ROUTESMS SOLUTIONS FZE (GROUP)

RAS AL KHAIMAH - UNITED ARAB EMIRATES

COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

AND INDEPENDENT AUDITORS' REPORT

TAMIM

ROUTESMS SOLUTIONS FZE (GROUP)

RAS AL KHAIMAH - UNITED ARAB EMIRATES

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DIRECTORS' REPORT

The General Manager has the pleasure in presenting the report and the audited financial statements of **M/s. ROUTESMS SOLUTIONS FZE (GROUP)** for the year ended March 31, 2025.

PRINCIPAL ACTIVITIES:

The main activities of the Company are Information technology cosultancy, Internet consultancy and Computer software house.

There was no significant change in the nature of activities of the Entity during the financial year.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on pages 8 to 19.

FINANCIAL ANALYSIS

The table below summarizes the results of 31 March 2025 and 31 March 2024.

	31-Mar-25	31-Mar-24
Summarized Income Statement	AED	AED
Revenue	220,521,451	243,460,632
Less : Cost of revenue	186,931,579	188,506,312
Gross profit/(loss) for the year	**33,589,872**	**54,954,320**
Other income	13,866,237	19,376,263
Total	**47,456,109**	**74,330,583**
Less:		
General and administrative expenses	15,366,931	11,887,105
Depreciation on property,plant & equipment	165,048	245,872
Amortisation of intangible assets	389,157	389,157
Finance charges	12,274,312	11,710,830
Net profit/(loss) for the year	**19,260,661**	**50,097,619**
Less: Corporate tax	1,730,596	-
Net profit/(loss) after tax	**17,530,065**	**50,097,619**
Exceptional item	21,962,282	17,101,354
Other comprehensive income/(expenses)	-	-
Total comprehensive income/(loss) for the year	**39,492,347**	**67,198,973**
Gross profit %	15.23%	22.57%
Net profit %	17.91%	27.60%
Summarized Balance Sheet		
Non current assets	245,679,217	209,750,762
Current assets	210,872,394	341,172,813
Less:		
Non current liabilities	563,594	25,470,740
Current liabilities	197,599,127	306,203,884
Total	**258,388,890**	**219,248,951**

DIRECTORS' REPORT (CONTD.)

Equity

Share capital	100,000	100,000
Retained earnings	245,341,015	209,522,686
Minority interest	12,846,626	9,507,156
Foreign Currency Translation Reserve	51,249	69,109
Statutory reserve	50,000	50,000
Total	**258,388,890**	**219,248,951**

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment and their movements are set out in Note no. 5 to the financial statements.

EVENTS AFTER THE REPORTING PERIOD

In the opinion of the Directors no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

GOING CONCERN

The financial statements have been prepared on a going concern basis which assumed that the Entity will continue to operate as a going concern for the foreseeable future. The Board gives hope and expectations that the Entity has a glorious future ahead of them to continue in operational existence for the foreseeable future.

DIRECTORATE

The current Directorate of the Entity is set out below:

Mr. Sandipkumar Chandrakant Gupta(General Manager)

Mr. Rajdipkumar Gupta Chandrakant (Managing Director)

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Company Law requires the Directors to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs of the Entity and of the net profit or loss for the year.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Entity and to enable them to ensure that the financial statements comply with relevant Governing Laws.

AUDITORS

M/s Tamim Chartered Accountants- Member of Allinial Global, United Arab Emirates were the external auditors of the Entity for the year ending 31 March 2025 and the board propose their re-appointment for the next year.

On behalf of the Board of Directors

Mr. Sandipkumar Chandrakant Gupta
General Manager
DUBAI - UNITED ARAB EMIRATES
Date : 07 May 2025

Mr. Rajdipkumar Gupta Chandrakant
Managing Director

ROUTESMS SOLUTIONS FZE * R.A.K. - U.A.E.

TAMIM

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INDEPENDENT AUDITORS' REPORT

THE SHAREHOLDERS

M/s ROUTESMS SOLUTIONS FZE (GROUP)

Ras Al Khaimah - United Arab Emirates

Report on the audit of the financial statements

Opinion

We have audited the combined financial statements of **M/s ROUTESMS SOLUTION FZE (Group)** which comprise the combined statement of financial position as at 31st March 2025 and the statement of combined comprehensive income,combined statements of changes in equity and combined statement of cash flows for the year ended and notes to the financial statements ,including a summary of significant accounting policies.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Entity as at 31 March 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

Except for the matters mentioned in emphasis of matter, 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 are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Entity's financial statements in the UAE, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note no.9, read with note no.15 to the accompanying financial statements which describes the recoverability of advance given to vendor on account of provision made under IAS 37 by management for a significant onerous contract and it further describes arbitration initiated by the Company against its vendor and counter claim filed by the vendor, which are currently in the initial stages of arbitration. The final outcome of the aforementioned matter is presently unascertainable. Our opinion is not modified in respect of this matter.

