

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Board of Directors (the "Board") present their report together with the audited financial statements of Salik Company P.J.S.C. ("Salik" or the "Company") for the year ended 31 December 2022.

**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: Eng. Maitha Bin Adai  
Mr. Mohammed Al-Mudharreb  
Mr. Ibrahim Al Haddad (CEO)  
Mr. Mohammed Abdulla Lengawi  
Mr. Mohammad Alhawi

**Principal activities:**

The principal activities of the Company are the operations and maintenance of the existing tollgates throughout Dubai, UAE and for the design and 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 year ended 31 December 2022, the Company reported a revenue of AED 1,892 million (2021: AED 1,693 million) and profit for the year was AED 1,326 million (2021: AED 1,381 million).

**Dividend**

On 6 March 2023, the Board of Directors proposed to distribute AED 491,407,500 dividend to the shareholders (6.5521 fils per share), reflecting 100% of the Company's distributable net profit for the second half of 2022 after deducting AED 37.5 million in one-time statutory reserve, as per the Company's dividend policy.

The proposed dividend is subject to approval by the shareholders at the Company's General Assembly Meeting in April 2023.

**for the Board of Directors**



His Excellency Mattar Al Tayer  
Chairman  
Board of Directors  
Salik Company P.J.S.C.





# Independent auditor's report to the shareholders of Salik Company P.J.S.C.

## Report on the audit of the financial statements

### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Salik Company P.J.S.C. ("Salik" or "the Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and comprehensive income for the year ended 31 December 2022;
- the statement of financial position as at 31 December 2022;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Emphases of matter – Basis of accounting

We draw attention to Note 2 to the financial statements, which describes the fact that Salik Company P.J.S.C. has not been incorporated as a standalone entity for the period up to 30 June 2022 and the assets and liabilities of the Salik Tolling Business were transferred from Roads and Transport Authority ("RTA") to the Company on 30 June 2022. Therefore, the financial statements include the carve-out financial information of the Salik Tolling Business within RTA for the period from 1 January 2022 to 30 June 2022 and the comparative information for the year ended 31 December 2021. We also draw attention to Note 2 to the financial statements, which details the basis of preparation of the carve-out financial information for these periods.

Our opinion is not modified in respect of these matters.





# Independent auditor's report to the shareholders of Salik Company P.J.S.C. (continued)

## Our audit approach

### Overview

- Key Audit Matters
- Expected credit losses
  - Revenue recognition

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

### Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
<p><b>Expected Credit Losses</b></p> <p>The statement of financial position has gross trade receivables of AED 313,410 thousand as at 31 December 2022, of which AED 286,182 thousand relates to receivable from fines and penalties. As at 31 December 2022, the Company has recorded a loss allowance of AED 183,074 thousand on these fines and penalties receivable.</p> <p>The balance of loss allowance on fines and penalties receivable represents management's best estimate, as at 31 December 2022, of the expected credit losses under the expected credit loss model ("ECL Model" or "ECL") as stipulated by International Financial Reporting Standard No. 9: Financial Instruments ("IFRS 9").</p>	<p>We obtained an understanding of management's assessment of the impairment of fines and penalties receivable, the Company's impairment provision policy and the ECL modelling methodology.</p> <p>We performed the following substantive audit procedures over the recognition and measurement of ECL:</p> <ul style="list-style-type: none"> <li>- We compared the Company's accounting policy and methodology for the calculation of its ECL allowance with the requirements of IFRS 9.</li> <li>- We involved IT specialists to assist with the verification of the completeness and accuracy of data imported to the ECL model from the Company's Tolling application system.</li> </ul>



## Independent auditor's report to the shareholders of Salik Company P.J.S.C. (continued)

### Our audit approach (continued)

Key audit matter	How our audit addressed the Key audit matter
<b>Expected Credit Losses (continued)</b>	
<p>Management applied the approach of using historical loss rates to estimate the required ECL, adjusted to reflect current and forward-looking information on macroeconomic factors.</p> <p>The specific factors that management considered in the application of its ECL model included the age of the balance, recent historical payment patterns and fines and penalties receivable balances written off.</p> <p>Management has also applied judgement in areas noted above by considering the forward-looking information, including variables used in macroeconomic scenarios and their associated weightings.</p> <p>We considered ECL for receivable from fines and penalties as a key audit matter as (i) its determination involves significant management judgement; (ii) it is sensitive to changes in management's assumptions which can have a material effect on the final estimated amounts involved.</p> <p>The ECL against fines and penalties receivable as at 31 December 2022 and the accounting policy associated with ECL is disclosed in Note 20 and Note 4.20 respectively.</p>	<ul style="list-style-type: none"><li>- We tested the accuracy and relevance of the fines and penalties receivable aging data used in the expected credit loss model by testing the aging of receivables on a sample basis and checked the mathematical accuracy of the calculations.</li><li>- Verified the flow rate method used by the Company for the determination of expected credit losses provision by testing the key estimates used by the management as part of the calculation of (i) probability of default; and (ii) the forward-looking factors applied in the estimation process.</li><li>- For the probability of default, historical loss rates calculation was tested by extracting the fines and penalties historical collection information from the Tolling application system and (i) verifying the mathematical accuracy of the historical loss rate calculation and (ii) testing the accuracy of such collection information on a sample basis.</li><li>- For forward-looking measurements, reviewed management's selection of economic indicators, scenarios and application of weightings.</li><li>- We tested the appropriateness of disclosures in the financial statements against the requirements of IFRS.</li></ul>





