

ECU LINE MIDDLE EAST (L.L.C)

FINANCIAL STATEMENTS

DECEMBER 31, 2024

ECU LINE MIDDLE EAST (L.L.C)
Dubai - United Arab Emirates

Financial statements for the year ended December 31, 2024

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MANAGING DIRECTORS' REPORT

The Managing Directors' present their report and the financial statements of ECU Line Middle East (L.L.C) (the "Company") for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES OF THE COMPANY

The Company is licensed to and engages in customs broking, cargo loading and unloading, cargo packaging, sea cargo and air cargo services, distribution and logistics services, and as a sea shipping lines agent.

FINANCIAL REVIEW

The table below summarises the financial results:

	2024 AED	2023 AED
Revenue	263,082,411	261,700,199
Gross profit	12,596,008	17,469,440
Gross profit margin	4.79%	6.68%
(Loss)/profit for the year	(3,357,262)	3,028,651

ADOPTION OF FINANCIAL STATEMENTS

The Company's financial statements for the year ended December 31, 2024, will be adopted in the Annual General Meeting of the Company.

EVENTS AFTER THE YEAR-END

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


STATEMENT OF MANAGING DIRECTORS' RESPONSIBILITIES

The financial statements for the year have been prepared in conformity with International Financial Reporting Standards. The Managing Directors confirm that sufficient care have been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and ensure that the financial statements comply with the applicable provisions of the U.A.E Federal Decree-Law No (32) of 2021 on Commercial Companies (the "Federal Law"). The Managing Directors confirm that appropriate accounting policies have been selected and applied consistently in order to ensure that the financial statements reflect fairly the form and substance of the transactions carried out during the year and reasonably present the Company's financial condition and results of its operations.


COMPLIANCE WITH ARTICLE 308 OF THE FEDERAL LAW

As of December 31, 2023, the Company's accumulated losses of AED 328,611 exceeded 50% of the paid-up share capital of the Company, hence the Directors referred the dissolution matter to the General Assembly of the Shareholders, as per Article 308 of the Federal Law. It was resolved by the Shareholders to continue the operations of the Company. Further, the Shareholder have agreed to provide continued financial support to enable the Company to discharge its liabilities, as and when they fall due in the foreseeable future.

These financial statements were authorised for issue on AUG 8, 2025 by:


 Mr. Rahul Rai
 Managing Director




 Mr. Amjad Shaikh
 Managing Director

Ref: MOORE-AUD-AR/2025-AUG-013

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ECU LINE MIDDLE EAST (L.L.C)**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ECU Line Middle East (L.L.C)** (the "Company"), which comprise the statement of financial position as at December 31, 2024, the related statements of comprehensive income, cash flows, and changes in equity for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards – Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going concern.

We draw attention to the note 3 to these financial statements which states that the Company has incurred a loss of AED 3,357,262 for the year ended December 31, 2024, and as of the date, the Company had accumulated losses of AED 328,611. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

However, these financial statements have been prepared on the going concern assumption, as the Shareholders has agreed to provide continuing financial support to enable the Company to meet its obligations as they fall due.

Other Information

Management is responsible for the other information. The other information comprises the Managing Directors' Report set out on page 1. The other information does not include the financial statements and our independent 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 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, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ECU LINE MIDDLE EAST (L.L.C) (continued)****Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and in compliance with applicable provisions of the Jabel Ali Free Zone Companies Implementing Regulations 2016 (the "Implementing Regulations") and the U.A.E. Federal Decree-Law No. (32) of 2021 on Commercial Companies (the "Federal Law"), as may be applicable to Free Zone Companies and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The management is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA 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 the financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment 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 controls;
- obtain an understanding of internal controls 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 controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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 management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ECU LINE MIDDLE EAST (L.L.C) (continued)**

Report on Other Legal and Regulatory Requirements

As required by the Federal Law, we report that:

- 1) we have obtained all the information and explanations necessary for the purpose of our audit;
- 2) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Federal Law and the Memorandum of Association ("MOA") of the Company;
- 3) the Company has maintained proper books of account;
- 4) the financial information included in the Managing Directors' Report is consistent with the books of account of the Company;
- 5) the Company has not purchased or invested in any shares during the year ended December 31, 2024;
- 6) note 10 to the financial statements discloses material related party balances and transactions; and
- 7) based on the information that has been available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended December 31, 2024 any of the applicable provisions of the Federal Law, or of its MOA, which would materially affect its activities or its financial position as at December 31, 2024, or the results of its operations for the year then ended.
- 8) Since the accumulated losses of the Company exceeded its share capital as of December 31, 2023 and, as required by Article 308 of the Federal Law, the Directors of the Company referred the dissolution matter to the General Assembly of the Shareholders, which resolved to provide continuous financial support, and to continue the operations of the Company.

