Trade and other receivables excluding impact of impairment loss		**(183,810)**	(50,587)
Due from related parties		**(141,410)**	-
Inventories		**10,171**	13,677
Trade and other payables		**36,194**	(57,901)
Due to a related party excluding impact of transfer of property and equipment		**298,618**	-
Contract liabilities		**8,663**	11,648
Net cash flows generated from operating activities		**1,142,728**	929,490
Cash flows from investing activities			
Purchase of property and equipment	16	**(3,158)**	(1,209)
Interest income on deposits		**155**	-
Payment for upfront concession fee	14	**(4,000,000)**	-
Net cash used in investing activities		**(4,003,003)**	(1,209)
Cash flows from financing activities			
Net distributions to Parent	21	**(826,711)**	(928,281)
Proceeds from borrowings – net of transaction cost	22	**3,983,170**	-
Finance costs paid	11	**(28,138)**	-
Proceeds from issuance of share capital	26	**75,000**	-
Capital contribution received	27	**146,480**	-
Net cash generated from / (used in) financing activities		**3,349,801**	(928,281)
Increase in cash and cash equivalents		**489,526**	-
Cash and cash equivalents at the beginning of the period		**-**	-
Cash and cash equivalents at the end of the period	20	**489,526**	-
Supplemental non-cash information			
Property and equipment not transferred to the Company		**107,178**	-
End of service benefit liability of employees not transferred to the Company	23	**741**	-

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital AED'000	Reorganisation reserve AED'000	Net parent investment AED'000	Retained earnings AED'000	Total equity AED'000
At 1 January 2021	-	-	(157,916)	-	(157,916)
Total comprehensive income during the period	-	-	965,566	-	965,566
Net distribution to parent (Note 21)	-	-	(928,281)	-	(928,281)
At 30 September 2021 (unaudited)	-	-	(120,631)	-	(120,631)
At 1 January 2022	-	-	**(10,080)**	-	**(10,080)**
Issuance of share capital (Note 26)	**75,000**	-	-	-	**75,000**
Capital contribution received (Note 27)	-	**146,480**	-	-	**146,480**
Total comprehensive income during the period	-	-	**796,748**	**241,930**	**1,038,678**
Net distribution to parent (Note 21)	-	-	**(826,711)**	-	**(826,711)**
Property and equipment not transferred to the Company (Note 16)	-	-	**(107,178)**	-	**(107,178)**
End of service benefit liability of employees not transferred to the Company (Note 23)	-	-	**741**	-	**741**
Transfer during the period (Note 27)	-	**(146,480)**	**146,480**	-	-
At 30 September 2022 (unaudited)	**75,000**	-	-	**241,930**	**316,930**

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

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 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 the Government of Dubai, owns Salik Company P.J.S.C. The Company is ultimately owned and controlled by the Government of Dubai ('ultimate controlling party'). On 29 September 2022, DoF sold 24.9% shares of the Company through an Initial Public Offering ("IPO") 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 have been reviewed, not audited. The comparative information for the condensed interim statement of financial position is based on the audited Roads and Transport Authority (RTA) – Salik Tolling Business carve-out financial statements as at 31 December 2021. The comparative information for the condensed interim statement of comprehensive income for the three-month and nine-month periods ended 30 September 2021, condensed interim statements of changes in equity and cash flows, and related explanatory notes, for the nine-month period ended 30 September 2021 has not been audited or reviewed as it is the first time the Company has prepared condensed interim financial statements for the three-month and nine-month periods ended 30 September 2022.

2 BASIS OF PREPARATION

These condensed interim financial statements for the three-month and nine-month periods ended 30 September 2022 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 does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the RTA - Salik Tolling Business carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

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 operations of the Company started from 1 July 2022, therefore these condensed interim financial statements for the three-month and nine-month periods ended 30 September 2022 includes the actual operations of Salik for the period from 1 July 2022 to 30 September 2022 and carved out information for the period from 1 January 2022 to 30 June 2022. Further, the comparative information for the three-month and nine-month period ended 30 September 2021 also represents carved out information from the accounting record of RTA.