## Independent auditor's report to the shareholders of Salik Company P.J.S.C. (continued)

### Our audit approach (continued)

Key audit matter	How our audit addressed the Key audit matter
<p><b>Revenue recognition</b></p> <p>During the year, the Company earned total revenue of AED 1,892,306 thousand of which AED 201,594 thousand was generated from fines and penalties charged.</p> <p>The fines and penalties revenue is generated automatically from the Tolling application and is validated using data maintained in a Central Traffic application. The validated fines and penalties revenue is manually posted to the Entity Resource Planning ("ERP") application on a monthly basis.</p> <p>The Tolling application is operated and controlled by Salik whereas the ERP and Central Traffic applications are services provided by various government entities.</p> <p>The low value of individual transactions on fines and penalties revenue means individual errors would be insignificant, but difficult to detect, and the high volume of transactions means systemic failure could lead to errors that aggregate into material balances. Given this, and the fact Salik has no oversight or control of systems that validate a key element of its total revenue, we considered this to be a key audit matter.</p> <p>The revenue for the year from fines and penalties and the accounting policy associated with the recognition and measurement of fines and penalties revenue is disclosed in Note 6 and Note 4.21 respectively.</p>	<p>IT general controls and application controls reliance could not be placed on ERP and Central Traffic applications as these services were provided by now-unrelated government entities and no assurance report was available for these applications which would provide comfort over the controls surrounding these applications, and on which we could rely. Therefore, substantive audit procedures were performed by us over fines and penalties revenue.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- Assessing the Company's accounting policy for fines and penalties revenue recognition and its disclosures in the financial statements against the requirements of IFRS.</li> <li>- Obtaining an understanding of the fines and penalties revenue recognition process, financial reporting and application systems involved, interfaces, reports and automated and IT dependent manual controls supporting these applications and processes.</li> <li>- Evaluating the design and testing the operating effectiveness of IT general and application controls over the Company's Tolling application involved in the fines and penalties revenue generation.</li> <li>- Testing the application controls operating within the Tolling application to ensure that fines and penalties are being generated by the system for all the offences defined by the Company and that approved tariffs are being applied by the system based on the nature of the offence.</li> <li>- Performing substantive audit procedures over the interface between the Tolling application and Central Traffic application by testing a sample of individual fines and penalties generated by the Tolling application and validated by the Central Traffic application.</li> <li>- Evaluating the design, implementation and operating effectiveness of manual controls supporting the ERP application.</li> <li>- Performing a reconciliation of fines and penalties revenue generated during the year, extracted from the Tolling application, with the fines and penalties revenue recorded in the ERP.</li> </ul>





## Independent auditor's report to the shareholders of Salik Company P.J.S.C. (continued)

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### Other information

The Board of Directors and management are responsible for the other information. The other information comprises the Directors' Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Company's Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

When we read the Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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### Responsibilities of management and those charged with governance for the financial statements

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

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

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

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### Auditor's responsibilities for the audit of the financial statements

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





## Independent auditor's report to the shareholders of Salik Company P.J.S.C. (continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



## Independent auditor's report to the shareholders of Salik Company P.J.S.C. (continued)

### Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the Directors' Report is consistent with the books of account of the Company;
- v) as disclosed in note 1 to the financial statements the Company has not purchased or invested in any shares during the year ended 31 December 2022;
- vi) note 22 to the financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and
- viii) no social contributions were made during the year ended 31 December 2022.

PricewaterhouseCoopers  
6 March 2023

A blue ink signature, appearing to read 'Murad Alnsour', written in a cursive style.

Murad Alnsour  
Registered Auditor Number 1301  
Dubai, United Arab Emirates

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

		<b>2022</b>	<b>2021</b>
		<b>AED'000</b>	<b>AED'000</b>
	<i>Notes</i>		
Revenue	6	1,892,306	1,693,207
Other income	7	9,176	-
Finance income		2,998	-
Cost of tags and recharge cards	8	(20,144)	(21,766)
Toll operation and maintenance expense	9	(90,295)	(85,859)
Employee benefit expenses	10	(11,957)	(9,551)
Depreciation and amortisation expense	11	(44,148)	(6,000)
Service providers commissions	13	(35,362)	(30,591)
Concession fee expense	16	(207,560)	-
Software enhancement expense	18	(13,743)	(9,972)
Impairment loss on trade receivables	20	(26,614)	(26,279)
Corporate allocation expense	22	(40,521)	(113,076)
Finance costs	12	(73,115)	-
Other expenses	14	(15,359)	(9,538)
<b>Profit for the year</b>		<b>1,325,662</b>	<b>1,380,575</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>1,325,662</b>	<b>1,380,575</b>
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	30	0.18	0.18

The accompanying notes 1 to 36 form an integral part of these financial statements.

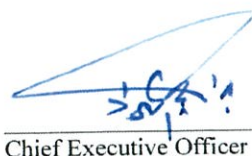



# SALIK COMPANY P.J.S.C.

## STATEMENT OF FINANCIAL POSITION

	Notes	2022 AED'000	2021 AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	17	90	107,337
Intangibles	15	3,959,183	-
Other asset		720	-
		<u>3,959,993</u>	<u>107,337</u>
<b>Current assets</b>			
Inventories	19	11,536	16,044
Trade and other receivables	20	364,407	191,936
Due from related parties	22	144,308	-
Cash and cash equivalents	21	822,707	-
		<u>1,342,958</u>	<u>207,980</u>
<b>Total assets</b>		<u><u>5,302,951</u></u>	<u><u>315,317</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	23	3,985,573	-
Provision for employees' end-of-service benefits	24	2,624	2,377
Contract liabilities	26	43,195	36,723
		<u>4,031,392</u>	<u>39,100</u>
<b>Current liabilities</b>			
Due to a related party	22	313,492	-
Trade and other payables	25	59,815	9,674
Contract liabilities	26	294,338	276,623
		<u>667,645</u>	<u>286,297</u>
<b>Total liabilities</b>		<u><u>4,699,037</u></u>	<u><u>325,397</u></u>
<b>EQUITY</b>			
Share capital	27	75,000	-
Retained earnings		491,414	-
Statutory reserve	28	37,500	-
Net parent investment		-	(10,080)
<b>Total equity</b>		<u><u>603,914</u></u>	<u><u>(10,080)</u></u>
<b>Total equity and liabilities</b>		<u><u>5,302,951</u></u>	<u><u>315,317</u></u>

These financial statements were approved by the Board of Directors on 6<sup>th</sup> March 2023 and signed on its behalf by:

  
Chief Executive Officer

  
Chairman of the Board of Directors

The accompanying notes 1 to 36 form an integral part of these financial statements.