MOORE MKM
Chartered Accountants


Vijaya Kumar Subramonian
Partner
Registration No. 5732
Dubai, United Arab Emirates



August 8, 2025

ECU LINE MIDDLE EAST (L.L.C)

Dubai - United Arab Emirates

Statement of financial position

As at December 31, 2024

	Note	2024 AED	2023 AED
ASSETS			
Current assets			
Cash and cash equivalents	7	2,214,661	3,548,869
Accounts receivable	8	105,815,511	69,538,518
Other receivables	9	4,780,017	4,227,178
Due from related parties	10.1	149,645	407,094
		<u>112,959,834</u>	<u>77,721,659</u>
Non-current assets			
Property and equipment	11.3	208,871	212,229
Deferred tax asset	21	330,700	-
		<u>539,571</u>	<u>212,229</u>
TOTAL ASSETS		<u><u>113,499,405</u></u>	<u><u>77,933,888</u></u>
LIABILITIES AND EQUITY			
Current liabilities			
Due to related parties	10.2	12,182,267	8,485,165
Loan from Shareholder	10.3	54,876,060	40,775,514
Accounts payable	12	4,969,922	5,977,841
Other payables	13	37,955,506	16,292,831
		<u>109,983,755</u>	<u>71,531,351</u>
Non-current liabilities			
Employees' end-of-service benefits	14	3,394,261	2,923,886
Total liabilities		<u><u>113,378,016</u></u>	<u><u>74,455,237</u></u>
Equity			
Share capital	2	300,000	300,000
Statutory reserve		150,000	150,000
(Accumulated loss)/ Retained earnings		(328,611)	3,028,651
Total equity		<u><u>121,389</u></u>	<u><u>3,478,651</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>113,499,405</u></u>	<u><u>77,933,888</u></u>

The accompanying notes from 1 to 25 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 2 to 4.

The financial statements were authorised for issue by the Board of Directors on AUG 8, 2025 and signed on their behalf by:

Rahul Rai

Mr. Rahul Rai
Managing Director



Amjad Shaikh

Mr. Amjad Shaikh
Managing Director



ECU LINE MIDDLE EAST (L.L.C)
Dubai - United Arab Emirates

Statement of comprehensive income
For the year ended December 31, 2024

	Note	2024 AED	2023 AED
Revenue	15	263,082,411	261,700,199
Direct costs	16	(250,486,403)	(244,230,759)
Gross profit		12,596,008	17,469,440
Other income	17	335,627	261,071
Allowance for expected credit losses on accounts receivable	8.3	(1,701,341)	(2,924,753)
General and administrative expenses	18	(11,616,756)	(9,756,571)
Selling and distribution expenses	19	(181,722)	(742,427)
Finance costs	20	(3,119,778)	(1,278,109)
(Loss)/profit for the year before tax		(3,687,962)	3,028,651
Income Tax			
Deferred tax income	21	330,700	-
(Loss)/profit for the year after tax		(3,357,262)	3,028,651
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(3,357,262)	3,028,651

The accompanying notes from 1 to 25 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 2 to 4.



ECU LINE MIDDLE EAST (L.L.C)

Dubai - United Arab Emirates

Statement of cash flows

For the year ended December 31, 2024

	Note	2024 AED	2023 AED
Cash flows from operating activities			
(Loss)/profit for the year before tax		(3,687,962)	3,028,651
Adjustments for:			
Allowance for expected credit losses on accounts receivable	8.3	1,701,341	2,924,753
Provision for employees' end-of-service benefits	14	569,481	681,210
Liabilities written-back	17	-	(191,071)
Depreciation of property and equipment	18	85,366	78,785
Finance costs	20	3,119,778	1,278,109
Operating profit before working capital changes		<u>1,788,004</u>	<u>7,800,437</u>
Change in accounts receivable		(37,978,334)	(43,759,318)
Change in other receivables		(552,839)	(1,780,445)
Movement in related parties' balances - net		3,954,551	5,028,668
Change in accounts payable		(1,007,919)	3,283,645
Change in other payables		<u>21,662,675</u>	<u>4,959,424</u>
Cash (used in) operations		<u>(12,133,862)</u>	<u>(24,467,589)</u>
Employees' end-of-service benefits paid	14	(99,106)	(541,021)
Net cash (used in) operating activities		<u>(12,232,968)</u>	<u>(25,008,610)</u>
Cash flows from investing activities			
Acquisition of property and equipment	11.1	(82,008)	(77,460)
Net cash (used in) investing activities		<u>(82,008)</u>	<u>(77,460)</u>
Cash flows from financing activities			
Dividends paid		-	(1,915,238)
Loan from shareholder	10.3	10,980,768	26,459,875
Net cash generated from financing activities		<u>10,980,768</u>	<u>24,544,637</u>
Net (decrease) in cash and cash equivalents		<u>(1,334,208)</u>	<u>(541,433)</u>
Cash and cash equivalents at the beginning of the year		3,548,869	4,090,302
Cash and cash equivalents at the end of the year	7	<u><u>2,214,661</u></u>	<u><u>3,548,869</u></u>