Other Information

The Management and Directors are responsible for the other information. The other information comprises Mamagement report which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Directors are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 ISA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

* Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 disclosure 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 Entity 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 represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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.

INDEPENDENT AUDITOR'S REPORT ON ROUTESMS SOLUTIONS FZE (GROUP) (CONTD.)

Report on Other Legal and Regulatory Requirements

Further, as required by the RAS Al Khaimah Economic Zone Authority, we report that:

i) we have obtained all the information and explanations which we considered necessary for our audit;

ii) the combined financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Ras Al Khaimah Economic Zone Authority;

iii) the Entity has maintained proper books of account;

iv) the combined financial information included in the Directors' report is consistent with the books of account of the Entity;

v) note no. 8 to the financial statements discloses investments held by the company in subsidiary as at 31 March 2025.

vi) note no. 11 to the financial statements discloses material related party transactions and the terms under which they were conducted;

vi) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened during the financial year any of the applicable provisions of the Ras Al Khaimah Economic Zone Authority or of its Articles of Association which would materially effect its activities or its financial position as at 31st March 2025.

vii) there is no social contributions made during the year.

The engagement partner on the audit resulting in this independent auditor's report is Aisha Al Mazroua

Tamim Chartered Accountants

Member of Allinial Global

تميم محاسبون قانونيون
License # 654777
Dubai - U.A.E.
TAMIM CHARTERED ACCOUNTANTS

Aisha Al Mazroua

Licensed Auditor No. 347

Dubai, United Arab Emirates

7th May 2025

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ROUTESMS SOLUTIONS FZE (GROUP)

RAS AL KHAIMAH - UNITED ARAB EMIRATES

STATEMENT OF COMBINED FINANCIAL POSITION AS AT 31ST MARCH 2025

		31-Mar-25	31-Mar-24
ASSETS	**Notes**	AED	AED
NON CURRENT ASSETS			
Property, plant & equipments	1	2,817,385	2,976,054
Intangible assets	6	2,347,142	2,736,299
Goodwill	7	4,500,004	4,500,004
Investments	8	175,538,005	175,538,005
Advances	9	60,476,681	24,000,400
Total non current assets		**245,679,217**	**209,750,762**
CURRENT ASSETS			
Cash and cash equivalents	10	45,511,970	43,862,003
Due from related parties	11.2a	60,768,131	61,194,652
Accounts and other receivables	12	104,592,293	236,116,158
Total current assets		**210,872,394**	**341,172,813**
TOTAL ASSETS		**456,551,611**	**550,923,575**
EQUITY & LIABILITIES			
EQUITY			
Share capital		100,000	100,000
Retained earnings		245,341,015	209,522,686
Minority interest		12,846,626	9,507,156
Foreign currency translation reserve		51,249	69,109
Statutory reserve		50,000	50,000
Total equity		**258,388,890**	**219,248,951**
LIABILITIES			
NON CURRENT LIABILITIES			
Provision for employees' end of service benefits	13	563,594	503,182
Other payables	14	-	24,967,558
Total non current liabilities		**563,594**	**25,470,740**
CURRENT LIABILITIES			
Due to related parties	11.2b	146,731,782	199,068,994
Accounts and other payables	15	50,867,345	107,134,890
Total current liabilities		**197,599,127**	**306,203,884**
Total liabilities		**198,162,721**	**331,674,624**
TOTAL EQUITY & LIABILITIES		**456,551,611**	**550,923,575**

(Notes on pages 8 to 30 form an integral part of these financial statements)

We approve these Financial Statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgment underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation.

For Routesms Solutions FZE (Group)

Mr. Sandipkumar Chandrakant Gupta
General Manager

R.A.K. - U.A.E.
ROUTESMS SOLUTIONS FZE

Mr. Rajdipkumar Gupta Chandrakant
Managing Director

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ROUTESMS SOLUTIONS FZE (GROUP)

RAS AL KHAIMAH - UNITED ARAB EMIRATES

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2025

	Notes	31-Mar-25 AED	31-Mar-24 AED
Revenue	16	220,521,451	243,460,632
Less: Cost of revenue	17	186,931,579	188,506,312
Gross profit		**33,589,872**	**54,954,320**
Other income	18	13,866,237	19,376,263
		47,456,109	**74,330,583**
Less:			
General and administrative expenses	19	15,366,931	11,887,105
Depreciation on property, plant & equipment	5	165,048	245,872
Amortisation of intangible assets	6	389,157	389,157
Finance charges	20	12,274,312	11,710,830
Total expenses		**28,195,448**	**24,232,964**
Net profit/(loss) for the year		19,260,661	50,097,619
Less: Corporate tax		1,730,596	-
Net profit/(loss) after tax		**17,530,065**	**50,097,619**
Exceptional item	21	21,962,282	17,101,354
Other comprehensive income/expenses for the year		-	-
Total comprehensive income for the year		**39,492,347**	**67,198,973**

