ECU WORLDWIDE (MAURITIUS) LTD

Financial statements

31 December 2018

ECU WORLDWIDE (MAURITIUS) LTD

Financial statements
For the year ended 31 December 2018

Contents

ECU WORLDWIDE (MAURITIUS) LTD

Secretary's Certificate
for the year ended 31 December 2018

To the Members of ECU WORLDWIDE (MAURITIUS) LTD

In accordance with section 166 (d) of the Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Companies Act 2001.

Appavoo Corporate Services Ltd
Company Secretary

Date:……………………….

ECU WORLDWIDE (MAURITIUS) LTD

Directors' report

The directors are pleased to present the audited financial statements of ECU WORLDWIDE (MAURITIUS) LTD (the "Company") for the year ended 31 December 2018.

Principal activity
The principal activity of the Company is to move cargo through sea freight, air freight and local transport.

Results and dividend
The results for the year are shown on page 6.

A dividend of Rs 800,000 was paid during the year under review relating for the financial year 2017 (2017: Rs 300,000 was paid relating to the financial year 2016).

No dividend has been declared for the financial year ended 31 December 2018 (A dividend of Rs 800,000 has been declared and paid for the financial year 2017).

Directors
The following officers held office as directors of the Company as at 31 December 2018:

- Mr. Saleem Mohamed Nazir Mohamedhusein
- Mrs. Hawanty Teeluck
- Ms. Shantha Martin (Resigned on 16 February 2018)
- Mr Rene Marcel Wernli (Appointed on 16 February 2018)

Statement of Directors' responsibilities in respect of the financial statements
Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company and the Company.

The directors are responsible for the preparation of financial statements which comply with the Mauritius Companies Act 2001. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue to operate.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Mauritius Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, NJC ASSOCIATES, have indicated their willingness to continue in office and will be automatically re-appointed at the next annual meeting.

By order of the Board

………………..
Director Date: ………………

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ECU WORLDWIDE (MAURITIUS) LTD

Report on the Financial Statements

We have audited the financial statements of **ECU WORLDWIDE (MAURITIUS) LTD** (the "Company") on pages 6 to 43 which comprise the statement of financial position as at 31 December 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018 and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements on pages 6 to 43 give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of its operations and cash flows for the year ended 31 December 2018 in accordance with International Financial Reporting Standards and in compliance with the Mauritius Companies Act 2001.

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 Company in accordance with International Ethics Standards Board for Accountants (IESBA Code) *Code of Ethics for Professional Accountants*, 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.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report and certificate from the secretary.

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

Directors Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the owners determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ECU WORLDWIDE (MAURITIUS) LTD (CONTINUED)

Report on the Financial Statements (continued)

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 auditors' 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 judgement and maintain professional skepticism 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 the directors.
- Conclude on the appropriateness of the directors' 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.

We communicate with the directors 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 AUDITORS' REPORT TO THE MEMBER OF ECU WORLDWIDE (MAURITIUS) LTD (CONTINUED)

Report on the Financial Statements (continued)

Other Matter

This report is made solely to the Company's member in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's member those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

NJC ASSOCIATES
Chartered Accountants
Quatre Bornes
Mauritius

Neeshal Jingree FCCA ACA
Licensed by FRC

Date:

ECU WORLDWIDE (MAURITIUS) LTD

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2018

	Note	**2018**	2017
		Rs	Rs
Revenue	5	**20,309,890**	21,930,333
Cost of sales		**(13,756,579)**	(15,269,427)
Gross profit		**6,553,311**	6,660,906
Other income		**478,847**	48,924
Administrative expenses		**(5,221,678)**	(5,218,936)
Profit from operations		**1,810,480**	1,490,894
Net finance costs	6	**(220,012)**	(194,684)
Profit before taxation		**1,590,468**	1,296,210
Taxation	8	**(464,052)**	(359,219)
Profit for the year		**1,126,416**	936,991
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,126,416**	936,991

The notes on pages 10 to 43 form part of these financial statements.