The accompanying notes from 1 to 25 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 2 to 4.



ECU LINE MIDDLE EAST (L.L.C)

Dubai - United Arab Emirates

Statement of changes in equity

For the year ended December 31, 2024

	Share capital AED	Statutory reserve AED	Retained earnings/ (Accumulated losses) AED	Total AED
As at January 1, 2023	300,000	150,000	1,915,238	2,365,238
Dividends paid for the year	-	-	(1,915,238)	(1,915,238)
Total comprehensive income for the year			3,028,651	3,028,651
As at December 31, 2023	300,000	150,000	3,028,651	3,478,651
Total comprehensive loss for the year	-	-	(3,357,262)	(3,357,262)
As at December 31, 2024	300,000	150,000	(328,611)	121,389

The accompanying notes from 1 to 25 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 2 to 4.



1 LEGAL STATUS AND BUSINESS ACTIVITIES

- a) ECU Line Middle East (L.L.C) (the "Company") is a Limited Liability Company incorporated on August 2, 1999 and operates under Commercial License No. 513445 issued by Dubai Economic Department (now Dubai Economy and Tourism), Government of Dubai, United Arab Emirates (U.A.E.).

As per this license, the Company is licensed to and engages in customs broking, cargo loading and unloading, cargo packaging, sea cargo, and air cargo services and as a sea shipping lines agent.

- b) The Company also has a Logistics License issued on September 15, 1999 bearing No. 2343 by the Commercial Registration Department of Jebel Ali Free Zone Authority ("JAFZA"), Dubai, U.A.E, and engages in distribution and logistics services and as sea shipping line agents.
- c) The financial statements include transactions undertaken under both these licenses.
- d) The Registered Office of the Company is P.O. Box No. 28430, Jebel Ali, Dubai, U.A.E.
- e) The management of the Company is now vested jointly with Mr. Rahu Rai and Mr. Amjad Ahmed Shaik (Indian Nationals), the 'Managers'. In addition, they both also hold the position of Managing Directors.

2 SHARE CAPITAL

The authorised, issued and paid-up capital of the Company is AED 300,000, divided into 300 shares of AED 1,000 each, and is held between:

Name of the Shareholder	Country of Incorporation	No. of shares	Amount in (AED)	%
ECU Hold N.V.	Belgium	297	297,000	99
Antwerp Freight Station NV	Belgium	3	3000	1
Total		300	300,000	100

The Parent Company is ECU Hold N.V. (incorporated in Belgium) and the Ultimate Parent Company is Allcargo Global Logistics Ltd (incorporated in India).

The Company is part of the ECU Group of companies (the "Group") and the Ultimate Beneficial Owner is Mr. Shashi Kiran Shetty (Indian National).

3 MANAGEMENT'S ASSESSMENT OF GOING CONCERN

The Company has incurred a loss of AED 3,357,262 for the year ended December 31, 2024, and as of the date, the Company had accumulated losses of AED 328,611. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

However, these financial statements have been prepared on the going concern assumption, as the Shareholders has agreed to provide continuing financial support to enable the Company to meet its obligations as they fall due.

4 BASIS OF PREPARATION

- a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards - Accounting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the IFRS Interpretations Committee (the "Committee"), the Jabel Ali Free Zone Companies Implementing Regulation 2016 (the "Implementing Regulations"), and the requirements of the U.A.E Federal Decree-Law No (32) of 2021 on Commercial Companies of 2021 ("the Federal Law"), as may be applicable to Free Zone Companies.