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 financial statements of the Company are presented as a continuation of RTA - Salik Tolling Business. The financial information presented in these condensed interim financial statements for the nine-month period ended 30 September 2022 includes financial information for the period from 1 January 2022 to 30 June 2022, which represents 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 from 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, the Company received capital contribution in the form of cash from DoF and net assets from RTA (refer Note 27).

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 14 and 15).

2 BASIS OF PREPARATION (continued)

The Company also entered into a transitional services agreement with RTA effective 1 July 2022 wherein RTA had provided 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.

The Company 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 22).

Financial results and cash flows for the period ended 30 September 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 30 September 2021 represent historical operations of Salik tolling business 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 comparative period presented, the Company functioned as part of the Traffic 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 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 21 to the condensed interim 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 financial statements are presented in UAE Dirhams ("AED"), which is also the Company's functional currency. All values have been rounded to the nearest thousand ("000"), unless otherwise disclosed.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

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

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

Amendments to 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 have 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. The Company does not expect the adoption of the above new standards and amendments to have a material impact on the future financial statements of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these condensed interim 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 amortisation 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 statement of profit or loss and comprehensive income.

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 and is not just a simple 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 (regulation) for price revision are set at the origin 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Accounting policies (continued)

Service Concession Agreements (continued)

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 accumulated amortisation and accumulated impairment loss, if any.

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

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 condensed interim statement of financial position.

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 equivalents

For the purpose of condensed interim statement of cashflows, cash and cash equivalents comprise of cash held in bank in the current and deposits held with bank with original maturities of three months or less.

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.

In preparing these condensed interim 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:

	Three-month period ended 30 September 2022 (unaudited) AED'000	*Three-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*	***Nine-month period ended 30 September 2022 (unaudited) AED'000***	*Nine-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*
Tolling revenue				
- Toll usage fees	**386,492**	351,650	**1,207,832**	1,040,399
- Tag activation fees*	**7,689**	9,181	**23,820**	22,530
Total tolling revenue	**394,181**	360,831	**1,231,652**	1,062,929
Fines and penalties	**49,031**	45,902	**153,485**	133,803
Inactive balance write-off	**1,411**	1,381	**4,274**	4,046
Miscellaneous	**807**	59	**922**	362
	445,430	408,173	**1,390,333**	1,201,140

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

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.

7 COST OF TAGS AND RECHARGE CARDS

	Three-month period ended 30 September 2022 (unaudited) AED'000	*Three-month period ended 30 September 2021 (unaudited and no reviewed) AED'000*	***Nine-month period ended 30 September 2022 (unaudited) AED'000***	*Nine-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*
Inventories expensed - Salik Tags	**4,557**	4,863	**15,374**	13,794
Inventories expensed - Salik Recharge Cards	**313**	61	**426**	196
	4,870	4,924	**15,800**	13,990

8 TOLL OPERATION AND MAINTENANCE EXPENSE

	Three-month period ended 30 September 2022 (unaudited) AED'000	*Three-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*	***Nine month period ended 30 September 2022 (unaudited) AED'000***	*Nine month period ended 30 September 2021 (unaudited and not reviewed) AED'000*
Operating expenses	**15,635**	12,272	**47,867**	43,363
Maintenance expenses	**5,492**	6,064	**20,852**	17,166
	21,127	18,336	**68,719**	60,529

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

	Three-month period ended 30 September 2022 (unaudited) AED'000	*Three-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*	***Nine-month period ended 30 September 2022 (unaudited) AED'000***	*Nine-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*
Salaries and wages	**2,217**	1,827	**6,618**	6,563
End of service benefits	**784**	127	**927**	252
Other benefits and allowances	**290**	50	**634**	413
	3,291	2,004	**8,179**	7,228

10 DEPRECIATION AND AMORTISATION EXPENSE

	Three-month period ended 30 September 2022 (unaudited) AED'000	*Three-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*	***Nine-month period ended 30 September 2022 (unaudited) AED'000***	*Nine-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*
Depreciation of property and equipment	**7**	1,500	**3,324**	4,500
Amortisation of intangibles	**20,408**	-	**20,408**	-
	20,415	1,500	**23,732**	4,500