ECU WORLDWIDE (MAURITIUS) LTD

Statement of financial position
As at 31 December 2018

	Note	2018	2017
		Rs	Rs
ASSETS			
Non-current assets			
Plant and equipment	9	**869,578**	28,865
Net deferred tax assets	10	**-**	115,889
Total non-current assets		**869,578**	144,754
Current assets			
Trade and other receivables	11	**1,428,137**	1,676,689
Cash and cash equivalents	12	**2,758,023**	3,294,365
Total current assets		**4,186,160**	4,971,054
Total assets		**5,055,738**	5,115,808
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**675,000**	675,000
Retained earnings		**2,003,360**	1,676,944
Total equity		**2,678,360**	2,351,944
Non-current liabilities			
Retirement benefit obligations	15	**98,695**	786,290
Net deferred tax liability	10	**349**	-
		99,044	786,290
Current liabilities			
Trade and other payables	16	**1,930,520**	1,656,457
Income tax payable	8	**347,814**	321,117
Total current liabilities		**2,278,334**	1,977,574
Total liabilities		**2,377,378**	2,763,864
Total equity and liabilities		**5,055,738**	5,115,808

Approved by the Board on ....

.... ……………………..

Mrs. Hawanty TEELUCK
Director

Mr. Saleem Mohamed Nazir MOHAMEDHUSEIN
Director

The notes on pages 10 to 43 form part of these financial statements.

ECU WORLDWIDE (MAURITIUS) LTD

Statement of changes in equity
for the year ended 31 December 2018

	Share capital	Retained earnings	Total
	Rs	Rs	Rs
At 01 January 2017	675,000	1,039,953	1,714,953
Total comprehensive income for the year			
Profit for the year	-	936,991	936,991
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	936,991	936,991
Transactions with owners of the Company, recognized directly in equity			
Contributions by and distributions to owners of the Company			
Dividends to owners of the Company	-	(300,000)	(300,000)
Total contributions by and distributions to owners of the Company	-	(300,000)	(300,000)
Balance at 31 December 2017	675,000	1,676,944	2,351,944
Total comprehensive income for the year			
Profit for the year	**-**	**1,126,416**	**1,126,416**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**1,126,416**	**1,126,416**
Transactions with owners of the Company, recognized directly in equity			
Contributions by and distributions to owners of the Company			
Dividends to owners of the Company	**-**	**(800,000)**	**(800,000)**
Total contributions by and distributions to owners of the Company	**-**	**(800,000)**	**(800,000)**
Balance at 31 December 2018	**675,000**	**2,003,360**	**2,678,360**

The notes on pages 10 to 43 form part of these financial statements.

ECU WORLDWIDE (MAURITIUS) LTD

Statement of cash flows
for the year ended 31 December 2018

	2018	2017
	Rs	Rs
Cash flows from operating activities		
Profit before taxation	**1,590,468**	1,296,210
Adjustments for:		
Depreciation	**182,077**	18,780
Gain on disposal of plant and equipment	**(163,000)**	(275,000)
Movement in retirement benefit obligations	**(687,595)**	(112,776)
	921,950	927,214
Change in trade and other receivables	**248,552**	411,957
Change in trade and other payables	**274,062**	685,180
Cash used from operations	**1,444,564**	2,024,351
Income tax (paid)/refunded	**(321,117)**	16,435
Net cash from operating activities	**1,123,447**	2,040,786
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	**163,000**	275,000
Acquisition of plant and equipment	**(1,022,790)**	-
Net cash from/(used in) investing activities	**(859,790)**	275,000
Cash flows from financing activities		
Dividend paid	**(800,000)**	(300,000)
Net cash used in financing activities	**(800,000)**	(300,000)
Net change in cash and cash equivalents	**(536,342)**	2,015,786
Cash and cash equivalents at 1 January	**3,294,365**	1,278,579
Cash and cash equivalents at 31 December (note 12)	**2,758,023**	3,294,365

The notes on pages 10 to 43 form part of these financial statements.

1. **General information**

The Company is a private limited company, incorporated and domiciled in Mauritius. The address of the registered office is MFD Business Centre, Freeport Zone 7, Mer Rouge, Port Louis. The main activity of the Company is to move cargo through sea freight, air freight and local transport.

2. **Basis of preparation**

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except that financial assets and financial liabilities are fair valued.