4 BASIS OF PREPARATION (continued)

b) Accounting convention

These financial statements have been prepared in accordance with the historical cost convention and the accruals basis of accounting.

c) Functional and reporting currency

The functional and reporting currency of the Company is U.A.E. Dirham ("AED") as most of the transactions are effected in that currency. The Company also transacts in United States Dollars ("USD").

d) Changes in accounting policies and disclosures

The accounting policies are consistent with those used in the previous financial year, except for the following amendments to IFRS Accounting Standards that are mandatorily effective for accounting years of the Company beginning on or after January 1, 2024:

New standards, interpretations and amendments

- | | |
|--|---|
| • Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements - Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure. |
| • Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback - Specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. |
| • Amendments to IAS 1 | Classification of Liabilities as Current or Non-Current - Settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. |
| • Amendments to IAS 1 Non-current Liabilities with Covenants | Right to defer settlement of a liability subject to covenants at the end of the reporting period. |

The adoption of these new standards, interpretations and amendments did not have any material impact on the Company's financial statements for the year ended December 31, 2024.

New standards, improvements, interpretations and amendments issued but not yet effective.

The following new standards, improvements, interpretation and amendments had been issued at the reporting date but are not mandatory until accounting periods beginning on or after the dates shown and hence have not been early adopted by the Company in preparing the financial statements for the year ended December 31, 2024.

- | | |
|-----------------------------------|---|
| • Amendment to IAS 21 | Lack of Exchangeability (The Effects of Changes in Foreign Exchange Rates) (January 1, 2025) |
| • Amendments to IFRS 9 | Financial Instruments and IFRS 7- Amendments to the Classification and Measurement of Financial Instruments (January 1, 2026) |
| • Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity (January 1, 2026) |
| • Amendments to IFRS 18 | Presentation and Disclosure in Financial Statements (January 1, 2027) |
| • Amendments to IFRS 19 | Subsidiaries without Public Accountability: Disclosures (January 1, 2027) |

All of the above standards, interpretations and amendments will be adopted by the Company to the extent applicable from their effective dates. The adoption of these standards, interpretations and amendments is not expected to have a material impact on the financial statements of the Company in the year of their initial application.



5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for the financial assets that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The above classification is determined by both:

- i. the Company's business model for managing the financial asset; and
- ii. the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect their contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition at fair value, these are measured at amortised cost using the effective interest rate method.

The Company's cash and cash equivalents, accounts receivable, other receivables (excluding deferred charges, contract assets, prepayments, VAT recoverable, net and advances to staff and suppliers), and due from related parties fall into this category of financial instruments.

Financial liabilities at amortised cost

All financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. The Company's accounts payable, other payables (excluding contract liabilities and advances from customers), due to related parties and loan from Shareholder fall into this category of financial instruments.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks.

c) Accounts receivable

Accounts receivable are stated at original invoice amount less an allowance for expected credit losses ("ECL") as per IFRS 9. Accounts receivables are written off when there is no possibility of recovery.

The Company makes use of a simplified approach in accounting for accounts receivable and records the loss allowance as lifetime ECL. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the provision, the Company takes account of its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix.

The Company assesses impairment of accounts receivable on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

d) Other receivables

Other receivables consist of deposits, deferred charges, contract assets, prepayments, advances to staff and suppliers and VAT recoverable, net. These are carried at amounts expected to be received whether through cash or services less provision as per the ECL model.

Deferred charges are costs that have already been incurred for shipments/services in process that will be charged as an expense in a later reporting period, as and when the performance obligations are met.

Contract assets relates to services that have been completed at the year-end but the associated revenue had not yet been billed to the customer.

e) Related party balances and transactions

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IFRS Accounting Standards. Related parties comprise the Shareholder, Ultimate Parent Company, companies and entities under common or joint ownership or common management and control, and key management personnel.

Related party balances are assessed for recoverability as per the ECL model.

Amounts due from/to related parties and loan from Shareholder are classified as current assets/liabilities unless there is a formal agreement in place to defer collection/repayment for a period in excess of 12 months, in which case the amount collectible/repayable after 12 months as at the reporting date is classified as non-current assets/liabilities.

f) Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise ECL - the ECL model. The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1");
- financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2"); and
- financial assets that have objective evidence of impairment at the reporting date ("Stage 3").

"12-month ECL" are recognised for the first category while "lifetime ECL" are recognised for the second category.

Measurement of ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

g) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognised amounts, and the Company either intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

h) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition and bringing the asset to its working condition. Subsequent costs 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 Company and the cost of the item can be measured reliably.