11 FINANCE COSTS

	Three-month period ended 30 September 2022 (unaudited) AED'000	*Three-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*	***Nine-month period ended 30 September 2022 (unaudited) AED'000***	*Nine-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*
Finance cost on borrowings	**28,940**	-	**28,940**	-
Other finance costs	**40**	-	**40**	-
	28,980	-	**28,980**	-

12 FINANCE INCOME

	Three-month period ended 30 September 2022 (unaudited) AED'000	*Three-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*	***Nine-month period ended 30 September 2022 (unaudited) AED'000***	*Nine-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*
Finance income	**155**	-	**155**	-
	155	-	**155**	-

13 OTHER EXPENSES

	Three-month period ended 30 September 2022 (unaudited)	*Three-month period ended 30 September 2021 (unaudited and not reviewed)*	***Nine-month period ended 30 September 2022 (unaudited)***	*Nine-month period ended 30 September 2021 (unaudited and not reviewed)*
	AED'000	*AED'000*	***AED'000***	*AED'000*
Service provider expense				
- Other Emirates commissions	**2,763**	2,312	**8,118**	6,801
- Bank commissions	**3,146**	1,645	**6,624**	4,760
Commission on card sale	**2,230**	2,236	**6,705**	7,490
Professional fees	**4,380**	1,873	**6,787**	4,656
Commission on tag sale	**920**	800	**2,891**	2,409
Transition service expense (refer note 21)	**1,696**	-	**1,696**	-
Wireless communication for Salik RFID tags	**-**	-	**52**	-
Utilities	**384**	216	**733**	606
Other expenses	**3,218**	64	**5,176**	149
	18,737	9,146	**38,782**	26,871

14 INTANGIBLES

This represents the Company's right under the service concession agreement (refer note 15), that is, an upfront concession fee of AED 4,000 million (31 December 2021: Nil) to RTA under the service concession agreement between RTA and the Company.

	AED'000
Cost	
At 1 January 2022	-
Additions	4,000,000
At 30 September 2022	**4,000,000**
Accumulated amortisation	
At 1 January 2022	-
Charge for the period (Note 10)	(20,408)
At 30 September 2022	**(20,408)**
Net carrying amount	
At 30 September 2022	**3,979,592**

15 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") 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 as agreed upon as and when new toll gates are constructed.

Additionally, a variable concession fee of 25% of toll 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 30 September 2022.

Variable concession fee for three-month and nine-month period ended 30 September 2022 amounts to AED 96.6 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 increased operational costs or to consider the impact of inflation. Such increase in toll fees has to be approved by the 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.

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 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.

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 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

For the period ended 30 September 2022:

	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 2022	2,438	128,718	49,438	1,657	27,680	209,931
Additions	-	-	106	-	3,052	3,158
Transfer*	-	-	2,259	-	(2,259)	-
Transfer from related party	-	-	-	150	-	150
Retirements**	-	-	(4,758)	(1,069)	-	(5,827)
Property and equipment not transferred to Salik***	(2,438)	(128,718)	(47,045)	(588)	(28,473)	(207,262)
At 30 September 2022	-	-	-	150	-	150
Accumulated depreciation						
At 1 January 2022	1,153	51,142	48,646	1,653	-	102,594
Depreciation charge for the period (note 10)	52	2,573	691	8	-	3,324
Retirements	-	-	(4,758)	(1,069)	-	(5,827)
Transfer from related party	-	-	-	46	-	46
Property and equipment not transferred to Salik***	(1,205)	(53,715)	(44,579)	(585)	-	(100,084)
At 30 September 2022	-	-	-	53	-	53
Net carrying amount						
At 30 September 2022	-	-	-	97	-	97

*This includes transfer of Information technology (IT) assets of AED 2.3 million 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 in its operations till 30 June 2022, that is, until the date of its incorporation, 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 15) 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.

16 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 period	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

16 PROPERTY AND EQUIPMENT (continued)

For the period ended 30 September 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 30 September 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 period (note 10)	77	3,862	559	2	-	4,500
At 30 September 2021	1,127	49,855	48,459	1,653	-	101,094
Net carrying amount						
At 30 September 2021	1,310	78,864	979	4	27,680	108,837

17 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 Nil and AED 8.3 million for three-month and nine-month period ended 30 September 2022 respectively and AED 2.9 million and AED 10.0 million for three-month and nine-month period ended 30 September 2021 respectively.