**SALIK COMPANY P.J.S.C.**  
**STATEMENT OF CASH FLOWS**

		2022	2021
	Notes	AED'000	AED'000
<b>Cash flows from operating activities</b>			
Profit for the year		1,325,662	1,380,575
Adjustments for:			
Depreciation of property and equipment	11	3,331	6,000
Amortisation of intangibles	11	40,817	-
Provision for employees' end-of-service benefits	10	988	245
Finance costs	12	73,115	-
Finance income		(2,998)	-
Liability no longer payable written back	7	(7,950)	-
Impairment loss on trade receivables	20	26,614	26,279
<b>Operating cash flows before changes in working capital</b>		<b>1,459,579</b>	<b>1,413,099</b>
<b>Changes in working capital:</b>			
Trade and other receivables excluding impact of impairment loss		(199,085)	(109,245)
Due from related parties		(144,308)	-
Inventories		4,508	3,484
Trade and other payables excluding impact of liabilities written back		58,091	(97,537)
Due to a related party excluding impact of transfer of property and equipment		313,388	-
Other assets		(720)	-
Contract liabilities		24,187	24,147
<b>Net cash flows generated from operating activities</b>		<b>1,515,640</b>	<b>1,233,948</b>
<b>Cash flows from investing activities</b>			
Payment for purchase of property and equipment	17	(3,158)	(1,209)
Interest income on deposits		2,998	-
Payment for upfront concession fee	15	(4,000,000)	-
<b>Net cash used in investing activities</b>		<b>(4,000,160)</b>	<b>(1,209)</b>
<b>Cash flows from financing activities</b>			
Net distributions to parent	22	(826,711)	(1,232,739)
Proceeds from borrowings - net of transaction cost	23	3,985,573	-
Finance costs paid	12	(73,115)	-
Proceeds from issuance of share capital	27	75,000	-
Capital contribution received	29	146,480	-
<b>Net cash generated from / (used in) financing activities</b>		<b>3,307,227</b>	<b>(1,232,739)</b>
<b>Increase in cash and cash equivalents</b>		<b>822,707</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year	21	<b>822,707</b>	<b>-</b>
<b>Supplemental non-cash information</b>			
Property and equipment not transferred to the Company		107,178	-
End of service benefit liability of employees not transferred to the Company	24	741	-

The accompanying notes 1 to 36 form an integral part of these financial statements.

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

	Share capital AED'000	Statutory reserve AED'000	Reorganisation reserve AED'000	Net parent investment AED'000	Retained earnings AED'000	Total equity AED'000
<b>At 1 January 2021</b>	-	-	-	(157,916)	-	(157,916)
Total comprehensive income during the year	-	-	-	1,380,575	-	1,380,575
Net distribution to parent (Note 22)	-	-	-	(1,232,739)	-	(1,232,739)
<b>At 31 December 2021</b>	-	-	-	(10,080)	-	(10,080)
Issuance of share capital (Note 27)	75,000	-	-	-	-	75,000
Capital contribution received (Note 29)	-	-	146,480	-	-	146,480
Transfer from retained earnings (Note 28)	-	37,500	-	-	(37,500)	-
Total comprehensive income during the year	-	-	-	796,748	528,914	1,325,662
Net distribution to parent (Note 22)	-	-	-	(826,711)	-	(826,711)
Property and equipment not transferred to the Company (Note 17)	-	-	-	(107,178)	-	(107,178)
End of service benefit liability of employees not transferred to the Company (Note 24)	-	-	-	741	-	741
Transfer during the year (Note 29)	-	-	(146,480)	146,480	-	-
<b>At 31 December 2022</b>	75,000	37,500	-	-	491,414	603,914

The accompanying notes 1 to 36 form an integral part of these financial statements.



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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

#### **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 has 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.

The Company has not purchased or invested in any shares during the year ended 31 December 2022.

The comparative information for the statement of financial position, statement of comprehensive income, statements of changes in equity, cash flows, and related explanatory notes are based on the audited Roads and Transport Authority ("RTA") – Salik Tolling Business carve-out financial statements as at and for the year ended 31 December 2021 (Refer to Note 2 for further details).

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

These financial statements of the Company have been prepared in accordance with 'International Financial Reporting Standards' ("IFRS") and interpretations issued by the IFRS Interpretation Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets, unless otherwise disclosed.

The Company began operating as a separate legal entity from 1 July 2022 upon completion of the transfer of the RTA – Salik Tolling Business to Salik Company P.J.S.C. Therefore these financial statements for the year ended 31 December 2022 includes the actual operations of Salik for the period from 1 July 2022 to 31 December 2022 and carved out information of Salik Tolling Business within the RTA for the period from 1 January 2022 to 30 June 2022. Further, the comparative information for the year ended 31 December 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 financial statements of the Company are presented as a continuation of RTA - Salik Tolling Business. The financial information presented in these financial statements for the year ended 31 December 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 assets and liabilities were transferred from RTA to the Company on the day of its incorporation at their predecessor carrying values and fair value measurement was not required.

The financial results and cash flows for the year ended 31 December 2021 and for the period from 1 January 2022 to 30 June 2022 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, which are carved out on the basis explained in Note 5 and Note 22. During the comparative period presented and for the period from 1 January 2022 to 30 June 2022, the Company functioned as part of the Traffic and Roads Agency ("TRA") which is one of the four agencies forming part of RTA. Accordingly, both RTA and TRA have historically performed certain corporate overhead functions for 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 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 22 to the financial statements.

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

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

## **2 BASIS OF PREPARATION (continued)**

Because Salik is not a standalone legal entity in the historical period presented, Parent's net investment as at 31 December 2021 is shown which represents the cumulative net investment by RTA in the Company. The impact of transactions between the Company and RTA that were not historically settled in cash were also included in the Net parent investment.

The 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*; and

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*; and

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 financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **4.1 Property and equipment**

Property and equipment is carried at historical cost, less accumulated depreciation and any accumulated impairment loss. The cost of purchased property and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs incurred are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential over the total life of the asset in excess of the most recently assessed standard of performance of the asset will flow to the Company and the cost of the item can be measured reliably.

Depreciation on property and equipment commences when the assets are ready for their intended use. Depreciation is provided on the straight line method over the useful lives of respective assets, as follows:

Building	30 years
Infrastructure Assets (i.e. Toll gates)	15 or 25 years
Tolling Equipment	4 to 10 years
Office equipment and furniture	5 to 10 years

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.1 Property and equipment (continued)**

The residual values, useful lives and method of depreciation of assets are reviewed at each financial year-end and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Repairs and renewals are charged to profit or loss when the expense is incurred.

Capital work-in-progress is stated at cost and includes items of property and equipment that are being developed for future use. When commissioned, capital work-in-progress is transferred to appropriate category of property and equipment and depreciated in accordance with the Company's policies. These property and equipment are not transferred to the Company but instead are legally owned by RTA. However, as part of the service concession agreement entered into between the Company and RTA these assets will be used by Salik to provide operation, maintenance, and management of Tolling business in Dubai.

**4.2 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 statement of profit or loss and comprehensive income.

**4.3 Service concession agreement**

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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.3 Service concession agreement (continued)**

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:

1. 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
2. the grantor controls all residual interest in the infrastructure at the end of the contract. This control is usually reflected through the grantor's right to take over the infrastructure at the end of the contract.