When a part of an asset is replaced and the cost of the replacement asset is capitalised, the carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in the statement of comprehensive income during the financial year in which they are incurred.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

h) Property and equipment (continued)

Depreciation of assets is calculated using the straight-line method to write off the cost less estimated residual value, if any, over the estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Furniture, fixtures and office equipment	3
Vehicles	4

Depreciation is charged from the date an asset is available for use up to the date the asset is disposed of. Depreciation related to property and equipment is charged to general and administrative expenses.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or following disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the pattern of economic benefits expected to flow to the Company through the use of items of property and equipment, with the effect of any changes in estimate accounted for on a prospective basis.

i) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the cash-generating unit to which the asset belongs is used.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

j) Determination of fair value

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 or in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

k) Short-term leases and leases of low-value

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered for low value. Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

l) Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether claimed by the supplier or not.

Credit balances which are unclaimed by the counter-party for periods exceeding three years are written-off and other income is recognised. The management reviews unclaimed credit balances on a regular basis.

m) Other payables

Other payables consist of accrued expenses - import and export and other accrued expenses, contract liabilities and advances from customers.

Contract liabilities refers to payments received in advance for services which have not yet been performed as at the reporting date.

Accrued expenses-import and export are the cost of goods or services received or incurred during a period for which the suppliers' invoices have not been received as at the reporting date.

n) Employees' end-of-service benefits

Provision is made for the employees' end-of-service benefits due to employees in accordance with U.A.E. Labour Law. The provision for the employees' end-of-service benefits liability is calculated annually based on their basic remuneration and length of service at the reporting date.

o) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

p) Statutory reserve

As per the provisions of the Federal Law, 5% (previously 10%) of the net profit per annum is required to be transferred to a statutory reserve. The Company resolved to discontinue such transfers when the reserves equalled 50% of the paid-up share capital, which has been attained. This reserve is not available for distributions to the Shareholders.

q) Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

r) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding taxes or duties.

To determine whether to recognise revenue, the Company follows a 5-step model:

- i. Identifying the contract with a customer
- ii. Identifying the performance obligations
- iii. Determining the transaction price
- iv. Allocating the transaction price to the performance obligations
- v. Recognising revenue when performance obligation(s) are satisfied.

The Company assess each of its contracts with customers and determines performance obligations are satisfied at a point in time in order to determine the appropriate method of recognising revenue.

Revenue from shipment, customs clearance, loading and offloading services is recognised on execution of orders of customers and agents.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as current liabilities in these financial statements. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

t) Expenses

Direct costs include all costs directly attributable to the generation of revenue including freight costs, handling fees, customs duties and other related overheads. All other expenses are classified as general and administrative expenses, selling and marketing expenses or finance costs, as appropriate, except for allowance for ECL of accounts receivables which is presented separately in the statement of comprehensive income.

Management fees are paid to a related party for multiple services being received towards budgeting and forecasting, financial research and other management related services.

Commissions and incentives are paid to a sales team, based on targets achieved and performance evaluation.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

u) Other income

Other income includes management fees income, foreign currency exchange gains, net, liabilities written-back, and miscellaneous receipts.

v) Taxation

Income taxes have been provided for in the financial statement in accordance with legislation enacted or substantively enacted by the end of the reporting year. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax asset and liability is offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of asset and liability. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax asset and liability is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the profitability of future taxable profits improves.

Unrecognised deferred tax assets and liability is reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilised

Deferred tax asset and liability is offset when there is a legally enforceable right to offset current tax asset against current tax liability and when the deferred tax asset and liability relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

w) Foreign currency transactions and translations

Foreign currency transactions are translated into AED using the exchange rate prevailing on the date of transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into AED using the exchange rates prevailing on the reporting date. Gains and losses from foreign exchange transactions are taken to the statement of comprehensive income.

6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

i) Provision for ECL of financial assets

An allowance for ECL of accounts receivable is recognised as per IFRS 9 considering the pattern of receipts from, and the future financial outlook of, the concerned customers.



5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

i) Provision for ECL of financial assets (continued)

In measuring the ECL, the accounts receivable have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the credit period and the days past due. The percentage for the ECL is reviewed by the management on a regular basis.

Assessment of impairment of other receivables, due from related parties, and cash at banks is made in line with IFRS 9. This assessment is reviewed by management on a regular basis. The Company deals with reputable banks to limit its credit risk with respect to cash at banks. Other receivables and due from related parties carry minimal credit risk.

ii) Satisfaction of performance obligations under IFRS 15 - Revenue from Contracts with Customers

The Company recognises revenue at a point in time when the performance obligations are satisfied following the 5-step model as per IFRS 15.