(c) Functional and presentation currency

The financial statements are presented in Mauritian Rupees (Rs) which is the Company's functional and presentation currency.

(d) Use of estimates and judgement

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 8 – Income tax expense
- Note 9 – Plant and equipment
- Note 15 – Retirement benefits obligation

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there on are dependent on the functional currency selected. As described in 2(c), the directors have considered those factors therein and have determined that the functional currency of the company is Mauritian Rupees (Rs).

2. **Basis of preparation (continued)**

(d) *Use of estimates and judgements (continued)*

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

3. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

(a) *Revenue*

Revenue from the sale of services in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, value-added tax, trade discounts and volume rebates.

The Company recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefit will flow to the entity and specific criteria have been met for each of the entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer and the consideration agreed is expected to be received. Control is generally deemed to be transferred upon delivery of the components in accordance with the agreed delivery plan.

3. **Significant accounting policies (Continued)**

(a) Revenue (continued)

- *Container Shipping*

Freight revenues and costs directly attributable to the transport of containers are recognized as of the ETA/ETD (Expected Time of Arrival/Expected Time of Departure) of the vessel.

- *Other activities*

For other activities, revenue is recognized when the services have been rendered or when the goods have been delivered.

(b) Finance income and finance expense

Finance income comprises gains on foreign exchange. Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method.

Finance costs comprise interest expense and losses on foreign exchange and are recognised in the statement of comprehensive income.

Foreign currency gains and losses are reported on a net basis.

(c) Income tax expense

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. **Significant accounting policies (Continued)**

(d) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in statement of profit or loss.

(e) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss0 are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade 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, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient

3. **Significant accounting policies (continued)**

(e) Financial instruments (continued)

for contracts that have a maturity of one year or less, 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 for 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 trades) are recognised on the trade 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 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 rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade receivables (not subject to provisional pricing), other receivables and receivables from joint arrangements. Refer below to 'Financial assets at fair value through profit or loss' for a discussion of trade receivables (subject to provisional pricing).

3. **Significant accounting policies (continued)**

(e) Financial instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. 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 do not pass the SPPI test are required to be 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 recognised in profit or loss.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As IFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Company's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant QP stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised in 'fair value gains/losses on provisionally priced trade receivables' in the statement of profit or loss and other comprehensive income.

3. **Significant accounting policies (continued)**

(e) Financial instruments (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated 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 rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises 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.

Continuing 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

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. **Significant accounting policies (continued)**

(e) Financial instruments (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Company applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(ii) 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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

3. **Significant accounting policies (continued)**

(e) Financial instruments (continued)

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

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. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.
This category generally applies to interest-bearing loans and borrowings and trade and other payables.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

3. **Significant accounting policies (Continued)**

(f) Plant and equipment (continued)

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in statement of profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of profit or loss as incurred.

Gains and losses on disposal of plant and equipment are determined by reference to their written down value and are included in determining operating profit.

(iii) Depreciation

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Furniture and fittings	-	10 years
Motor vehicles	-	5 years
Office equipment	-	4 -5 years
Computer and electronic equipment	-	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3. **Significant accounting policies (Continued)**

(g) Retirement benefits obligation

Severance allowance on retirement

The net present value of severance allowances payable under the Labour Act is computed and provided for. The obligations arising under this item are not funded.

State plan

Contributions to the National Pension Scheme are expensed to the statement of comprehensive income in the period in which they fall due.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash and cash equivalents also include bank overdrafts which are shown in current liabilities on the statement of financial position.

(j) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3. **Significant accounting policies (Continued)**

(k) Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly to control the company or exercise significant influence over the Company in governing the financial and operating policies, or vice versa, or where the Company are subject to common control or common significant influence. Related parties may be individuals or other entities.

(l) Leases

Operating leases

Leases in which a significant portion of the risks and the rewards are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

(m) Dividend distributions

Dividend distributions to the Company's shareholders are recognized in the Company's financial statements in the year in which the dividends are declared.