(Notes on pages 8 to 30 form an integral part of these financial statements)

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ROUTESMS SOLUTIONS FZE (GROUP)

RAS AL KHAIMAH - UNITED ARAB EMIRATES

COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2025

	Share Capital	Statutory reserve	Minority Interest	FCTR	Retained Earnings	Total
	AED	AED	AED	AED	AED	AED
Balance as at 31 March 2023	**100,000**	**50,000**	**393,636**	**(21,686)**	**160,168,025**	**160,689,975**
Net movements during the year	-	-	9,113,520	90,795	(9,212,095)	(7,780)
Total comprehensive income for the year	-	-	-	-	67,198,973	67,198,973
Dividend declared	-	-	-	-	(8,632,217)	(8,632,217)
Balance as at 31 March 2024	**100,000**	**50,000**	**9,507,156**	**69,109**	**209,522,686**	**219,248,951**
Net movements during the year*	-	-	3,339,470	(17,860)	(3,339,470)	(17,860)
Total comprehensive income for the year	-	-	-	-	39,492,347	39,492,347
Dividend declared	-	-	-	-	(334,548)	(334,548)
Balance as at 31 March 2025	**100,000**	**50,000**	**12,846,626**	**51,249**	**245,341,015**	**258,388,890**

(Notes on pages 8 to 30 form an integral part of these financial statements)

*Net movements during the period represents minority interest due in Route Mobile L.L.C and Route Mobile Communication Services till 31st March 2025.

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ROUTESMS SOLUTIONS FZE (GROUP)

RAS AL KHAIMAH - UNITED ARAB EMIRATES

COMBINED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 ST MARCH 2025

	Notes	31-Mar-25 AED	31-Mar-24 AED
Cash flow from operating activities			
Operating profit for the year		39,492,347	67,198,973
Adjustments for:			
Depreciation on property, plant & equipment	1	165,048	245,872
Amortisation of intangible assets	6	389,157	389,157
Advances	9	(36,476,281)	(24,000,400)
Other payables	14	(24,967,558)	(26,571,807)
Provision for employees' end of service benefits	13	60,412	503,182
FCTR		(17,860)	90,795
Forex adjustments on property, plant & equipment		(15)	246
Operating cash flows before working capital changes		**(21,354,750)**	**17,856,018**
Working capital changes			
Accounts and other receivables	12	131,523,865	(87,886,160)
Due from related parties	11.2a	426,521	(25,606,716)
Accounts and other payables	15	(56,267,545)	(1,272,001)
Due to related parties	11.2b	(52,337,212)	118,128,750
Cash generated from operating activities		**1,990,879**	**21,219,891**
Cash flows from investing activities			
Purchase of property, plant & equipment	5	(6,364)	(7,644)
Net cash flows from investing activities		**(6,364)**	**(7,644)**
Cash flows from financing activities			
Retained earnings		(3,339,470)	(17,844,312)
Minority interest		3,339,470	9,113,520
Dividens declared		(334,548)	-
Net cash flows from financing activities		**(334,548)**	**(8,730,792)**
Net increase in cash and cash equivalents		**1,649,967**	**12,481,455**
Opening cash and cash equivalents		43,862,003	31,380,548
Closing cash and cash equivalents		**45,511,970**	**43,862,003**

(Notes on pages 8 to 30 form an integral part of these financial statements)

1 CORPORATE INFORMATION

1.1 General

A) M/s Routesms Solutions FZE is a Free Zone Establishment registered with Ras Al Khaimah Investment Authority, Ras Al Khaimah with License No.RAKIA 72 FZ3 01 13 6543 issued on 31/01/2013.

The Company is located in Ras Al Khaimah Free Zone and the Company's registered office address is P.O. Box 31291 - Ras Al Khaimah, U.A.E..

There was no significant change in the nature of activities of the Entity during the financial year.

The main activities of the Company are information technology cosultancy, internet consultancy and computer software house.

B) M/s Route Mobile L.L.C is a Limited Liability Company registered under Commercial License No. CN-765426 dated 30 August 2016, issued by the Department of Economic Development, Emirates of Dubai UAE.

The principal activities of the Entity are mobile phone repair and mobile phone & accessories trading.

C) M/s Route Mobile Communication Services Co W.L.L. is a Limited Liability Company registered under Commercial License No. 15633/2021 dated 24/05/2021, issued by the Ministry of Commerce & Industry Kuwait.

