



**ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.
KUWAIT**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
MARCH 31, 2023**



ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.
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**Kuwaiti Accountant
Auditing Office**

Certified Public Accountants, Consultants • Business Advisers • Tax experts

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**المحاسب الكويتي
لتدقيق الحسابات**



محاسبون قانونيون • مستشارون ماليون • خبراء ضرائب

شارع أحمد الجابر - برج شرق - الدور التاسع
ص.ب: ٢٦٨٨٨ - الصفاة ١٣١٢٩ الكويت
فاكس: ٢٢٤٠٣٢٠٥ - تلفون: ٢٢٤٤٩٤٥٤ - ٢٢٤١٥٨٢٢
عضو في انشالبي الدولية - المجموعة المالية العالمية
لشركات المحاسبة والمستشارين الماليين

4 May 2023

To the Partners of Route Mobile Communication Services Co W.L.L.

Independent Auditors' Report

Report on the Audit of financial Statements

Opinion

We have audited the financial statements of **Route Mobile Communication Services Co W.L.L.** (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Parent Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Company's financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRSs as adopted for use by the State of Kuwait, 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.



Auditors' 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

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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.



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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, related safeguards.

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.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the company and stocktaking was carried out in accordance with recognized practice. We further report that we obtained the information and explanations that we required for the purpose of our audit, the financial statements incorporate the information that is required by the Companies' Law No. 1 of year 2016 and related executive regulations and the company's memorandum of association. To the best of our knowledge and belief, no violations of the companies' Law No. 1 of year 2016 and related executive regulations or of the company's memorandum of association have occurred during the financial for the year that might have had a material effect on the Company's business or its financial position.

ADEL M. AL SANEH

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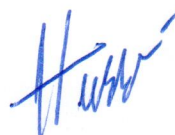
ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.


Statement of financial position as at 31 March 2023

(All amounts are in Kuwaiti Dinars)

	Note	2023	2022
Assets:			
Property and equipment	4	7,380	18,386
Right-of-use assets	5	109,065	121,649
Non-current assets		116,445	140,035
Trade and other receivables	6	323,882	216,452
Due from related parties		-	13,126
Bank balances and cash	7	452,625	81,994
Current assets		776,507	311,572
Total assets		892,952	451,607
Equity:			
Share capital	8	150,000	150,000
Retained earnings		150,907	88,420
Total equity		300,907	238,420
Liabilities			
Provision for staff indemnity		3,358	-
Non-current liabilities		3,358	-
Trade and other payables	11	495,703	213,187
Due to related parties	12	92,984	-
Current liabilities		588,687	213,187
Total liabilities		592,045	213,187
Total equity & liabilities		892,952	451,607

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


HUSSAIN ALSHEHRY


SYED RASTHAQIR RAZI





ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.

Statement of comprehensive income for the year ended 31 March 2023

(All amounts are in Kuwaiti Dinars)

	Note	2023	2022
Sales		1,772,441	636,564
Cost of sales		(1,393,505)	(507,404)
Gross profit		378,936	129,160
Other income		6,901	-
General & administrative expenses	13	(94,048)	(31,726)
Depreciation and amortisation		(24,670)	(9,014)
Provision for staff indemnity		(3,358)	-
Profit for the year		263,761	88,420

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

HUSSAIN AL SHEHRY

SYED DASTAGIR RAZI





ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.
Statement of changes in equity for the year ended 31 March 2023
 (All amounts are in Kuwaiti Dinars)

	Share Capital	Retained Earnings	Total
Opening balance	-	-	-
Share capital	150,000	-	150,000
Profit for the year	-	88,420	88,420
Balance as at 31 March 2022	150,000	88,420	238,420
Profit for the year	-	263,761	263,761
Dividends	-	(201,274)	(201,274)
Balance as at 31 March 2023	150,000	150,907	300,907

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

ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.
Statement of cash flows for the year ended 31 March 2023

(All amounts are in Kuwait Dinars)