3. **Significant accounting policies (Continued)**

(n) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has adopted all of the new and revised International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2018. The adoption of these new and revised Standards and Interpretations has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements. The nature and effect of the new interpretation and each amendment adopted by the Company is detailed below. Neither the interpretation nor certain of the amendments affect the Company's financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and has adjusted the comparative information for the period beginning 1 January 2017. There were no material impacts on the comparative balances other than a change in classification and measurement of some receivables. There was no impact on hedging as the Company does not apply hedge accounting.

(a) Classification and measurement

Under IFRS 9, there is a change in the classification and measurement requirements relating to financial assets. Previously, there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. Under IFRS 9, financial assets are either classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income.

For debt instruments, the classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. A financial asset can only be measured at amortised cost if both of the following are satisfied:

- *Business model:* the objective of the business model is to hold the financial asset for the collection of the contractual cash flows
- *Contractual cash flows*: the contractual cash flows under the instrument relate solely to payments of principal and interest

The assessment of the Company's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are SPPI was made based on the facts and circumstances as at the initial recognition of the assets. The

3. **Significant accounting policies (Continued)**

(n) Amendments to IFRSs that are mandatorily effective for the current year (continued)

IFRS 9 Financial Instruments (continued)
classification and measurement requirements of IFRS 9 did not have a significant impact on the Company.

Financial assets

Financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Financial liabilities

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement of the Company's financial liabilities.

(b) Impairment of financial assets

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets in the scope of IFRS 15. As all of the Company's trade receivables (not subject to provisional pricing) and other current receivables which the Company measures at amortised cost are short term (i.e., less than 12 months) and the Company's credit rating and risk management policies in place, the change to a forward-looking ECL approach did not have a material impact on the amounts recognised in the financial statements.

(c) Hedge accounting

The Company has elected to adopt the new general hedge accounting model in IFRS 9. However, the changes introduced by IFRS 9 relating to hedge accounting currently have no impact, as the Company does not apply hedge accounting.

(d) Derecognition of financial assets and liabilities

IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

3. **Significant accounting policies (Continued)**

(m) Amendments to IFRSs that are mandatorily effective for the current year (continued)

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.
The Company adopted IFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Company did not apply any of the other available optional practical expedients.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This interpretation does not have any impact on the Company’s financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. These amendments are not relevant to the Company.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Company’s accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Company has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Company’s financial statements.

3. **Significant accounting policies (Continued)**

(m) Amendments to IFRSs that are mandatorily effective for the current year (continued)

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Company.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments are not relevant to the Company.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Company's financial statements.

3. **Significant accounting policies (Continued)**

(n) New standards, amendments and interpretations issued but not effective as at 31 December 2018 and not adopted in advance of the effective date

Standards and Interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretation that are not applicable to the entity).

Standard/Interpretation	Effective for accounting period beginning on or after
IFRS 16 Leases	01 January 2019
IFRS 17 Insurance Contracts	01 January 2021
IFRIC 23 Uncertainty over Income Tax Treatments issued	01 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	01 January 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	01 January 2019
Amendments to IAS 28: Long-term interests in associates and joint ventures	01 January 2019
Annual Improvements 2015-2017 Cycle (issued in December 2017)	01 January 2019

IFRS 16 Leases

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company is currently assessing the impact on the financial statements resulting from the application of IFRS 16 and plan to adopt the amendments on the required effective date.

3. **Significant accounting policies (Continued)**

(n) New standards, amendments and interpretations issued but not effective as at 31 December 2018 and not adopted in advance of the effective date (continued)

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), 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 (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

IFRIC 23 Uncertainty over Income Tax Treatments issued

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12

An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty.

An entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or Company of tax treatments, that it used or plans to use in its income tax filing.

- If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax

3. **Significant accounting policies (Continued)**

(n) New standards, amendments and interpretations issued but not effective as at 31 December 2018 and not adopted in advance of the effective date (continued)

rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change.

The Company is currently assessing the impact of the changes and plan to adopt the amendments on the required effective date.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the financial statements of the Company.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. This standard is not applicable to the Company.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

3. **Significant accounting policies (Continued)**

(n) New standards, amendments and interpretations issued but not effective as at 31 December 2018 and not adopted in advance of the effective date (continued)

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.
These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Company does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

- *IFRS 3 Business Combinations*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

3. **Significant accounting policies (Continued)**

(n) New standards, amendments and interpretations issued but not effective as at 31 December 2018 and not adopted in advance of the effective date (continued)

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Company.