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7	CASH AND CASH EQUIVALENTS	2024 AED	2023 AED
	Cash in hand	15,067	22,695
	Cash at banks	2,199,594	3,526,174
		<u>2,214,661</u>	<u>3,548,869</u>
8	ACCOUNTS RECEIVABLE	2024 AED	2023 AED
	Accounts receivable - third parties (note 10.3)	107,543,308	70,729,996
	Accounts receivable - related parties (note 10.4)	3,033,136	2,171,262
		<u>110,576,444</u>	<u>72,901,258</u>
	Allowance for expected credit losses on accounts receivable (note 8.3)	(4,760,933)	(3,362,740)
	Accounts receivable, net	<u>105,815,511</u>	<u>69,538,518</u>

8.1 Accounts receivables are non-interest bearing and are generally on 90 days credit terms, after which date accounts receivables are considered to be past due. It is not the practice of the Company to obtain collateral over these accounts receivable and therefore the vast majority of these receivables are unsecured.

Certain outstanding receivables are covered by a guarantee from the shareholder (refer to note 10.3).

8.2 As at the reporting date, the ageing analysis of accounts receivable was as follows:

	Total AED	Not past due upto 90 days AED	91-120 days AED	Past due date 121-180 days AED	>180 days AED
2024	110,576,444	26,020,468	4,009,134	20,400,223	60,146,619
2023	72,901,258	60,162,010	1,084,247	6,676,470	4,978,531

8.3 Expected credit losses for accounts receivable as per IFRS 9

The Company applies the IFRS 9 simplified model of recognising lifetime ECLs for all accounts receivable as these items do not have a significant financing component.

In measuring the ECLs, the accounts receivable have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for revenue over the past 24 months as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Accounts receivable are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within the credit period and failure to engage with the Company on alternative payment arrangements amongst others are considered indicators of no reasonable expectation of recovery.



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8 ACCOUNTS RECEIVABLE (continued)

8.3 Expected credit losses for accounts receivable as per IFRS 9 (continued)

The movement in allowance for expected credit losses is as follows:

	2024	2023
	AED	AED
Balance at the beginning of the year	3,362,740	437,987
Provided for the year	1,701,341	2,924,753
Written off	(303,148)	-
Balance at the end of the year	<u>4,760,933</u>	<u>3,362,740</u>

9 OTHER RECEIVABLES

	2024	2023
	AED	AED
Deferred charges (note 9.1)	2,182,650	1,534,347
Deposits (note 9.2)	1,281,195	940,427
Contract assets	151,641	769,702
Prepayments	322,546	288,227
Vat recoverable, net	491,867	267,927
Advances to staff and suppliers	350,118	426,548
	<u>4,780,017</u>	<u>4,227,178</u>

9.1 Deferred charges are costs incurred for ongoing projects yet to be invoiced, and shall be invoiced as and when the performance obligations are met.

9.2 Deposits include custom and port deposits of AED 460,000 (2023: AED 460,000) and a deposit with HSBC against guarantees amounting to AED 400,000 (2023: AED 405,640).

9.3 There is no expected impact on account of IFRS 9 on other receivables.

10 RELATED PARTY BALANCES AND TRANSACTIONS

At the reporting date, balances with related parties were as follows:

		2024	2023
		AED	AED
10.1 Due from related parties	Relationship		
ECU Hold N.V. (Jebel Ali Branch), U.A.E.	Fellow Subsidiary	146,921	21,813
ECU Line - Abu Dhabi (L.L.C), U.A.E.	Fellow Subsidiary	2,724	385,281
		<u>149,645</u>	<u>407,094</u>
10.2 Due to related parties			
ECU Hold N.V., Belgium	Shareholder	1,759,942	4,347,072
ECU Worldwide (Bahrain) Co. W.L.L, Bahrain	Fellow Subsidiary	110,937	1,342
Eurocentre FZCO, U.A.E	Fellow Subsidiary	10,311,388	4,136,751
		<u>12,182,267</u>	<u>8,485,165</u>



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10 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The balance to Eurocentre FZCO is bearing interest at a rate of 5.5% per annum with no set terms of repayment or security.

10.3 Loan from Shareholder		2024 AED	2023 AED
ECU Hold N.V., Belgium	Shareholder	54,876,060	40,775,514

The loan is repayable on demand with no fixed maturity and bears interest at 6% per annum till September 30, 2024, and 5.50% per annum effective from October 1, 2024 (2023: 2% per annum).