	2023	2022
Cash flows from operating activities		
Profit for the year	263,761	88,420
<i>Adjustments for:</i>		
Depreciation and amortisation	24,670	4,820
Provision for staff indemnity	3,358	-
	<u>291,789</u>	<u>93,240</u>
<i>Working capital changes:</i>		
Trade and other receivables	(107,430)	(216,452)
Trade and other payables	282,516	213,187
Due from related parties	13,126	(13,126)
Due to related parties	92,984	-
	<u>572,985</u>	<u>76,849</u>
<i>Net cash flows from/(used in) operating activities</i>		
Cash flows from investing activities:		
Purchase of property and equipment	(1,080)	(23,206)
Right-of-use assets	-	(121,649)
	<u>(1,080)</u>	<u>(144,855)</u>
Cash flows from financing activities:		
Share capital	-	150,000
Dividends	(201,274)	-
	<u>(201,274)</u>	<u>150,000</u>
<i>Net cash flows used in financing activities</i>		
Net change in cash and cash equivalents	370,631	81,994
Cash and cash equivalents at beginning	81,994	-
Cash and cash equivalents at end	<u>452,625</u>	<u>81,994</u>

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

ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.
Notes to the Financial Statements – 31 March 2023

1 Incorporation and activities

Route Mobile Communication Services Co W.L.L., “the Company” is a partnership with limited liability duly authenticated at the Ministry of Justice, Real Estate Registration and Authentication Department under Articles of Association No. 2407 on 02 September 2021 and amendment No. 560 on 19 December 2021. The name of the Company was changed on 1 August 2022 from Interteleco International for Modern Communication Services Co.

The registered office of the Company is located at 34 Wafra Downtown, Floor 4, Office No 7, Block 5, Ahmed Al Jaber Street, Kuwait, P.O. Box 443, Safat 15300, State of Kuwait.

2 Principal activities of the Company

The Company is primarily engaged in providing SMS services.

The financial statements of the Company for the year ended 31 March 2023 were authorised for issue by the members on 2 May 2023.

3 Significant Accounting policies

3.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been presented in Kuwaiti Dinars, which is the functional currency of the Company.

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments carried at fair value through income statement.

3.2 Application of new and revised International Financial Reporting Standards (IFRSs)

a) New standards, interpretations and amendments effective from 1 January 2022

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the financial statements of the Company.

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.
Notes to the Financial Statements – 31 March 2023

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision).

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Company applied the amendments to the contracts for which it had not fulfilled all its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Company had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, certain other directly related costs have been included by the Company in determining the costs of fulfilling the contracts. The Company has therefore recognised an onerous contract provision, which remained unchanged as of 31 December 2022 as the Company had not yet fulfilled its obligations under the contract.

In accordance with the transitional provisions, the Company applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.
Notes to the Financial Statements – 31 March 2023

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the Parent Company's consolidated financial statements, based on the Parent Company's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the Parent Company acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Company as it is not a first time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

b) Standards and interpretations issued but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Company financial statements are disclosed below. The Company intend to adopt these new and amended standards, if applicable, when they become effective.

IFRS 17 – Insurance Contracts

This standard will be effective for annual periods beginning on or after 1 January 2023 and replaces IFRS 4 - Insurance Contracts. The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (Variable fee approach).
- A simplified approach (premium allocation approach) mainly for short duration contracts.

Early application is permitted, provided an entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not expected to have any impact to the Company's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

On 23 January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Annual Improvements to IFRS Standards 2018-2020 cycles

The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 16 Leases: Lease incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.



The amendments are not expected to have material impact on the Company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

Additional disclosures will be made in the financial statements when these Standards become effective.

3.3 Summary of Significant Accounting policies

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

b) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition. The cost of property and equipment is depreciated using the straight-line method over their expected useful lives.

ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.
Notes to the Financial Statements – 31 March 2023

c) Inventories

Inventories are valued at the lower of cost or net realisable value after providing allowances for any obsolete or slow-moving items. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

d) Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising are included in the statement of income.

e) Employees' end of service indemnity

Employees' end of service indemnity payable to employees under the Kuwaiti Labor Law and employment contracts is calculated and accrued over the period of employment.

f) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, which it is probable, will result in an outflow of economic benefits that can be reasonably estimated.

g) Bank balances and cash

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, balances with bank and deposits with the banks, within a maturity date of three months or less.

h) Trade receivables

Trade receivables are stated at original invoice amount less provision for debtors. An estimate for doubtful debts is made when collection of the full amount is no longer probable and bad debts are written off when there is no possibility of recovery at all.

i) Trade payables

Trade payables are stated at their nominal value.

j) Contingencies

Contingent liabilities are not recognized but disclosed in the financial statement except when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefit is probable.

ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.