The principal activities of the Entity are Modern communication services and Telephone communication systems complementary services. The Books of Interteleco International For Modern Communication is consolidated from 01/12/2021.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), and applicable requirements of the U.A.E. Commercial Companies Law No. (32) of 2021.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments and debt and equity financial assets that have been measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham (AED), the Entity's functional and presentation currency and are rounded to the nearest value.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Significant areas where considerable management judgment is required are disclosed along with accounting policies.

2.5 Going concern
The financial statements are prepared on a going concern basis which assumed that the Entity will continue to operate as a going concern for the foreseeable future.

2.6 Comparative information
* The accounting policies and estimates adopted are consistent with those used in previous financial years.
* Certain comparative figures are regrouped and rearranged wherever necessary to conform to the presentation adopted in these financial statements. Such reclassification do not affect previously reported net income or shareholders' equity.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies
The accounting policies applied in the preparation of these financial statements are consistent with those applied by the Entity in its annual audited financial statements as at and for the year ended 31 March 2024 , except to the extent of impact of the 'New and revised IFRSs adopted on these financial statements' from 1 April 2024, as set out in Note 4.

3.2 Foreign currencies
The financial statements are presented in United Arab Emirates Dirham (AED), which is the Entity's functional and presentation currency. Transactions in foreign currencies are recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denomination in foreign currencies are converted at the rate of exchange ruling at the date of financial position. The resultant foreign exchange gains and losses are recognized in the statement of profit or loss.

3.3 Fair value measurement
The Company measures financial instruments at fair value at each financial position date.

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 by the Company.

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 best economic 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 technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are mentioned in the respective notes.

3.4 Property, plant and equipment

(a) Cost and valuation

Property, plant & equipment are stated at cost less accumulated depreciation and impairment, if any. Cost includes expenditure that is directly attributable to the acquisition or construction. Where items of property, plant and equipment are subsequently revalued such revalued property, plant and equipment are carried at revalued amounts less any subsequent depreciation thereon and impairment.

(b) Subsequent costs

Subsequent cost 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 associated with the item will flow to the Entity and the cost can be reliably measured.

Cost of repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

(c) Depreciation

Depreciation on property, plant & equipment is provided on a straight line basis at the rates calculated to write off the cost of each asset by equal annual instalments over its expected useful life.

Management reviews the residual values and estimated useful lives at the end of each annual reporting period in accordance with IAS 16. Management determined that current year expectations do not differ from previous estimates based on its review.

The rates of depreciation are based upon the following estimated useful lives: -

Building	5 Years
Computers and Servers	3 Years
Office equipment	5 Years

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising 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 in the year the asset is derecognised.

3.5 Investment in associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee, but is not control or joint control over those policies. The consideration made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate is accounted for using the equity method.

Under equity method, the investment in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any changes in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

3.6 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.Financial assets and financial liabilities are recognised in the Entity's statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of Accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, at transaction costs. Accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model or managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way Accounts) are recognized on the Accounts date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on a specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include bank balances, due from related parties and accounts and other receivables

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial assets (continued)

'Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have such financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have such financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Company does not have such financial assets.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and reward of the asset, not transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
- Continued involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

- For accounts receivables, the Company has applied a combination of the simplified and general approach permitted by IFRS 9. Simplified approach is applied to a portfolio of accounts receivables that are homogeneous in nature and carry similar credit risk. Under general approach, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables.

3.9 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include due to related parties and accounts & other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

• Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 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.

3.11 Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial

3.12 Accounts receivables

Accounts receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivables are stated at the amounts that they are estimated to realize net of provision for bad and doubtful receivables.

Accounts receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

Allowance for doubtful debts

Allowance for doubtful debts is determined using a combinations of factors to ensure that the receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's liability to meet its financial obligations.

3.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

3.14 Accounts payables

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Value Added Tax (VAT)

Revenue, expenses and assets are recognised at amounts net of value added tax except:

- Where VAT incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or part of the expense items, as applicable.
- Where receivables and payables are stated with the amount of VAT included.

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

3.16 Current And Deferred Tax Expenses

Tax expense includes both current and deferred taxes. Both current and deferred tax is recognized in profit or loss unless the item to which the tax relates was recognized outside profit or loss being other comprehensive income or equity. The tax associated with such an item is also recognized in other comprehensive income or equity respectively.

Current Taxes

Current tax is the expected tax payable in the taxable income for the year using the rate that is applicable as at the reporting date, and any adjustments to the tax payable in respect of previous years.

Deferred Taxes

Deferred tax balances are determined by calculating the temporary difference between the carrying amounts of assets and liabilities on the balance sheet and their corresponding amounts for tax purposes. The amount of deferred tax is based on the expected manner or realization and using tax rates that have been enacted or substantively enacted as at balance date and will be applicable when the deferred tax is realized.

Deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available for which the losses can be utilized in the future. This assumption is reviewed each reporting date. Deferred tax assets are reduced to the extent it is no longer probable that the future taxable profits will occur.

Deferred tax assets and liabilities are offset on the balance sheet when they relate to the same taxation authority and the Entity has the legal ability and intention to either settle the current tax on a net basis or realize the assets and liabilities in the same period in the future.

3.17 Provisions

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date, that is, the amount that the Company would rationally pay to settle the obligation at the financial position or to transfer it to a third party.

Provisions are reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose which they were originally recognized.

3.18 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Employee's end of service benefits/(Pension fund)

The Entity provides end of services benefits to its employees. The entitlement to those benefits is usually based upon the employees' length of services and the completion of a minimum services period. Employees' end-of service benefits is calculated in accordance with the Federal Labour Law of United Arab Emirates and is shown as long term liabilities. The provision for staff terminal benefits is based on the liability that would arise if the employment of all the employees were to be terminated as of the statement of financial position date

In accordance with the UAE Federal Law No. (7) of 1999 for pension and social security, the employers are required to contribute 12.5% of the contribution calculation salary of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Company's contribution is recognized as an expense in the statement of profit or loss and other comprehensive income as incurred.

3.20 Shareholder's accounts

Shareholder's account has been classified as an equity instrument. In judging whether the account is a financial liability or an equity instrument, management has carefully considered the criteria in the Framework for the Preparation and Presentation of Financial Statements and IAS 32 Financial Instruments: Presentation. Management is satisfied that the shareholders account is appropriately classified as an equity instrument.

3.21 Revenue recognition

Revenue from contracts with customers is recognised at a point in time when the Company satisfies a performance obligation by transferring the control of goods and providing the services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Revenue arises mainly from the trading of goods and rendering of services by the Company.

The Entity recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. **Identify the contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. **Identify the performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer. The Entity accounts for all distinct goods or services as a separate performance obligation.
3. **Determine the transaction price:** The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.
4. **Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Entity will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Entity expects to be entitled in exchange for satisfying each performance obligation.
5. **Revenue recognition:** Recognize revenue when (or as) the entity satisfies a performance obligation at a point in time or over a period of time.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Revenue recognition (continued)

The Entity satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Entity's performance as the Entity performs; or
- The Entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Entity's performance does not create an asset with an alternative use to the Entity and the Entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the point in time at which the performance obligation is satisfied. The Entity is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

Delivery occurs when the goods have been shipped to the specific location, the risks of loss have been transferred to the customer, and either the customer has accepted the products in accordance with the contract, the acceptance provisions have lapsed, or the Entity has objective evidence that all criteria for acceptance have been satisfied.
The Entity is engaged in the business of Information technology, consultants, network consultancies.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of equipment provide customers with a right of return. The rights of return give rise to variable consideration.

- Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates or variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Significant financing component

Generally, the Company receives short-term advances from its customers. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Revenue recognition (continued)

Consideration payable to customers

The Company accounts for consideration payable to customers as a reduction of the transaction price if the payment is not for distinct goods or services received from the customer. The Company recognizes the reduction of revenue at the later of: (a) when it recognizes revenue for the transfer of the related goods to the customer; and (b) when it promises to pay the consideration.

3.22 Expenditure recognition

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of profit or loss. For the purpose of presentation of the statement of profit or loss, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Entity's performance.

3.23 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the 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.

3.23 Critical accounting judgements and key sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgement that has the most significant effect on the amounts recognized in the financial statements.

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Entity considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Entity has transferring the control of goods and providing the services to the customer. The management is satisfied that control has been transferred and services have been rendered and that recognition of revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision as applicable.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Critical accounting judgements and key sources of estimation uncertainty (continued)

Business model assessment - classification and measurement of financial statements

Classification and measurement of financial assets depends on the results of business model test. The Entity determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

a. Accounts receivables

- The Entity applies the simplified approach to measuring expected credit losses to its accounts receivables. The provision rates are based on days past due for groupings of various customer segments that substantially share the same risk characteristics or loss patterns. The provision rates are initially based on the Entity's historical observed default rates and adjusted with current conditions and the Entity's view of economic conditions over the expected lives of the receivables. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
- The Entity's credit risk is primarily attributable to its accounts receivables. The Entity reviews its accounts receivables to assess impairment at regular intervals. In determining whether impairment losses should be reported in the statement of comprehensive income, the Entity makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience and forward-looking estimates, is evidence of a reduction in the recoverability of the cash flows.

b. Due from related parties

- Expected credit loss (ECL) on amounts due from related parties are measured at an allowance equal to 12-month ECL where the credit risk has not increased significantly since initial recognition, or lifetime ECL when the credit risk has increased significantly since initial recognition. In assessing whether the credit risk has increased significantly, the Entity takes into account quantitative and qualitative reasonable and supportable forward-looking information.

c. Bank balances

- Impairment on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Entity considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. While bank balances are also subject to impairment, the identified impairment loss is considered immaterial.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Critical accounting judgements and key sources of estimation uncertainty (continued)

Net realizable value of inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Discounting of lease payments

The lease payments are discounted using the Entity's incremental borrowing rate ("IBR"). The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is ranging from 5 - 5.25 %.