The movement in loan from shareholder is as follows:

	2024 AED	2023 AED
Balance at the beginning of the year	40,775,514	13,037,530
Movement during the year, net	10,980,768	26,459,875
Accretion of interest (note 20)	3,119,778	1,278,109
Balance as at December 31	54,876,060	40,775,514

As of 31 December 2024, ECU Line Middle East LLC had receivables totaling AED 48,717,700 from certain customers, which had been outstanding beyond the normal credit terms. Pursuant to an undertaking letter from the shareholder, ECU Hold N.V., it has been guaranteed that, in the event these receivables are not recovered, the unrecovered amounts may be offset against the shareholder loan payable by the Company to the shareholder. The shareholder also agreed to waive any recourse against the Company. Accordingly, no allowance for expected credit losses is considered necessary as of the reporting date.

10.4 Related party balances included in accounts receivable (note 8)	3,033,136	2,171,262
Related party balances included in accounts payable (note 12)	1,935,364	3,650,824

10.5 Transactions (except fund transfers) with related parties were as follows:

Revenue (note 10.6)	20,802,140	19,057,064
Direct costs (note 10.7)	38,598,980	37,666,969
Management fee expense (note 18)	3,802,920	3,604,419
Management fees income (note 17)	60,000	60,000
Dividends paid	-	1,915,238
Interest expense on loan from Shareholder (note 20)	3,119,778	1,278,109

10.6 Revenue relates to contracts where the related party is the originator of the contract and the revenue recognised by the Company is the Company's share.

10.7 Direct costs relates to costs incurred where the Company is the originator of the contract and the costs reported is the share related to the related party's activities.



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11 PROPERTY AND EQUIPMENT	Furniture, fixtures and office equipment	Vehicles	Total
	AED	AED	AED
11.1 Cost			
As at January 1, 2023	964,939	367,709	1,332,648
Additions	71,460	6,000	77,460
As at December 31, 2023	1,036,399	373,709	1,410,108
Additions	68,034	13,974	82,008
Disposals	(251,323)	(7,047)	(258,370)
As at December 31, 2024	853,109	380,636	1,233,745
11.2 Accumulated depreciation			
As at January 1, 2023	858,355	260,739	1,119,094
Charge for the year (note 18)	63,838	14,947	78,785
As at December 31, 2023	922,193	275,686	1,197,879
Charge for the year (note 18)	69,925	15,441	85,366
Disposals	(251,323)	(7,047)	(258,370)
As at December 31, 2024	740,794	284,080	1,024,874
11.3 Net book value			
As at December 31, 2024	112,315	96,556	208,871
As at December 31, 2023	114,206	98,023	212,229
12 ACCOUNTS PAYABLE		2024	2023
		AED	AED
Accounts payable - related parties (note 10.4)		1,935,364	3,650,824
Accounts payable - third parties		3,034,558	2,327,017
		4,969,922	5,977,841
13 OTHER PAYABLES		2024	2023
		AED	AED
Accrued expenses - import and export		34,282,382	14,394,631
Other accrued expenses		1,254,397	1,442,327
Contract liabilities		2,142,523	455,873
Advances from customers		276,204	-
		37,955,506	16,292,831
14 EMPLOYEES' END-OF-SERVICE BENEFITS		2024	2023
		AED	AED
Balance at the beginning of the year		2,923,886	2,783,697
Provided for the year		569,481	681,210
Paid during the year		(99,106)	(541,021)
Balance at the end of the year		3,394,261	2,923,886



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15	REVENUE	2024	2023
	<u>At a point in time</u>	AED	AED
	Revenue from third parties	242,280,271	242,643,135
	Revenue from related parties (note 10.5)	20,802,140	19,057,064
		<u>263,082,411</u>	<u>261,700,199</u>
16	DIRECT COSTS	2024	2023
		AED	AED
	Direct costs from third parties	204,121,924	200,525,018
	Direct costs from related parties (note 10.5)	38,598,980	37,666,969
	Salaries and benefits	7,765,499	6,038,772
		<u>250,486,403</u>	<u>244,230,759</u>
17	OTHER INCOME	2024	2023
		AED	AED
	Management fees income (note 10.5)	60,000	60,000
	Foreign currency exchange gains - net	28,843	-
	Liabilities written-back	-	191,071
	Miscellaneous	246,784	10,000
		<u>335,627</u>	<u>261,071</u>
18	GENERAL AND ADMINISTRATIVE EXPENSES	2024	2023
		AED	AED
	Salaries and benefits	5,177,000	4,025,848
	Management fee (note 10.5)	3,802,920	3,604,419
	Legal, visa and professional fees	537,172	486,941
	Communications and utilities	388,156	348,473
	Insurance expenses	574,938	330,717
	IT related expenses	498,025	261,345
	Repairs and maintenance expenses	213,677	186,473
	Depreciation of property and equipment (note 11.2)	85,366	78,785
	Travelling and entertainment	75,061	70,078
	Bank charges	73,030	66,212
	Foreign currency exchange loss - net	-	47,237
	Rent short term lease	44,322	42,376
	Other expenses	147,089	207,667
		<u>11,616,756</u>	<u>9,756,571</u>