18 INVENTORIES

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*
Salik Tags	**5,175**	15,966
Salik recharge scratch cards	**698**	78
	5,873	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 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 have been no write-off of inventory in the period 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 January 2022 to 31 March 2022.

19 TRADE AND OTHER RECEIVABLES

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*	*30 September 2021 (unaudited and not reviewed) AED'000*
Trade receivables (including fines and penalties)	**313,438**	355,200	329,958
Less: loss allowance on fines and penalties	**(188,214)**	(196,680)	(212,736)
	125,224	158,520	117,222
VAT receivable	**204,534**	-	-
Advance to supplier	**23,713**	33,416	-
Other assets	**295**	-	-
Total	**353,766**	191,936	117,222
Break up of trade receivables is as follows:			
Fines and penalties	**293,456**	292,541	301,384
Taxi	**9,482**	20,807	9,303
Telecom	**5,709**	2,882	3,822
Banks	**2,466**	1,831	2,929
Gas Stations	**1,805**	15,105	2,755
Other Emirates	**278**	21,263	9,088
Others	**242**	771	677
Total	**313,438**	355,200	329,958

19 TRADE AND OTHER RECEIVABLES (continued)

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.

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:

	30 September 2022	*31 December 2021*	*30 September 2021*
	(unaudited)	*(audited)*	*(unaudited and not reviewed)*
	AED'000	*AED'000*	*AED'000*
Balance at the beginning of the period / year / period	**196,680**	170,401	170,401
Provision for expected credit losses	**22,140**	26,279	42,335
Write offs during the period / year / period	**(30,606)**	-	-
Balance at the end of the period / year / period	**188,214**	196,680	212,736

The impairment of receivables has been included in "Impairment loss on 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:

30 September 2022 (unaudited)	**Expected credit loss**	**Gross carrying amount**	**Loss allowance**
	%	***AED'000***	***AED'000***
Current	**39%**	**116,170**	**45,185**
1-90 days	**54% - 60%**	**11,728**	**6,715**
91-180 days	**62% - 64%**	**11,420**	**7,169**
180 - 365 days	**67% - 77%**	**23,333**	**16,815**
365+ days	**86%**	**130,805**	**112,330**
Total		**293,456**	**188,214**

31 December 2021 (audited)	**Expected credit loss**	**Gross carrying amount**	**Loss allowance**
	%	***AED'000***	***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

19 TRADE AND OTHER RECEIVABLES (continued)

30 September 2021 (unaudited and not reviewed)	Expected credit loss %	Gross carrying amount *AED'000*	Loss allowance *AED'000*
Current	47%	116,753	54,970
1-90 days	65% - 70%	14,644	9,883
91-180 days	72% - 74%	7,961	5,792
180 - 365 days	77% - 84%	40,506	32,316
365+ days	90%	121,520	109,775
Total		301,384	212,736

20 CASH AND CASH EQUIVALENTS

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*
Cash at bank		
- In current account	**289,526**	-
- Fixed deposits with maturity of less than three months	**200,000**	-
	489,526	-

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

21 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include the Parent company, 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 Corporation (DTC), 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 15), Transitional Services agreement with RTA and debt agreement with Emirates NDB Bank PJSC (refer Note 22).

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

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*
Due from related parties		
Entities under common control of the Government of Dubai		
Dubai E-Government	**63,540**	-
Roads and Transport Authority*	**63,389**	-
Dubai Taxi Corporation	**14,481**	
	141,410	-

21 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*
Due to a related party		
Entities under common control of the Government of Dubai		
Roads and Transport Authority*	**298,722**	-

*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.

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*
Loan from a related party		
Entities under common control of the Government of Dubai		
Emirates NBD PJSC	**3,984,772**	-

During the period, the Company obtained into a financing facility with a related party, as has been disclosed in Note 22.

Bank balances as disclosed in Note 20 are held with a related party bank.