Management has applied judgements and estimates to determine the IBR at the commencement of lease.

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

4.1 New standards and amendments - applicable January 1, 2024

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 1, 2024:

Description	Effective for annual periods beginning on or after
IFRS 16 - Leases *Lease Liability in a Sale and Leaseback*	January 1, 2024
IAS 1 - Presentation of financial statements *Classification of Liabilities as Current or Non-Current*	January 1, 2024
IAS 1 - Presentation of financial statements *Non-current Liabilities with Covenants*	January 1, 2024
IAS 7 - Statement of cash flows *Supplier Finance Arrangements*	January 1, 2024

These amendments had no significant impact on the financial statements of the Entity.

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

New standards and amendments issued but not effective for the current annual period

The following standards and interpretations had been issued were not mandatory for annual reporting periods ending December 31, 2024:

Description	Effective for annual periods beginning on or after
IAS 21 - The Effects of Changes in Foreign Exchange Rates *Lack of exchangeability*	January 1, 2025
IFRS 9 - Financial Instruments *Amendments to the classification and measurement of financial instruments*	January 1, 2026
IFRS 18 - Presentation and Disclosure of Financial Statements	January 1, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 1, 2027
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption/effective date deferred indefinitely
IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application.

5 PROPERTY, PLANT & EQUIPMENT

	Building	Computer & Servers	Office Equipments	Total
	AED	AED	AED	AED
Cost				
Balance as at 31 March 2024	**3,941,400**	**923,021**	**97,650**	**5,181,431**
Additions during the year	-	6,364	-	6,364
Forex gain/(loss)	15	-	-	15
Balance as at 31 March 2025	**3,941,415**	**929,385**	**97,650**	**5,187,810**
Accumulated Depreciation				
Balance as at 31 March 2024	**1,072,120**	**843,813**	**70,084**	**2,205,377**
Charged for the year	136,661	21,235	7,152	165,048
Balance as at 31 March 2025	**1,208,781**	**865,048**	**77,236**	**2,370,425**
Net Book Value				
Balance as at 31 March 2025	**2,732,634**	**64,337**	**20,414**	**2,817,385**
Balance as at 31 March 2024	2,869,280	79,208	27,566	2,976,054

In the opinion of the management there is no impairment to the net book value of the property, plant & equipment as at 31st March 2025.

6 INTANGIBLE ASSETS

	31-Mar-25	31-Mar-24
	AED	AED
Customer relationship	3,478,320	3,478,320
Non competence fees	165,302	165,302
Less: Amortization	(1,296,480)	(907,323)
	2,347,142	**2,736,299**

This amount represents the value of customer data base, non compete agreement and technlogy platform of Route Mobile Communication Services Co WLL, Kuwait.

7 GOODWILL

	31-Mar-25	31-Mar-24
	AED	AED
Goodwill	**4,500,004**	**4,500,004**

This amount represents payments made towards Goodwill on acquisition of Route Mobile Communication Services Co WLL, Kuwait.

Goodwill was tested for impairment in accordance with the Group's procedure for determining the recoverable value of such assets which is done annually, or more frequently when there is an indication for impairment. The recoverable amount is based on a value-in-use calculation using the discounted cash flow method. Value in use has been determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use for specific units where impairment trigger existed and consequent impairment assessment was done. The cash flow projections include specific estimates and terminal growth rate thereafter.

The above assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information. Based on the above assumptions and analysis, no impairment was identified for any of the CGU as at 30 December 2023 as the recoverable value of the CGU exceeded the carrying value.

The Group has performed sensitivity analysis around the base assumptions and has concluded that no reasonable change in any of the above key assumptions would cause the carrying amount of the CGUs to exceed their recoverable amount.

8 INVESTMENT IN SUBSIDIARY

	31-Mar-25	31-Mar-24
	AED	AED
M/s. MR Messaging FZE	**175,538,005**	**175,538,005**

The company has acquired 100% stake for an equity value of 38 million Euros payable over next 3 years. However, this amount include additional earnout consideration of 4.7 million Euro based on the future performance commitment by the seller as mentioned in SPA.

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9 ADVANCES

	31-Mar-25	31-Mar-24
	AED	AED
Long term advances	**60,476,681**	**24,000,400**

This represents non current portion of advance paid to ATOM Myanmar Limited for International A2P SMS Termination and FirewallManaging Services Master Agreement dated 26th May 2023. The agreement was originally between the said party and the Route Mobile Malta Limited which was later tranfered to Routesms Solutions FZE with effect from 20th July 2023.