- *IFRS 11 Joint Arrangements*

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Company but may apply to future transactions.

- *IAS 12 Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

- *IAS 23 Borrowing Costs*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

4. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash equivalents.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Management has established a credit policy under which each new customer is anlaysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references.

Cash and cash equivalents

The bank balances are held with banks, which are of good repute.

4. **Financial risk management (continued)**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Credit risk (continued)

	Carrying Amount	
	2018	2017
	Rs	Rs
Cash and cash equivalents	**2,758,023**	3,294,365
Trade and other receivables	**1,292,892**	1,382,578
	=========	=========

Expected credit losses

The lifetime expected loss provision for amount owing from trade and other receivables is as follows:

	Gross 2018	**Provision for credit losses 2018**	**Net 2018**	Gross 2017	Provision for credit losses 2017	Net 2017
	Rs	**Rs**	**Rs**	Rs	Rs	Rs
Past due 0-30 days	**665,848**	**-**	**665,848**	614,682	-	614,682
Past due 31-60 days	**173,493**	**-**	**173,493**	355,564	-	355,564
Past due 61- 90 days	**384,219**	**-**	**384,219**	147,915	-	147,915
More than 120 days	**825,213**	**(755,881)**	**69,332**	920,298	(655,881)	264,417
	2,048,773	**(755,881)**	**1,292,892**	2,042,012	(655,881)	1,382,578

The Company has recognised an allowance for expected credit losses (ECLs) for amounts of MUR 755,881 arising from trade receivables as at 31 December 2018.

When estimating the credit risk and calculating the defaults events of the above financial assets the Company has considered all reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward- looking information.

4. **Financial risk management (continued)**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring 8unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual, undiscounted maturities of non-derivative financial liabilities excluding the impact of netting agreements.

At 31 December 2018

Non derivative financial liabilities	**Carrying amount Rs**	**Contractual cash flows Rs**	**Less than one year Rs**	**2 – 5 years Rs**	**More than 5 years Rs**
Trade and other payables	**1,930,520**	**1,930,520**	**1,930,520**	**-**	**-**
	=======	=======	=======	=======	=======

At 31 December 2017

Non derivative financial liabilities	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	2 – 5 years Rs	More than 5 years Rs
Trade and other payables	1,656,457	1,656,457	1,656,457	-	-
	=======	=======	=======	=======	=======

It is not expected that the cash flows included in the maturity analysis could change significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage an control risk exposures within acceptable parameters, while optimizing the return.

4. **Financial risk management (continued)**

Market risk (continued)

Currency risk

The currency profile of the Company's financial assets and liabilities is summarized as follows:

	Financial Assets 2018 Rs	**Financial liabilities 2018 Rs**	Financial Assets 2017 Rs	Financial liabilities 2017 Rs
Mauritian Rupee	**2,626,617**	**226,133**	3,717,837	314,395
USD	**1,424,298**	**1,704,387**	959,106	1,342,062
	4,050,915	**1,930,520**	4,676,943	1,656,457

Sensitivity analysis

At 31 December 2018, if exchange rate has strengthened by 5% against the following currencies the result would be as shown below. The analysis assumes that all other variables, in particular interest rates, remain constant

	Increase/(decrease) in foreign exchange rates 2018 Rs	**Increase/(decrease) in profit after tax 2018 Rs**	Increase/(decrease) in foreign exchange rates 2017 Rs	Increase/(decrease) In profit after tax 2017 Rs
USD	**+5%**	**11,904**	+5%	16,276
	-5%	**(11,904)**	-5%	(16,726)

Price risk

The Company is not exposed to equity price risk.

Interest rate risk

The Company is not exposed to interest rate risk.

4. **Financial risk management (continued)**

Fair values

The fair values of financial assets and liabilities, together with their carrying amounts shown in the statement of financial position are as follows.