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19	SELLING AND DISTRIBUTION EXPENSES	2024	2023
		AED	AED
	Advertising and business promotion	13,689	10,482
	Commissions on sales	168,033	731,945
		<u>181,722</u>	<u>742,427</u>
20	FINANCE COSTS	2024	2023
		AED	AED
	Interest on loan from shareholder (note 10.5)	<u>3,119,778</u>	<u>1,278,109</u>

21 CORPORATE TAX

On December 9, 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Law") to enact a Federal corporate tax ("CT") regime in the UAE. The CT regime is effective from June 1, 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after January 1, 2023.

Cabinet decision no. 116 of 2022 (published in December 2022 and considered to be effective from January 16, 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after June 1, 2023, the related current taxes shall be accounted for in the financial statements for the period beginning October 01, 2023. Accordingly, the Company has recorded following amounts:

	2024
<u>Current corporate tax:</u>	AED
Current income tax expense	-
<u>Deferred tax:</u>	
Tax loss carried forward	330,700
<u>Total deferred tax</u>	<u>330,700</u>

As the Company incurred a loss during the current year, no current corporate tax expense has been recognised in the financial statements.

Tax losses incurred can be carried forward and offset against up to 75% of taxable income in subsequent years. Deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available. The Company has assessed its ability to utilise carried-forward tax losses based on forecasted taxable profits.



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21 CORPORATE TAX (continued)

The deferred tax asset relates to unused tax losses of AED 3,674,448, which are expected to be utilised against future taxable profits.

Reconciliation of effective tax

Reconciliation of tax income and the accounting loss multiplied by the UAE's domestic tax rate for the year ended December 31, 2024 are:

	2024
	AED
Accounting (loss) before corporate tax	(3,687,962)
Disallowable expenses	13,514
Taxable (loss)	<u>(3,674,448)</u>
Tax at statutory rate of 9%	<u>330,700</u>
Deferred tax income	<u>330,700</u>

22 COMMITMENTS AND CONTINGENCIES**22.1 Capital and operating expenditure commitments**

The Company did not have any capital or operating commitments as at the reporting date.

22.2 Contingent liabilities

	2024	2023
	AED	AED
Bank guarantees (note 9.2)	<u>400,000</u>	<u>492,000</u>

23 RISK MANAGEMENT**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company was not exposed to interest rate risk as there were no interest-bearing assets or liabilities (except loan from Shareholder which is at fixed rate of interest) as at the reporting date.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss and is limited to the carrying values of financial assets in the statement of financial position. The Company was exposed to credit risk on the following balances:

	2024	2023
	AED	AED
Cash at banks (note 7)	2,199,594	3,526,174
Other receivables (only deposits) (note 8)	1,281,195	940,427
Due from related parties (note 10.1)	149,645	407,094
	<u>109,445,945</u>	<u>74,412,213</u>

The Company seeks to limit its credit risk with respect to banks by dealing with reputable banks only.



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Credit risk (continued)

Other receivables are with parties with good credit ratings, hence the risk is minimal. Due from related parties represent minimal credit risk, as these will be recovered from one of the shareholders in the event of default.

Liquidity risk is the risk that the Company may not have sufficient funds to meet its liabilities as they fall due. The Company limits its liquidity risk by managing its cash flows and ensuring that funds from one of the shareholders are available as required.

The table below summarises the maturities of the Company's financial liabilities at the maturity date.

	Less than 12 months	
	2024	2023
	AED	AED
Due to related parties (note 10.2)	12,182,267	8,485,165
Loan from Shareholder (note 10.3)	54,876,060	40,775,514
Accounts payable (note 12)	4,969,922	5,977,841
Other payables (excluding contract liabilities and advances from customers) (note 13)	35,536,779	15,836,958
	107,565,028	71,075,478

Foreign currency risk

Most of the Company's transactions are carried out in AED and USD. As the AED is pegged to the USD, there is no foreign currency risk involved with regard to the USD.

The Company assesses the fair values of all its financial assets and financial liabilities at each reporting date. The fair values of the financial assets and liabilities are considered at the amount at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

There have been no material events occurring after the reporting date that require adjustment to, or disclosure in, the financial statements.