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

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

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

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

**4.4 Inventories**

Inventories comprise Salik tags and Salik recharge scratch cards and are measured at cost upon initial recognition. The cost of the inventory comprises of purchase cost and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis, net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**4.5 Financial instruments**

Financial assets and financial liabilities (financial instruments) are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss recognized immediately in the statement of profit or loss and comprehensive income.

The financial assets and financial liabilities are classified as current if they are expected to be realized or settled within operating cycle of the company or otherwise these are classified as non-current.

The financial instruments are classified to be measured at Amortized Cost, at Fair Value Through Profit and Loss (FVTPL) or at Fair Value Through Other Comprehensive Income ("FVTOCI") and such classification depends on the objective and contractual terms to which they relate. Classification of financial instruments are determined on initial recognition. 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.

• *Financial instruments measured at amortized cost:*

Financial assets held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost. The above financial assets and financial liabilities subsequent to initial recognition are measured at amortized cost using Effective Interest Rate ("EIR") method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.5 Financial instruments (continued)**

- *Financial asset at fair value through other comprehensive income:*  
Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in other comprehensive income.
- *Financial instrument fair value through profit or loss:*  
Financial instruments which do not meet the criteria of amortized cost or fair value through other comprehensive income are classified as Fair Value through Profit or loss. These are recognised at fair value and changes therein are recognized in the statement of profit or loss and comprehensive income.

De-recognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

On derecognition of a financial asset (except for equity instruments designated as FYTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognized in the carve-out statement of profit or loss and comprehensive income.

On derecognition of assets measured at FYTOCI the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment unless the asset represents an equity investment, in which case the cumulative gain or loss previously recognised in other comprehensive income are reclassified within equity.

Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss and comprehensive income.

**4.6 Trade and other receivables**

A trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due) and primarily relates to the sale of Salik tags, receivables from fines and penalties and commissions for processing fees from banks and telecommunication providers. The receivables are measured at amortised cost using the effective interest method, less provisions for impairment losses for amounts considered uncollectible. Amounts considered uncollectible are estimated on the basis of the method described in the section, "Impairment loss on receivables".

**4.7 Cash and cash equivalents**

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

**4.8 Share capital**

Ordinary shares are classified as equity.

**4.9 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.10 Trade and other payables**

These represents liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the nominal operating cycle of the business if longer) after the statement of financial position date. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**4.11 Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs its obligations under the contract. The Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less

**4.12 Provision for employee benefits**

*(a) End of service benefits to non-UAE Nationals*

An accrual is made for employees employed in the UAE, for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by the employees up to the statement of financial position date. Provision is also made for the full amount of end of service benefits due to the non-UAE Nationals in accordance with the applicable Government of Dubai Human Resources Management Law, for their periods of service up to the statement of financial position date. The entitlement to these benefits is usually based upon the employee's salary and length of service, subject to completion of a minimum service period.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

*(b) Pension and social security policy*

The Company is a member of the pension scheme operated by the Federal General Pension and Social Security Authority. Contributions for eligible UAE National employees are made in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. Contributions expensed are classified as part of Employee Benefit expense in the statement of profit or loss and other comprehensive income.

**4.13 Borrowings and borrowing costs**

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

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

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

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



**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.14 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where there are a number of similar obligations the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed to the statement of profit or loss and comprehensive income.

**4.15 Value added tax**

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

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

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

**4.16 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.

**4.17 Effective interest method**

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

**4.18 Fair value measurements**

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

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

The principal or the most advantageous market must be accessible to by the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.18 Fair value measurements (continued)**

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature and characteristics.

**4.19 Impairment of non-financial assets**

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

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

Impairment losses of continuing operations are recognised in the statement of profit or loss and comprehensive income in expense categories consistent with the function of the impaired asset.

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

**4.20 Impairment of financial assets**

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether a financial asset carried at amortized cost is credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Management's assessment uses the lifetime probability of default method. A credit loss will be calculated as the difference between the cash flows that are due in accordance with the contract/agreement and the cash flows that the Company expects to receive, discounted at the original effective interest rate of the financial instrument.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.20 Impairment of financial assets (continued)**

*Trade and other receivables*

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix, as disclosed in Note 20 that is based on five years recovery data, adjusted for forward-looking factors and the time value of money.

The Company applies a practical expedient to calculate ECLs on receivables that do not contain a significant financing component using a provision matrix. This matrix is based on information such as delinquency status and actual credit loss experience (on historical data) and based on current and forward-looking information on macroeconomic factors. The provision matrix is applied to all outstanding trade receivables by aging and customer group to determine the actual ECL.

*Presentation of allowance for ECL*

The expected credit loss allowance for each type of financial asset is deducted from the gross carrying amount of the assets. Impairment losses are shown separately on the face of the statement of profit or loss and other comprehensive income.

*Write-off*

Write-offs are recognized, when the Company has no reasonable expectations of recovering a financial asset either in its entirety or a portion thereof. For trade receivables arising from fines and penalties, write-offs occur five years after the violation is issued, which is estimate useful life of a customer.

**4.21 Revenue recognition**

The Company is in the business of providing tolling services to motorists. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

- (a) *Tolling fees* - Revenue from tolling fees are satisfied at a point in time as the vehicle passes through the toll gate. The transaction price is fixed per passage under the toll gate and is typically paid in advance by the customer. Each passage under the tollgate represents a distinct performance obligation.
- (b) *Salik tags* - Tags and recharge cards are purchased by end-customers from third party vendors or directly online. A contract is established with each end-customer when a Salik tag is registered by the end-customer. The customer pays a one-time activation fee; thereby giving Salik the right to payment and the customer right of passage to use the tollgates without penalty. Activation of the tag do not meet the criteria to be considered a distinct performance obligation, and therefore the activation fee is combined with the tolling fees and is recognised over the estimated life of the end-customer.
- (c) *Fines and penalties* - Penalties are earned for violating rules and regulations of Salik by third parties. They are recognised at the time the Company has the right to receive cash.
- (d) *Inactive balance-write-off* - A customer's non-refundable prepayment to an entity gives the customer a right to receive a service in the future. However, customers may not exercise all of their contractual rights. When an entity expects to be entitled to a breakage amount in a contract liability, the entity shall recognise the expected breakage amount as revenue. The Company recognises revenue when the likelihood of the customer exercising its remaining rights becomes remote.
- (e) *Variable consideration* - If consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for services rendered to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal will not occur when the related uncertainty is subsequently resolved. Dismissals and refunds for fine and penalty violations give rise to variable consideration.
- (f) *Other* - The Company also recognises revenue from delivery of tags to customers and processing fees for recharges, which is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the tag at the customer's location and upon recharge of the account.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

##### **4.22 Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

##### **4.23 Segment reporting**

For management purposes, the Company is organised into one segment, which is the Tolling Business. Accordingly, the Company only has one reportable segment. Management monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment.