	Carrying values 2018 Rs	**Fair values 2018 Rs**	Carrying values 2017 Rs	Fair Values 2017 Rs
Trade and other receivables	**1,292,892**	**1,292,892**	1,382,578	1,328,578
Cash and cash equivalents	**2,758,023**	**2,758,023**	3,294,365	3,294,365
Trade and other payables	**(1,930,520)**	**(1,930,520)**	**(1,656,457)**	**(1,656,457)**
	========	========	========	========

Financial instrument by category

31 December 2018

	Amortised cost Rs	**Total Rs**
Financial assets		
Trade and other receivables	**1,292,892**	**1,292,892**
Cash and cash equivalents	**2,758,023**	**2,758,023**
	------------	------------
	4,050,915	**4,050,915**
	=======	=======

	Other financial liabilities at amortised cost Rs	**Total Rs**
Financial liabilities		
Trade and other payables	**1,930,520**	**1,930,520**
	---------------	---------------
	1,930,520	**1,930,520**
	=========	=========

4. **Financial risk management (continued)**

Financial instrument by category (continued)

31 December 2017

	Amortised cost	Total
	Rs	Rs
Financial assets		
Trade and other receivables	1,382,578	1,382,578
Cash and cash equivalents	3,294,365	3,294,365
	4,676,943	4,676,943

	Other financial liabilities at amortised cost	Total
	Rs	Rs
Financial liabilities		
Trade and other payables	1,656,457	1,656,457
	1,656,457	1,656,457

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital and retained earnings of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company's net debt to adjusted equity ratio at the reporting date was as follows:

	2018	2017
	Rs	Rs
Total debts	**2,377,378**	2,763,864
Less: cash and cash equivalents	**(2,758,023)**	(3,294,365)
Net debt	**(380,645)**	(530,501)
Total equity	**2,678,360**	2,351,944
Net debt to equity ratio	**-0.142**	-0.225

4. Financial risk management (continued)

Capital risk management (continued)

There were no changes in the Company's approach to capital management during the year. At year end, the Company had no capital risk as it was not exposed to external borrowings.

5. Revenue

Revenue for the Company consists of amounts invoiced net of trade discounts, allowances, value added tax and adjustments.

6. Personnel expenses

	2018	2017
	Rs	**Rs**
Wages and salaries	**2,393,635**	2,185,554
	========	========
The number of persons employed at the end of the year was:	**8**	**8**
	========	========

7. Net finance costs

	2018	2017
	Rs	**Rs**
Finance income		
Exchange gain	**1,940,330**	164,238
	-------------	-------------
Finance expense		
Exchange loss	**(2,160,342)**	(358,922)
	--------------	--------------
Net finance costs	**(220,012)**	(194,684)
	========	========

8. **Taxation**

	2018	2017
	Rs	Rs
Income tax expense		
Current tax	**308,361**	295,894
Deferred tax movement for the year (note 10)	**116,238**	38,102
Corporate Social Responsibility	**39,453**	25,223
Tax charge in the statement of profit or loss	**464,052**	359,219
Reconciliation of effective taxation		
Profit before taxation	**1,590,468**	1,296,210
Income tax at 15%	**238,570**	194,432
Non-deductible expenses	**108,240**	110,108
Corporate Social Responsibility	**39,453**	25,223
Annual allowance	**(38,449)**	(8,645)
Deferred tax movements	**116,238**	38,102
Tax charge	**464,052**	359,219
Current tax liability/(assets)		
At 01 January	**321,117**	(15,412)
Reversal during the year	**-**	15,412
Current tax expense	**308,361**	295,894
Paid during the year	**(321,117)**	-
Corporate social responsibility	**39,453**	25,223
At 31 December	**347,814**	321,117

9. **Plant and equipment**

	Computers & electronic equipments	Furniture & fittings	Motor vehicles	Office equipment	Total
	Rs	Rs	Rs	Rs	Rs
Cost					
At 01 January 2018	349,466	97,146	640,000	59,840	1,146,452
Disposals	-	-	(640.000)	-	(640,000)
Additions	-	-	1,022,790	-	1,022,790
At 31 December 2018	**349,466**	**97,146**	**1,022,790**	**59.840**	**1,529,242**
Depreciation					
At 01 January 2018	326,928	91,462	640,000	59,197	1,117,587
Disposals	-	-	(640,000)	-	(640,000)
Charge for the year	17,172	1,524	163,297	84	182,077
At 31 December 2018	**344,100**	**92,986**	**163,297**	**59,281**	**659,664**
Net book value					
At 31 December 2018	**5,366**	**4,160**	**859,493**	**559**	**869,578**
At 31 December 2017	22,538	5,684	-	243	28,865