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 0.6 million and AED 1.7 million for three-month and nine-month periods ended 30 September 2022 respectively and AED 0.5 million and AED 1.6 million for three-month and nine-month period ended 30 September 2021 respectively. Transactions, gross of commission earned, with ENOC relate to the sale of Salik tag and recharge cards and amount to AED 33.0 million and AED 90.5 million for three-month and nine-month period ended 30 September 2022 respectively and AED 35.0 million and AED 101.0 million for three-month and nine-month period ended 30 September 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

Dubai Taxi Corporation is a subsidiary of RTA which 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 14.5 million and AED 46.4 million for three-month and nine-month period ended 30 September 2022 respectively and AED 11.0 million and AED 31.3 million for three-month and nine-month period ended 30 September 2021 respectively. Historically, collections made by DTC were settled directly with the Government of Dubai's Department of Finance. Accordingly, the total effect of the settlement of the tolling fee portion of these transactions until the date of formation of the Company, that is 30 June 2022, is reflected in the condensed interim statement of cash flows as a financing activity and in the condensed interim statement of financial position as net parent investment. 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 had been allocated expenses of AED Nil and AED 40.5 million for the three-month and nine-month periods ended 30 September 2022 respectively and AED 24.9 million and AED 70.1 million for the three-month and nine-month periods ended 30 September 2021 respectively from RTA. These costs are derived from multiple levels of the organisation 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.

21 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 statement of profit or loss and comprehensive income. Effective from 1 July 2022, the Company entered into a transitional services agreement with RTA for assistance with such back office functions, as have been detailed below. Accordingly, corporate costs were allocated to the Company until 30 June 2022 and that no such costs have been allocated following the transitional services agreement.

Transitional Service Agreement ('TSA')

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 30 September 2022, an amount of AED 1.7 million has been charged by RTA for such transitional services and these have been included as 'Transition service expense' under 'Other expenses'.

Cash pooling

Until 30 June 2022, the Company utilised the RTA's centralised processes and systems for cash management. As a result, substantially all cash received related to the tolling business was deposited and comingled with RTA's general corporate funds. The Company did not have legal right to deposit or withdraw funds autonomously. Substantially all cash received by the Company was deposited in and commingled with RTA's general corporate funds and is not specifically allocated to the Company. Effective from 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 are settled directly with the bank account of the Company from this date.

The total net effect of the settlement of these transactions until 30 June 2022 is reflected in the condensed interim statement of cash flows as a financing activity and in the condensed interim statement of changes in equity as net distributions to parent.

	Nine-month period ended 30 September 2022 (unaudited)	*For the year ended 31 December 2021 (audited)*	*Nine months period ended 30 September 2021 (unaudited and not reviewed)*
	AED'000	*AED'000*	*AED'000*
Cash pooling and general activities	**(415,936)**	(1,222,255)	(895,506)
Receivables from RTA	**(451,296)**	(123,560)	(102,924)
Corporate allocations	**40,521**	113,076	70,149
Net decrease in parent company investment	**(826,711)**	(1,232,739)	(928,281)

22 BORROWINGS

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*
Term loan from Emirates NBD	**4,000,000**	-
Unamortised loan cost	**(15,228)**	-
Total borrowing	**3,984,772**	-
Less: current portion	-	-
Non-current portion	**3,984,772**	-

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 capitalised 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 condensed interim 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.

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 at 30 September 2022, the Company has access to the following borrowing facilities:

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*
Total available facilities	**4,200,000**	-
Facility utilised	**(4,000,000)**	-
Available financing facility	**200,000**	-

23 PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*
Balance at the beginning of the period / year	**2,377**	2,114
Charge for the period / year	**927**	263
Liability of employees not transferred to the Company	**(741)**	-
Balance at the end of the period / year	**2,563**	2,377

24 TRADE AND OTHER PAYABLES

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*
Trade payables – Operation and Maintenance service provider	**21,360**	-
Fine refund payables	**2,869**	3,219
Other payables	**20,401**	6,233
Employee benefits	**1,238**	222
	45,868	9,674

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 30 September 2022, current contract liabilities of AED 280.6 million (31 December 2021: AED 276.6 million), and non-current contract liabilities of AED 41.4 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.