##### **4.24 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### **5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

In the application of the Company's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**Critical accounting estimates and assumptions** - The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *a) Provision for expected credit losses of trade and other receivables*

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating). The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.



**5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)**

*a) Provision for expected credit losses of trade and other receivables (continued)*

During the years presented, management concluded the expected credit losses for trade receivables for customers not arising from violations was not material due to either no balances or an immaterial balance being past due, and due to positive forecasted economic conditions.

To calculate the expected credit losses for trade receivables arising from fines and penalties, management has used a credit period of twelve months to calculate the due date as customers generally have up to one year before they are required to pay the violation issued. Management has tracked recoveries for violations for five years as management estimates the average customer useful life to be five years.

*b) Fines and penalties violation dismissals*

Customers have the right to dispute wrongful violations. If the violation has been paid, then the customer is entitled to a refund and if the violation has not yet been paid the violation is dismissed. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal will not occur when the related uncertainty is subsequently resolved. Primarily all wrongful violations are dismissed in the year in which the violation is issued and substantially all dismissals occur with two calendar years of the violation issuance, however based on historical information, management can estimate dismissals which will occur in subsequent years after the violation is issued. In determining the impact of variable consideration, the Company uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts. A 1% increase or decrease change in estimated dismissals beyond the year in which the violation is issued would result in approximately AED 756 thousand (2021: AED 707 thousand) change in revenue recognized for the year ended 31 December 2022.

*c) Useful lives of property and equipment, infrastructure and intangible assets*

The Company's management determines the estimated useful lives of its property and equipment, infrastructure, and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

*d) Corporate allocations*

The financial statements include allocations for certain expenses historically maintained by RTA or TRA. Such items have been allocated to the Company and included in the financial statements based on the most relevant allocation method, primarily relative percentage of headcount or revenue. Management believes that this basis for allocation of expenses is reasonable. Actual results may differ from these estimates. A 1% increase or decrease change in allocation percentages would result in approximately AED 405 thousand (2021: AED 1,131 thousand) change in expense allocated to the Company for the year ended 31 December 2022 (Refer to Note 22).

*e) Life of customer contract*

The Company's management determines the estimated useful lives of its customer contracts for calculating the period over which tag activation fee revenue is recognised. Management estimates the average customer life by calculating the weighted average of number of days between tag activation and tag deactivation, which is approximately five years. However, the actual useful life may be shorter or longer than five years, depending on when customers deactivate their Salik tag. If the average customer useful life was four years, the carrying amount of contract liabilities would decrease and revenue recognized would increase by AED 1.6 million (2021: AED 1.8 million) as at and for the year ended 31 December 2022. If the average customer useful life was six years, the carrying amount of contract liabilities would increase and revenue recognized would decrease by AED 1.1 million (2021: AED 1.2 million) as at and for the year ended 31 December 2022.

**SALIK COMPANY P.J.S.C.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022** (continued)**5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS** (continued)

**Critical judgements in applying the Company's accounting policies** - The following are the critical judgements, apart from those involving estimations discussed above, that management made in the process of applying the Company's accounting policies and that It have the most significant effect on the amounts recognised in these financial statements.

*f) 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.

*g) Impairment of non-financial assets*

The Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets are impaired. In making the assessment for potential indicators of impairment, management is required to make certain judgments when determining whether events or circumstances exist that indicate the carrying amount may not be recoverable. During the years presented, management concluded there were no indicators of impairment that required a further assessment.

*h) Consideration of significant financing component in a contract*

Customers are required to prepay tolling fees. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. During the years presented, management concluded the amounts of advances which were likely to transfer after one year were not material and therefore did not require further assessment.

**6 REVENUE**

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

	2022 AED'000	2021 AED'000
Tolling revenue		
- Toll usage fees	1,651,575	1,466,570
- Tag activation fees*	32,182	35,500
Total tolling revenue	1,683,757	1,502,070
Fines and penalties	201,594	184,294
Inactive balance write-off (Note 26)	5,642	5,369
Miscellaneous	1,313	1,474
	1,892,306	1,693,207

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

**SALIK COMPANY P.J.S.C.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022** (continued)**7 OTHER INCOME**

	<i>2022</i> <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Liabilities no longer payable written back	7,950	-
Recovery of bad debts written off	1,226	-
	<u>9,176</u>	<u>-</u>

**8 COST OF TAGS AND RECHARGE CARDS**

	<i>2022</i> <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Inventories expensed - Salik tags	19,641	21,374
Inventories expensed - Salik recharge cards	503	392
	<u>20,144</u>	<u>21,766</u>

**9 TOLL OPERATION AND MAINTENANCE EXPENSE**

	<i>2022</i> <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Operating expenses	64,088	62,626
Maintenance expenses	26,207	23,233
	<u>90,295</u>	<u>85,859</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.

**10 EMPLOYEE BENEFIT EXPENSES**

	<i>2022</i> <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Salaries and wages	9,703	8,588
End of service benefits	1,266	637
Other benefits and allowances	988	326
	<u>11,957</u>	<u>9,551</u>

**11 DEPRECIATION AND AMORTISATION EXPENSE**

	<i>2022</i> <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Depreciation of property and equipment (Note 17)	3,331	6,000
Amortisation of intangibles (Note 15)	40,817	-
	<u>44,148</u>	<u>6,000</u>

**SALIK COMPANY P.J.S.C.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022** (continued)**12 FINANCE COSTS**

	<i>2022</i> <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Finance cost on borrowings	73,035	-
Other finance costs	80	-
	<u>73,115</u>	<u>-</u>

**13 SERVICE PROVIDERS COMMISSION**

	<i>2022</i> <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Service provider expense		
- Bank commissions	10,384	6,616
- Other Emirates commissions	11,261	10,020
Commission on card sales	9,665	10,545
Commission on tag sales	4,052	3,410
	<u>35,362</u>	<u>30,591</u>

**14 OTHER EXPENSES**

	<i>2022</i> <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Professional fees	8,328	6,248
Transition service expense (Note 22)	2,624	-
Utilities	1,116	810
Others	3,291	2,480
	<u>15,359</u>	<u>9,538</u>

**15 INTANGIBLES**

This represents the Company's right under the service concession agreement (refer Note 16), 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.