10. **Net deferred tax liabilities/(assets)**

	2018	2017
	Rs	Rs
At 01 Jan	**(115,889)**	(153,991)
Movement during the year recognized in the statement of profit or loss (note 8)	**116,238**	38,102
At 31 December	**349**	(115,889)
Deferred tax liabilities/(assets) are attributable to:		
Accelerated capital allowances on plant and equipment	**15,153**	2,055
Retirements benefits obligation	**(14,804)**	(117,944)
	349	(115,889)

11. **Trade and other receivables**

	2018	2017
	Rs	Rs
Trade receivables	**1,022,378**	1,465,294
Trade receivables from related parties (note 17)	**1,026,395**	573,165
Allowance for doubtful debts	**(755,881)**	(655,881)
	1,292,892	1,382,578
Prepayments and deposits	**135,245**	294,111
	1,428,137	1,676,689

Trade and other receivables are unsecured, interest free with no fixed repayment terms and repayable at call.

The Company does not hold any collateral as security. The carrying amounts of trade receivables, other receivables and amount due from related parties approximate their fair values.

12. **Cash and cash equivalents**

	2018	2017
	Rs	Rs
Cash in hand	**3,239**	**2,782**
Cash at bank	**2,754,784**	**3,291,583**
	2,758,023	**3,294,365**
Cash and cash equivalents in the statement of cash flows	**2,758,023**	**3,294,365**

13. Notes to the statement of cash flows

13.1 Reconciliation of liabilities arising from financing activities

The table below shows details changes in the company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	01/01/2018 USD	Financing cash flows USD	Non cash changes USD	31/12/2018 USD
Dividend paid	-	(800,000)	-	
	=======	=======	=======	=======

14. Share capital

	2018 Rs	2017 Rs
Authorised, issued and fully paid		
675 ordinary shares of Rs 1000 each	**675,000**	675,000
	=======	=======

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholders meetings of the Company.

15. Retirement benefits obligation

	2018 Rs	2017 Rs
At 01 January	**786,290**	899,066
Movement for the year recognized in the statement of profit or loss	**277,402**	74,076
Benefits paid during the year	**(964,997)**	-
Reversal of excess provisions recognized in the statement of profit or loss	**-**	(186,852)
	-------------	-------------
At 31 December	**98,695**	786,290
	========	========

16. Trade and other payables

	2018 Rs	2017 Rs
Trade payables to related parties (note 17)	**1,704,387**	1,294,652
Other payables and accruals	**226,133**	361,806
	-------------	-------------
	1,930,520	1,656,458
	========	=======

The carrying amounts of trade and other payables approximate their fair values.

17. **Related party transactions**

Related parties	**Nature of relationship**	**Related party transactions**	**Value of transaction for the year ended 31 December 2018 Rs**	Value of transaction for the year ended 31 December 2017 Rs	**Debit / (credit) at 31 December 2018 Rs**	Debit / (credit) at 31 December 2017 Rs
Key management personnel	Managing Director	Salaries and short term benefits	**1,939,543**	1,290,638	**-**	-
ECU International Far East Ltd	Related company	Management fees	**720,000**	725,662	**-**	-
Ecu-Line Belgium*	Related Company	Sale of Services	**20,309,890**	21,812,695	**-**	573,165
		Purchase of services	**13,756,579**	15,269,427	**-**	(1,294,652)
ECUHOLD NV	Holding company	Dividend paid	**800,000**	300,000	**-**	-

The above transactions were carried out on normal commercial terms and in the normal course of business. There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

* Ecu-Line Belgium is the office responsible for collecting all receivables and payables of ocean and air freights and paying them to the various Ecu-Line offices worldwide.

Ecu-Line Mauritius remits the net amount due to the various Ecu-Line offices with whom it has traded during the year to Ecu-Line Belgium who will individually settles same to the various Ecu-Line offices.