As of 30 September 2022, contract liabilities of AED 66.7 million, arising from tag activation fees will be recognized as revenue as follows:

Year ended	***AED'000***
2022 (Q4)	6,025
2023	23,776
2024	17,856
2025	13,090
2026	6,000
Total	66,747

25 CONTRACT LIABILITIES (continued)

Movements in contract liabilities is as follows:

	30 September 2022	*31 December 2021*	*30 September 2021*
	(unaudited)	*(audited)*	*(unaudited and not reviewed)*
	AED'000	*AED'000*	*AED'000*
Balance at the beginning of the period / year / period	**313,345**	289,199	289,199
Add: Recharges during the period / year / period	**1,214,845**	1,491,142	1,053,605
Add: Tag activation fees	**29,745**	35,451	25,018
Less: Revenue recognised during the period - tolling fees	**(1,207,832)**	(1,466,619)	(1,040,399)
Less: Revenue recognised during the period - tag sales	**(23,820)**	(30,458)	(22,530)
Less: Inactive balance write-off during the period	**(4,274)**	(5,369)	(4,046)
Balance at the end of the period	**322,009**	313,346	300,847

26 SHARE CAPITAL

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.

27 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 30 September 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 30 September 2022 the movement in Net parent investment includes the impact of property and equipment not transferred to the Company (Note 16), the net distribution to the Parent (Note 21) and the total comprehensive income for the period 1 January 2022 to 30 June 2022, that is until the date the Company was legally set up and commenced its operations independently.

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 26) and remaining AED 130 million of capital contribution to the business. Further, additional capital contribution of AED 16.5 million was made by DoF during the three-month period ended 30 September 2022. The total capital contribution of AED 146.5 million is not intended to be recalled by the Parent. Accordingly, as at 30 September 2022, the resulting Net parent investment of AED 146.5 million is offset by the capital contributed by the Parent and included in the reorganisation reserve.

As Salik did not comprise a separate legal entity for the nine-month period ended 30 September 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 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.

28 EARNINGS PER SHARE

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

	Three-month period ended 30 September 2022 (unaudited) AED'000	*Three-month period ended 30 September 2021 (unaudited and no reviewed) AED'000*	***Nine-month period ended 30 September 2022 (unaudited) AED'000***	*Nine-month period ended 30 September 2021 (unaudited and not reviewed) AED'000*
Profit attributable to ordinary equity holders of the Company (AED '000)	**241,930**	331,156	**1,038,678**	965,566
Weighted average number of ordinary shares for basic and diluted EPS (number)	**7,500,000,000**	7,500,000,000	**7,500,000,000**	7,500,000,000
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	**0.03**	0.044	**0.14**	0.13

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 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.

29 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 equivalents. 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 shareholders and flexibility through efficient cash management. The Company limited its liquidity risk by ensuring adequate funds from operations and committed credit lines are available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. 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 30 September 2022				
Borrowings (Note 22)	3,984,772	-	4,000,000	4,000,000
Due to a related party (Note 21)	298,722	298,722	-	298,722
Trade and other payables (Note 24)	45,868	45,868	-	45,868
	4,329,362	344,590	4,000,000	4,344,590
At 31 December 2021				
Trade and other payables (Note 24)	9,674	9,674	-	9,674

29 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 monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the condensed interim statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the condensed interim statement of financial position plus net debt.

The gearing ratio as at 30 September 2022 and 31 December 2021 is as below:

	30 September 2022 (unaudited) AED'000	*31 December 2021 (audited) AED'000*
Borrowings (note 22)	**3,984,772**	-
Less: cash and cash equivalents (note 20)	**(489,526)**	-
Net debt	**3,495,246**	-
Net equity	**316,930**	(10,080)
Total capital	**3,812,176**	9,674
Gearing ratio	**92%**	-

The Company is ungeared as at 31 December 2021 as it does not have any borrowings as at 31 December 2021.

30 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. The Company's financial assets consist of trade and other receivables, due from related parties and cash and cash equivalents. The Company's financial liabilities consist of borrowings, trade and other payables 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 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.

31 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at 30 September 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 1.8 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 51 thousand and AED 800 thousand respectively. The net amount is reported in the condensed interim 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.

32 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.

33 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.

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 9 November 2022 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.