	<i>AED'000</i>
<b>Cost</b>	
At 1 January 2022	-
Additions	4,000,000
<b>At 31 December 2022</b>	<u>4,000,000</u>
<b>Accumulated amortisation</b>	
At 1 January 2022	-
Charge for the year (Note 11)	(40,817)
<b>At 31 December 2022</b>	<u>(40,817)</u>
<b>Net carrying amount</b>	
At 31 December 2022	<u>3,959,183</u>



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

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

#### **16 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") was subject to an upfront concession fee of AED 4,000 million plus VAT of AED 200 million towards 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 31 December 2022.

Variable concession fee for the year ended 31 December 2022 amounts to AED 207.56 million (2021: NIL), which has been recorded as an expense in the 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 fee 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 the 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

**17 PROPERTY AND EQUIPMENT**

*For the year ended 31 December 2022:*

	<i>Buildings AED'000</i>	<i>Infrastructure assets AED'000</i>	<i>Tolling equipment AED'000</i>	<i>Office &amp; furniture equipment AED'000</i>	<i>Capital work in progress AED'000</i>	<i>Total AED'000</i>
<b>Cost</b>						
On 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)
On 31 December 2022	-	-	-	150	-	150
<b>Accumulated depreciation</b>						
On 1 January 2022	1,153	51,142	48,646	1,653	-	102,594
Depreciation charge for the year (Note 11)	52	2,573	691	15	-	3,331
Transfer from related party	-	-	-	46	-	46
Retirements	-	-	(4,758)	(1,069)	-	(5,827)
Property and equipment not transferred to Salik***	(1,205)	(53,715)	(44,579)	(585)	-	(100,084)
On 31 December 2022	-	-	-	60	-	60
<b>Net carrying amount</b>						
On 31 December 2022	-	-	-	90	-	90

\*This includes transfer of Information technology (IT) assets of AED 2.3 million from CWIP to Tolling Equipment during the year.

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

\*\*\*This represents 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, not being transferred to Salik Company P.J.S.C. on formation of the legal entity but instead is legally owned by RTA. However, as part of the service concession agreement (refer Note 16) entered into between the Company and RTA these assets will be used by Salik to provide operation, maintenance, and management of Tolling business in Dubai.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

**17 PROPERTY AND EQUIPMENT (continued)**

*For the year ended 31 December 2021:*

	<i>Buildings AED'000</i>	<i>Infrastructure assets AED'000</i>	<i>Tolling equipment AED'000</i>	<i>Office &amp; Furniture equipment AED'000</i>	<i>Capital work in progress AED'000</i>	<i>Total AED'000</i>
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
At 1 January 2021	1,050	45,993	47,900	1,651	-	96,594
Depreciation charge for the year (Note 11)	103	5,149	746	2	-	6,000
At 31 December 2021	1,153	51,142	48,646	1,653	-	102,594
<b>Net carrying amount</b>						
At 31 December 2021	1,285	77,576	792	4	27,680	107,337

**SALIK COMPANY P.J.S.C.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)****18 SOFTWARE ENHANCEMENT EXPENSE**

The expenditures incurred towards enhancements of the software did not meet the capitalisation criteria and have been expensed in the year in which the expense was incurred. Expenses incurred related to software development was AED 13.7 million for year ended 31 December 2022 and AED 10 million for the year ended 31 December 2021.

**19 INVENTORIES**

	<i>2022</i> <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Salik tags	5,188	15,966
Salik recharge scratch cards	6,348	78
	<u>11,536</u>	<u>16,044</u>

All inventories are in the form of finished goods. The cost of inventories recognised as expense during the year is included in 'Cost of tags and recharge cards' on the statement of profit or loss and comprehensive income. None of the inventories are carried at net realisable value being lower than cost for all years presented. There are no obsolete or slow-moving inventories. There has been no write-off of inventory in the years presented.

**20 TRADE AND OTHER RECEIVABLES**

	<i>2022</i> <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Trade receivables (including fines and penalties)	313,410	355,200
Less: loss allowance on fines and penalties	(183,074)	(196,680)
	<u>130,336</u>	<u>158,520</u>
VAT receivable	211,249	-
Advance to supplier	20,808	33,416
Other assets	2,014	-
	<u>364,407</u>	<u>191,936</u>
<b>Break up of trade receivables is as follows:</b>		
Fines and penalties	286,182	292,541
Taxi	7,543	20,807
Telecom	4,592	2,882
Banks	1,962	1,831
Gas stations	12,778	15,105
Other Emirates	353	21,263
Others	-	771
	<u>313,410</u>	<u>355,200</u>

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

Trade and other receivables from taxi, gas stations, telecom, banks, other Emirates 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 taxi, gas stations, telecom, banks, other Emirates and others is considered to be not material.



**SALIK COMPANY P.J.S.C.**
**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**
**20 TRADE AND OTHER RECEIVABLES (continued)**

Receivables from fines and penalties 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 and penalties were as follows:

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	196,680	170,401
Provision for expected credit losses for the year	26,614	26,279
Write offs during the year	(40,220)	-
<b>Balance at the end of the year</b>	<b>183,074</b>	<b>196,680</b>

The provision for expected credit losses for the year has been included as "Impairment loss on receivables" in the statement of profit or loss and 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:

31 December 2022	Expected credit loss %	Gross carrying amount AED'000	Loss allowance AED'000
Current	39%	111,887	43,895
1-90 days	58% - 63%	12,536	7,616
91-180 days	64% - 68%	10,451	6,904
181 - 365 days	70% - 79%	22,691	16,962
365+ days	83%	128,617	107,697
<b>Total</b>		<b>286,182</b>	<b>183,074</b>

31 December 2021	Expected credit loss %	Gross carrying amount AED'000	Loss allowance AED'000
Current	41%	106,132	43,693
1-90 days	60% - 62%	13,026	7,797
91-180 days	64% - 66%	12,392	8,079
181 - 365 days	69% - 79%	32,046	24,542
365+ days	87%	128,945	112,569
<b>Total</b>		<b>292,541</b>	<b>196,680</b>

**21 CASH AND CASH EQUIVALENTS**

	2022 AED'000	2021 AED'000
<i>Cash at bank</i>		
- In current account	321,758	-
- Fixed deposits with maturity of less than three months	500,949	-
	<b>822,707</b>	<b>-</b>

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

**SALIK COMPANY P.J.S.C.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022** (continued)**22 RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties comprise the Parent, ultimate controlling party, the shareholders, key management personnel, subsidiaries, joint venture and businesses which are controlled directly or indirectly by the ultimate controlling party, or directors or over which they exercise significant management influence. The Company has availed the exemption as per para 25 of IAS 24 Related Party Disclosure and consider the entities controlled by Government of Dubai as non-related except for RTA, Dubai Taxi Corporation ("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 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 (Note 16), Transitional Services Agreement with RTA and debt agreement with Emirates NBD Bank PJSC (Note 23).