18. **Operating lease**

(i) *Leases as lessee –Office*

The Company leases its office premises a under non-cancellable operating lease agreements with the Mauritius Freeport Development Company Limited at the MFD Business Centre in Port Louis. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	Rs	Rs
Minimum lease payments under operating lease recognized as an expense in the year	**300,131**	577,090
	========	========
Operating lease commitments		
Within one year	**311,421**	577,090
Between one and two years	**-**	-
	-------------	-------------
	311,421	577,090
	========	========

The above lease typically runs for an initial period of one year, with an option to renew the lease after that date. It contains no contingent rentals.

19. **Holding company and ultimate holding company**

The immediate holding Company is ECUHOLD N.V, a Company registered and incorporated at Schouwkesnsstraat, 1, 2030 Antwerpen, Belgium.

The ultimate holding company is Allcargo Global Logistics Ltd, a Company registered and incorporated in Mumbai, India.

20. **Contingencies**

	2018	2017
	Rs	Rs
Contingent liabilities		
Bank guarantees in favour of the Mauritius Revenue Authority	**1,000,000**	1,000,000
	========	========

The directors have confirmed that the above guarantees have aroused in the ordinary course of business from which it is anticipated that no material liabilities would arise.

21. **Events after reporting date**

There has been no significant event after the statement of financial position date which in the opinion of the board of directors requires disclosure in the financial statements.

ECU WORLDWIDE (MAURITIUS) LTD

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2018

	Appendix	2018 Rs	2017 Rs
Revenue	1	**20,309,890**	21,930,333
Cost of sales	2	**(13,756,579)**	(15,269,427)
Gross profit		**6,553,311**	6,660,906
Other income	3	**478,847**	48,924
Administrative expenses	4	**(5,221,678)**	(5218,936)
Profit from operations		**1,810,480**	1,490,894
Net finance costs	5	**(220,012)**	(194,684)
Profit before taxation		**1,590,468**	1,296,210

ECU WORLDWIDE (MAURITIUS) LTD

Appendix
for the year ended 31 December 2018

1. **Revenue**

	2018	2017
	Rs	Rs
Operating revenue – import	**18,599,923**	18,256,700
Operating revenue - export	**1,709,967**	3,673,633
	20,309,890	21,930,333

2. **Cost of sales**

	2018	2017
	Rs	Rs
Operational costs – import	**12,716,711**	14,207,452
Operational costs - export	**1,039,868**	1,061,975
	13,756,579	15,269,427

3. **Other income**

	2018	2017
	Rs	Rs
Proceeds from disposal of vehicles	**438,000**	-
HRDC refunds	**40,847**	48,924
	478,847	48,924

ECU WORLDWIDE (MAURITIUS) LTD

Appendix
for the year ended 31 December 2018

4. **Administrative expenses**

	2018	2017
	Rs	Rs
Salaries & wages	**2,393,635**	2,185,554
Employee benefits	**277,402**	74,076
Reversal of employee benefits provisions	**-**	(186,852)
Management fees	**720,000**	725,662
Rent	**300,131**	577,090
Motor vehicle running expenses	**230,510**	194,546
Overseas travelling	**30,150**	28,100
Communication costs	**68,494**	96,906
Other staff costs	**165,795**	374,945
Depreciation	**182,077**	18,780
Professional fees	**222,000**	264,447
Repairs and maintenance	**7,541**	5,235
Stationery, postage, printing & office supplies	**95,213**	63,908
Bank charges	**45,398**	63,234
Entertainment expenses	**125,844**	31,805
License & permits	**34,306**	29,145
Marketing expenses	**25,000**	8,300
Insurance expenses	**119,213**	64,879
Subscriptions & memberships	**4,685**	16,336
Provision for expected credit losses	**100,000**	564,405
Computer expenses	**6,250**	12,433
Office expenses	**31,754**	-
Donations	**3,000**	4,500
Sundries	**33,279**	1,502
	5,221,678	5,218,936

5. **Net finance costs**

	2018	2017
	Rs	Rs
Finance income		
Exchange gain	**(1,940,330)**	(164,238)
Finance expense		
Exchange loss	**2,160,342**	358,922
Net finance costs	**220,012**	194,684

========	========