The Company had entered into an agreement to purchase minimum guaranteed SMS volume from a vendor in an earlier year over a period of 3 years from FY 2023-24 to 2026-27 and paid an amount ofAED 87.26 Million as advance in respect of the committed volume for first two years under the agreement. As at 31 March 2024, the management had evaluated the contract to be onerous as evaluated under IAS 37, Provisions, Contingent Liabilities and Contingent Assets, and had accordingly recorded a provision of AED 11.77 Million in this respect towards doubtful recovery of the advance. Further, owing to significant adverse market conditions, the management had re-estimated a significantly lower volume of business to be generated from the said contract over the remaining extended contract period and had invoked their rights under the contract to re-negotiate the terms of the contract for the balance net advance vide a letter dated 14 November 2024 which, however, did not materialize and subsequently on 24 March 2025 the management has invoked arbitration proceedings against the vendor for good faith negotiations and revisions of the SMS volume and revenue commitments and breach by the vendor of its certain obligations as per the terms of the agreement. Subsequent to the year end, the vendor has also filed a counter claim against the Company alleging violation of certain terms of the agreement without providing any basis or calculation for the counter claims. Such arbitration is currently in its initial stages. Based on an independent assessment by the management in consultation with legal counsel, the management has concluded that the Company has merit in the aforementioned arbitration and therefore believes that the balance net advance amount of AED 48.76 Million as at 31 March 2025 is fully recoverable and no further provision is required to be recorded in the accompanying financial statements.

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	31-Mar-25	31-Mar-24
	AED	AED
Cash in hand	2,840	2,840
Cash at bank	40,529,337	38,934,259
Fixed deposit with bank	4,979,793	4,924,904
	45,511,970	**43,862,003**

11 RELATED PARTY TRANSANCTIONS

11.1 Identity of related parties

Related parties represent associated companies, shareholders, directors, and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

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11 RELATED PARTY TRANSANCTIONS (CONTD.)

11.2 Balances

Balances with related parties at the reporting date are as shown below:

11.2 a) DUE FROM RELATED PARTIES

	31-Mar-25	31-Mar-24
	AED	AED
Route Mobile UK Limited*	60,764,505	58,555,091
Route Mobile (Bangladesh) Limited	3,626	3,626
Routesms Solutions Nigeria Limited	-	2,617,451
Route Mobile Uganda Limited	-	18,484
	60,768,131	**61,194,652**

The above amounts represent the net receivable from related parties which neither bear any interest nor has any definite repayment schedule.

*Amount advanced to M/s.Route Mobile(UK) Limited bears interest @ 4.15% P.A.

11.2 b) DUE TO RELATED PARTIES

	31-Mar-25	31-Mar-24
	AED	AED
Route Mobile Limited	133,505,971	185,861,782
MR Messaging Malta Limited	13,225,811	13,207,212
	146,731,782	**199,068,994**

The above amounts represent the net payable to related parties which neither bear any interest nor has any definite repayment schedule.

11.2 c) RELATED PARTY TRANSACTION SUMMARY

	31-Mar-25	31-Mar-24
	AED	AED
Service revenue	79,573,913	58,285,243
Cost of service	78,028,970	30,800,915

11.2 d) KEY MANAGEMENT PERSONNEL COMPENSATION

	31-Mar-25	31-Mar-24
	AED	AED
Managerial Remuneration	**73,500**	**882,000**

12 ACCOUNTS & OTHER RECEIVABLES

	31-Mar-25	31-Mar-24
	AED	AED
Accounts receivables	99,441,626	180,244,974
Advance to suppliers	1,351,726	53,184,997
VAT refund	2,005,456	1,924,923
Prepayments	1,571,886	494,282
Other receivables	72,308	96,675
Staff loans and advances	120,500	123,608
Refundable deposits	28,791	46,699
	104,592,293	**236,116,158**

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13 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	31-Mar-25	31-Mar-24
	AED	AED
Provision for employees' end of service benefits	563,594	503,182
	563,594	**503,182**

14 OTHER PAYABLES

	31-Mar-25	31-Mar-24
	AED	AED
Other payables	-	24,967,558
	-	**24,967,558**

15 ACCOUNTS & OTHER PAYABLE

	31-Mar-25	31-Mar-24
	AED	AED
Accounts payable	30,330,737	85,400,439
Onerous contract provision	11,778,298	11,778,298
Other payables	4,712,262	7,631,298
Provision for taxation	1,730,596	-
Advance from customer	2,312,324	1,641,762
Expense payable	3,128	350,891
Dividend Payable	-	332,202
	50,867,345	**107,134,890**