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

	2022 AED'000	2021 AED'000
<b>Due from related parties</b>		
<i>Entities under common control of the Government of Dubai</i>		
Roads and Transport Authority*	72,240	-
Dubai E-Government	66,408	-
Dubai Taxi Corporation	5,660	-
	<u>144,308</u>	<u>-</u>
<b>Due to a related party</b>		
<i>Entities under common control of the Government of Dubai</i>		
Roads and Transport Authority*	<u>313,492</u>	<u>-</u>

\*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.

	2022 AED'000	2021 AED'000
<b>Loan from a related party</b>		
<i>Entities under common control of the Government of Dubai</i>		
Emirates NBD PJSC	<u>3,985,573</u>	<u>-</u>

During the year, the Company obtained financing facility from a related party, as has been disclosed in Note 23.

Bank balances as disclosed in Note 21 are held with a related party bank.

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

Transactions with ENBD, other than finance cost on borrowings as explained in Note 23, relates to commission paid for collection services provided by ENBD and amounts to AED 2.3 million for the year ended 31 December 2022 and AED 2.3 million for the year ended 31 December 2021. Transactions, gross of commission earned, with ENOC relate to the sale of Salik tag and recharge cards and amounts to AED 134 million for the year ended 31 December 2022 and AED 144 million the year ended 31 December 2021.

**SALIK COMPANY P.J.S.C.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)****22 RELATED PARTY BALANCES AND TRANSACTIONS (continued)****Transactions with related parties (continued)***Tolling fees collected by Dubai Taxi Corporation*

Dubai Taxi Corporation ("DTC") 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 by DTC are AED 63.5 million for the year ended 31 December 2022 and AED 48.3 million for the year ended 31 December 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 statement of cash flows as a financing activity and in the 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 40.5 million for the year ended 31 December 2022 and AED 113.1 million for the year ended 31 December 2021 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. 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 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 year ended 31 December 2022, an amount of AED 2.6 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 a legal right to deposit or withdraw funds autonomously. Substantially all cash received by the Company was deposited in and comingled 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 statement of cash flows as a financing activity and in the statement of changes in equity as net distributions to parent.

	2022 AED'000	2021 AED'000
Cash pooling and general activities	(415,936)	(1,222,255)
Receivables from RTA	(451,296)	(123,560)
Corporate allocations	40,521	113,076
Net decrease in parent company investment ("Net distribution to parent")	(826,711)	(1,232,739)

**SALIK COMPANY P.J.S.C.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)****22 RELATED PARTY BALANCES AND TRANSACTIONS (continued)****Transactions with related parties (continued)***Key management and directors' remuneration*

	2022 AED'000	2021 AED'000
Salaries and other benefits	1,696	-
End of service benefits	336	-
	<u>2,032</u>	<u>-</u>
Directors' remuneration	<u>60</u>	<u>-</u>

These represents remuneration of the Company's key management employees and directors from the date of formation of the Company until 31 December 2022.

**23 BORROWINGS**

	2022 AED'000	2021 AED'000
Term loan from Emirates NBD	4,000,000	-
Unamortised loan cost	(14,427)	-
Total borrowing	3,985,573	-
Less: current portion	-	-
Non-current portion	<u>3,985,573</u>	<u>-</u>

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 is being 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.

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.



**SALIK COMPANY P.J.S.C.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022** (continued)

**23 BORROWINGS** (continued)

As at 31 December 2022, the Company has access to the following borrowing facilities:

	2022 AED'000	2021 AED'000
Total available facilities	4,200,000	-
Facility utilised	(4,000,000)	-
Available financing facility	<u>200,000</u>	<u>-</u>

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

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	2,377	2,114
Charge for the year	988	263
Liability of employees not transferred to the Company on formation	(741)	-
<b>Balance at the end of the year</b>	<u><u>2,624</u></u>	<u><u>2,377</u></u>

**25 TRADE AND OTHER PAYABLES**

	2022 AED'000	2021 AED'000
Trade payables - Operation and Maintenance service provider	38,727	-
Fine refund payables	2,871	3,219
Employee benefits	1,629	222
Commission accruals and other payables	16,588	6,233
	<u><u>59,815</u></u>	<u><u>9,674</u></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.

**26 CONTRACT LIABILITIES**

As of 31 December 2022, current contract liabilities of AED 294.3 million (31 December 2021: AED 276.6 million), and non-current contract liabilities of AED 43.2 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 31 December 2022, contract liabilities of AED 69.1 million, arising from tag activation fees will be recognized as revenue as follows:

Year ended	AED'000
2023	25,859
2024	19,939
2025	15,173
2026	8,083
<b>Total</b>	<u><u>69,054</u></u>

**SALIK COMPANY P.J.S.C.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)****26 CONTRACT LIABILITIES (continued)**

Movements in contract liabilities during the year is as follows:

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	313,346	289,199
Add: Recharges during the year	1,673,173	1,491,142
Add: Tag activation fees	40,413	35,451
Less: Revenue recognised during the year - tolling fees	(1,651,575)	(1,466,619)
Less: Revenue recognised during the year - tag sales	(32,182)	(30,458)
Less: Inactive balance write-off during the year (Note 6)	(5,642)	(5,369)
<b>Balance at the end of the year</b>	<b>337,533</b>	<b>313,346</b>

**27 SHARE CAPITAL**

The share capital of the Company comprised of 7,500,000,000 (31 December 2021: 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 and Articles of Association of the Company, 10% 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. During the year ended 31 December 2022, the Company has allocated AED 37.5 million from current year net profit to statutory reserve.