Notes to the Financial Statements – 31 March 2023

4 Property and equipment



	Plant and equipment KD	Furniture KD	Office equipment KD	Vehicles KD	Total KD
Cost:					
Opening balance	-	-	-	-	-
Additions	2,069	13,948	2,883	4,306	23,206
Balance at 31 Mar 2022	2,069	13,948	2,883	4,306	23,206
Additions	-	-	1,080	-	1,080
Balance at 31 Mar 2023	2,069	13,948	3,963	4,306	24,286

Accumulated depreciation:

Opening balance	-	-	-	-	-
Charge for the year	99	2,325	961	1,435	4,820
Balance at 31 Mar 2022	99	2,325	961	1,435	4,820
Charge for the year	296	6,974	1,945	2,871	12,086
Balance at 31 Mar 2023	395	9,299	2,906	4,306	16,906

Net book value:

At Mar 31, 2023	1,674	4,649	1,057	-	7,380
At Mar 31, 2022	1,970	11,623	1,922	2,871	18,386



5 Right-of-use assets

	2023	2022
	KD	
Opening balance	121,649	-
Additions	-	125,844
Amortisation for the year	(12,584)	(4,195)
	<u>109,065</u>	<u>121,649</u>

6 Trade and other receivables

	2023	2022
	KD	
Accounts receivable	260,634	148,567
Advance paid to suppliers	52,883	66,107
Prepayments	906	-
Other debit balances	9,459	1,778
	<u>323,882</u>	<u>216,452</u>

Trade receivables are non-interest bearing and are generally on 45–90-day terms.

7 Bank balances and cash

	2023	2022
	KD	
Cash at banks	345,337	81,994
Short term deposits	107,288	-
	<u>452,625</u>	<u>81,994</u>

8 Share capital

The share capital of the Company consists of 100 shares of KD 1,500 each. Details of percentage holding of members in the Company are as follows:

Members	Number of shares	KD
Hussain Ali Faleh Al Shehri Al Rashidi	51	76,500
Route SMS Solutions FZE	49	73,500
	<u>100</u>	<u>150,000</u>

9 Statutory reserve

In accordance with the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Articles of Association, as amended, 10% of net profit for the year is transferred to statutory reserve until the reserve totals 50% of the paid-up share capital.

Distribution of this reserve is limited to the amount required to enable payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

ROUTE MOBILE COMMUNICATION SERVICES CO W.L.L.



Notes to the Financial Statements – 31 March 2023

10 Voluntary reserve

In accordance with the Company's Articles of Association, as amended, 10% of profit for the year is to be transferred to voluntary reserve. Transfer to voluntary reserve is made in accordance with the members' resolution. The members have resolved not to make any transfer to voluntary reserve this year.

11 Trade and other payables

	2023	2022
	KD	
Trade payables	86,244	51,115
Advances from customers	161,469	134,765
Provision for purchase	40,499	26,683
Others	207,491	624
	<u>495,703</u>	<u>213,187</u>

12 Related party disclosures

The Company has entered into various transactions with related parties i.e. partners, key management personnel and other related parties, in the normal course of its business. Prices and terms of payment are approved by the Company's management. Significant related party transactions and balances are as follows:

Balances included in statement of financial position:

	2023	2022
	KD	
Due to related parties		
Route Mobile UK Limited	43,968	-
Route SMS Solutions FZE	49,016	-
	<u>92,984</u>	

13 General and administrative expenses

	2023	2022
	KD	
Salaries & related expenses	72,105	22,602
Rent	13,320	4,340
Repair and maintenance	91	1,157
Legal and professional expense	1,250	1,425
Travel	-	108
Bank expenses	1,698	353
Communication expense	2,834	1,082
Other expenses	2,750	659
	<u>94,048</u>	<u>31,726</u>

14 Financial risk management

Fair values of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. At December 31, the fair values of financial instruments approximate their carrying amounts.

In the normal course of business, the Company uses primary financial instruments such as cash on hand and at banks, accounts receivables and other debit balances, due to banks and accounts payables and other credit balances and as a result, is exposed to the risks indicated below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Company does not offer credit terms without the approval of the Managing Director.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its cash obligations. The management of liquidity risks consists of keeping sufficient cash and arranging financing sources through enough facilities, retaining highly liquid assets and monitoring liquidity in a periodical basis through the method of future of cash flows.

Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market prices.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to change in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Company does not hedge foreign currency exposures. At the balance sheet date, the Company did not have significant foreign currency risk.

Capital risk management.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.