16 REVENUE

	31-Mar-25	31-Mar-24
	AED	AED
Service revenue	**220,521,451**	**243,460,632**

17 COST OF REVENUE

	31-Mar-25	31-Mar-24
	AED	AED
Cost of service	**186,931,579**	**188,506,312**

18 OTHER INCOME

	31-Mar-25	31-Mar-24
	AED	AED
Dividend received	11,459,499	13,064,945
Interest received	2,406,069	2,311,147
Miscellaneous income	669	2,153
Foreign exchange gain	-	3,109,082
Other operating income	-	888,936
	13,866,237	**19,376,263**

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19 GENERAL & ADMINISTRATIVE EXPENSES

	31-Mar-25	31-Mar-24
	AED	AED
Staff salaries and allowances	4,376,636	4,445,043
Foreign exchange loss	5,001,764	-
Management & administration fees	3,617,937	2,962,637
Legal & professional charges	1,301,713	1,152,380
Computer & software expense	268,883	201,365
Short term lease	170,095	169,774
Bad debts	120,918	1,611,205
Business promotion expenses	102,027	75,072
Communication & utilities charges	78,795	61,521
Managerial remuneration	73,500	882,000
Repairs & maintenance	73,311	57,886
Travelling expenses	66,597	23,368
Bank charges	56,390	184,645
Vehicle maintenance	25,121	28,428
Office expenses	24,209	27,196
Printing and stationary	6,164	2,842
Miscelleneous expenses	2,871	1,743
	15,366,931	**11,887,105**

20 FINANCE CHARGES

	31-Mar-25	31-Mar-24
	AED	AED
Interest on loans	11,686,273	9,583,809
Unwinding cost	588,039	2,127,021
	12,274,312	**11,710,830**

21 EXCEPTIONAL ITEM

	31-Mar-25	31-Mar-24
	AED	AED
Exceptional item	21,962,282	17,101,354
	21,962,282	**17,101,354**

22 FINANCIAL INSTRUMENTS

22.1 CATEGORIES OF FINANCIAL INSTRUMENTS

	31-Mar-25	31-Mar-24
Financial Assets	AED	AED
Accounts and other receivables	101,668,681	182,436,879
Cash and cash equivalents	45,509,130	43,862,003
Due from related parties	60,768,131	61,194,652
	207,945,942	**287,493,534**

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22.1 CATEGORIES OF FINANCIAL INSTRUMENTS (CONTD.)

Financial Liabilities		
Accounts and other paybles	35,046,127	93,714,830
Due to related parties	146,731,782	199,068,994
	181,777,909	**292,783,824**

22.2 CAPITAL RISK MANAGEMENT

The Entity manages its capital on a basis that it will be able to continue as a going concern while maximising the return to the shareholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year. The capital structure of the Entity comprise issued capital, statutory reserve, shareholder's current account, and accumulated losses, as disclosed in the financial statements.

The Entity monitors capital based on the gearing ratio. The ratio is calculated as net debt divided by equity. Net debt is calculated as trade and other payables, less cash and cash equivalents. Total capital is equivalent to shareholder equity as shown in the statement of financial position.

22.3 FINANCIAL RISK MANAGEMENT

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis.

a) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Entity, and arises principally from the Entity's trade and other receivables and bank balances.

The Entity has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Entity attempts to control credit risk by monitoring credit exposures, setting credit limits for non-related counterparties and monitoring outstanding receivables.
Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

b) Liquidity Risk

Liquidity risk is the risk that the Entity will be unable to meet its funding requirements. The Entity limits its liquidity risk by ensuring adequate cash from operations and availability of bank facilities.

The table below summarises the maturities of the Entity's undiscounted financial liabilities as at 31 March 2025 and 31 March 2024 based on the contractual payment dates.

	Carrying value	Less than 1 year	More than 1 year
31-Mar-25	AED	AED	AED
Non-derivative financial liabilities			
Accounts and other paybles	35,046,127	35,046,127	-
Due to related parties	146,731,782	146,731,782	-
	181,777,909	**181,777,909**	**-**
31-Mar-24			
Non-derivative financial liabilities			
Accounts and other paybles	93,714,830	93,714,830	-
Due to related parties	199,068,994	199,068,994	-
	292,783,824	**292,783,824**	**-**

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22.3 FINANCIAL RISK MANAGEMENT (CONTD.)

c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at the reporting date, there is no significant interest rate risk as there are no variable interest bearing borrowings at year end.

d) Currency risk

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

The Entity is not exposed to currency risk as all the assets and liabilities are denominated in the reporting currency AED.

23 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by management and authorized for issue on 7th May 2025

For Routesms Solutions FZE (Group)

General Manager

روت اسمس سوليوشنز م.م.ح
R.A.K. - U.A.E.
ROUTESMS SOLUTIONS FZE.