**29 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 year ended 31 December 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 year, the movement in Net parent investment includes the impact of property and equipment not transferred to the Company (Note 17), the net distribution to the Parent (Note 22) 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 27) and remaining AED 130 million of capital contribution to the business. Further, additional capital contribution of AED 16.5 million was made by DoF following the incorporation of the Company. The total capital contribution of AED 146.5 million is not intended to be recalled by the Parent. Accordingly, as at 31 December 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 year ended 31 December 2021, therefore, paid-up capital or an analysis of reserves or components of other comprehensive income, which is separately identifiable have not been presented in the 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.

**SALIK COMPANY P.J.S.C.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)****30 EARNINGS PER SHARE**

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

	2022	2021
Profit attributable to ordinary equity holders of the Company (AED '000)	1,325,662	1,380,575
Weighted average number of ordinary shares for basic and diluted EPS (number)	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)	0.18	0.18

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 year presented. Therefore, for the purpose of comparative earnings per share we have considered the profit for the prior year attributable to the ordinary equity holders of the Company and the weighted average number of ordinary shares for the current year.

**31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****31.1 Financial risk factors**

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

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

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

**Market risk***Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings):

	2022	
	Change in basis point	Sensitivity of interest expense AED'000
Financial liabilities	+ 100	(1,768)
	- 100	1,768

As on 31 December 2021, the Company is not exposed to interest rate risk, as it does not have any interest-bearing liabilities or assets.

**31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**31.1 Financial risk factors (continued)**

**Market risk (continued)**

*Price risk*

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

*Foreign exchange risk*

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are primarily denominated in a currency that is not the Company's measurement currency. The Company is not exposed to foreign exchange risk as majority of its transactions are denominated in AED.

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company and arises principally from trade and other receivables, due from related parties and cash and cash equivalents.

The Company seeks to limit its credit risk with respect to related party balances by continuously monitoring outstanding balances through the parties involved and with respect to bank balances by only dealing with reputable banks. The Company has well defined trade and non-trade transactions with related parties. Non-trade transactions entail pre-approval by both parties prior to execution of the transactions with the related parties. The balances are reconciled monthly with the related parties through intercompany reconciliation and confirmations. These balances are unsecured, however, since these balances are with related parties and there has been no prior history of default, management believes there is no significant credit risk in relation to these balances.

Bank balances are limited to high-credit-quality financial institution and bank ratings are reviewed on an annual basis. Management expects any credit losses from non-performance by these counterparties would be insignificant.

The Company evaluates the concentration of risk with respect to trade and other receivables as low. The Company is exposed to credit risk primarily on trade receivables arising from fines and penalties. An impairment analysis is performed at each reporting date to measure expected credit losses. The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade and other receivables as disclosed in Note 20.

**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 overleaf 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.

**SALIK COMPANY P.J.S.C.**
**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**
**31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**
**31.1 Financial risk factors (continued)**
**Liquidity risk (continued)**

	<i>Carrying amount AED'000</i>	<i>Undiscounted cashflows</i>		
		<i>Less than 1 year AED'000</i>	<i>Between 2-5 years AED'000</i>	<i>Total AED'000</i>
<b>As at 31 December 2022</b>				
Borrowings	3,985,573	174,323	4,610,131	4,784,454
Due to a related party (Note 22)	313,492	313,492	-	313,492
Trade and other payables (Note 25)	59,815	59,815	-	59,815
	<u>4,358,880</u>	<u>547,630</u>	<u>4,610,131</u>	<u>5,157,761</u>
<b>As at 31 December 2021</b>				
Trade and other payables (Note 25)	9,674	9,674	-	9,674

**31.2 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.

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 statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

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

	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Borrowings (Note 23)	3,985,573	-
Less: cash and cash equivalents (Note 21)	(822,707)	-
Net debt	<u>3,162,866</u>	<u>-</u>
Net equity	603,914	(10,080)
Total capital	<u>3,766,780</u>	<u>9,674</u>
Gearing ratio	<u>84%</u>	<u>-</u>

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

**31.3 Fair value estimation**

The fair values of the Company's financial assets and liabilities as at 31 December 2022 and 2021 approximate their carrying amounts as reflected in Note 32 of these financial statements.

**SALIK COMPANY P.J.S.C.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022** (continued)**32 FINANCIAL INSTRUMENTS BY CATEGORY**

The accounting policies for financial instruments have been applied to the line items below:

	2022 AED'000	2021 AED'000
<b>Financial assets at amortised cost</b>		
Trade and other receivables (excluding VAT receivable and advance to supplier)	132,350	158,520
Due from related parties (Note 22)	144,308	-
Cash and cash equivalents (Note 21)	822,707	-
<b>Total</b>	<b>1,099,365</b>	<b>158,520</b>
<b>Financial liabilities at amortised cost</b>		
Long term borrowings (Note 23)	3,985,573	-
Due to a related party (Note 22)	313,492	-
Trade and other payables (Note 25)	59,815	9,674
<b>Total</b>	<b>4,358,880</b>	<b>9,674</b>

**33 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

As at 31 December 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 12.8 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 7.5 million and AED 0.8 million respectively. The net amount is reported in the 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.

**34 NET DEBT RECONCILIATION**

The table below sets out an analysis of the net debt and the movements in net debt for each of the periods presented.

	2022 AED'000	2021 AED'000
Cash and cash equivalents (Note 21)	822,707	-
Borrowings (Note 23)	(3,985,573)	-
<b>Net debt</b>	<b>(3,162,866)</b>	<b>-</b>
	<i>Liability from financing activity (Borrowings) AED'000</i>	<i>Other assets (Cash) AED'000</i>
Net debt as at 1 January 2022	-	-
Cash flows	(3,985,573)	822,707
<b>Net debt</b>	<b>(3,162,866)</b>	<b>(3,162,866)</b>



**35 SUBSEQUENT EVENTS**

*UAE Corporate Tax*

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance).

However, there are a number of significant decisions that are yet to be finalised by way of a Cabinet Decision, including the threshold mentioned above, that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the Cabinet, the Company has determined that the Law was not practically operational as at 31 December 2022, and so not enacted or substantively enacted from the perspective of IAS 12 – Income Taxes. The Company shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status and the applicability of IAS 12 – Income Taxes.

The Company is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

*Dividend*

On 6 March 2023, the Board of Directors proposed to distribute AED 491,407,500 dividend to the shareholders (AED 0.065521 per share). The proposed dividend is subject to approval by the shareholders at the Company's General Assembly Meeting in April 2023.

**36 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors of Salik Company P.J.S.C. on 6 March 2023 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.