ALLCARGO LOGISTICS FZE

o/c

FINANCIAL STATEMENTS

DECEMBER 31, 2021

ALLCARGO LOGISTICS FZE
Dubai - United Arab Emirates

Financial statements for the year ended December 31, 2021

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Level 18, Suite 1801-10
Jumeirah Bay Tower X2, Cluster X
P.O. Box 115915, Jumeirah Lakes Towers
Dubai, United Arab Emirates
T: +971 4 369 7248 / F: +971 4 369 7193
E-mail: info@bakertillyjfc.com
URL: www.bakertillymkm.com

مستوى ١٨، جناح ١٨٠١-١٠
جميرا باي تاور X2 ، مجمع X
ص.ب.: ١١٥٩١٥، أبراج بحيرات جميرا
دبي، الإمارات العربية المتحدة
هاتف: ٧٢٤٨ ٣٦٩ ٤ ٩٧١+، فاكس: ٧١٩٣ ٣٦٩ ٤ ٩٧١+
البريد الإلكتروني: info@bakertillyjfc.com
الموقع الإلكتروني:www.bakertillymkm.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ALLCARGO LOGISTICS FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Allcargo Logistics FZE** (the "Establishment"), which comprise the statement of financial position as at December 31, 2021, 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 significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Establishment as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates ("U.A.E.") and we have fulfilled our other ethical responsibilities 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 refer to note 3 to the financial statements which states that as at December 31, 2021, the net current liabilities position of the Establishment is AED 10,277,953 (2020: 12,535,881), albeit AED 11,730,063 (2020: AED 15,230,063) being loans from related parties. This condition indicates the possible existence of a material uncertainty that may cast significant doubt about the Establishment's ability to continue as a going concern. However, the Establishment has operating cash flows amounting to AED 3,832,755 (2020: AED 1,027,100), net profit of AED 930,401 (2020: AED 725,572) and retained earnings of AED 1,655,973 (2020: AED 725,572). The Shareholder has agreed to continue with the operations of the Establishment and has provided and further agreed to provide continuing financial support to enable the Establishment to discharge its liabilities, as and when they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

Emphases of Matters

We refer to note 21 to the financial statements which highlights the possible impact that the current situation regarding the spread of the corona virus (COVID-19) throughout the region and the world has had and could continue to have on the state of affairs and the operating results of the Establishment in the year 2022.

We refer to note 22 to the financial statements which highlights the possible impact that the current situation regarding the conflict in Ukraine could have on the state of affairs and operating results of the Establishment in the coming years.

Our opinion is not modified in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ALLCARGO LOGISTICS FZE (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, Jebel Ali Free Zone Companies Implementing Regulations 2016 ("Implementing Regulations") and the U.A.E. Federal Law No. 2 of 2015 (the "Federal Law"), as may be applicable to Free Zone Establishments, 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 Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

The management is responsible for overseeing the Establishment'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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Establishment'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 Establishment'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 Establishment 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 SHAREHOLDER OF
ALLCARGO LOGISTICS FZE (continued)

Report on Other Legal and Regulatory Requirements

As required by the provisions of the Implementing Regulations and the Federal Law, we confirm that we have obtained all the information and explanations necessary for our audit and proper books of account have been maintained by the Establishment. Further, we are not aware of any contravention during the year of the provisions of the Implementing Regulations or of the Federal Law, as may be applicable to Free Zone Establishments, or its Memorandum and Articles of Association, which might have materially affected the financial position of the Establishment or the results of its operations for the year ended December 31, 2021.

BAKER TILLY MKM
Chartered Accountants

Sanjiv Gambhir
Engagement Partner
Dubai, United Arab Emirates

Neil Andrew Sturgeon
Senior Partner & Group CEO - Assurance
ELA Number 1261
Dubai, United Arab Emirates

Date: 08 JUN, 2022

ALLCARGO LOGISTICS FZE
Dubai - United Arab Emirates

Statement of financial position
As at December 31, 2021

	Note	2021 AED	2020 AED
ASSETS			
Current assets			
Cash and cash equivalents	6	40,204	315,280
Accounts receivable	7	4,308,305	3,796,949
Other receivables	8	298,894	148,253
		4,647,403	4,260,482
Non-current assets			
Right-of-use asset	9	6,274,226	6,627,136
Property and equipment	10	13,943,848	15,125,580
		20,218,074	21,752,716
TOTAL ASSETS		24,865,477	26,013,198
LIABILITIES AND EQUITY			
Current liabilities			
Accounts and other payables	11	181,745	78,479
Due to related party	12	2,695,764	1,210,728
Loans from related parties	12	11,730,063	15,230,063
Lease liabilities	13	234,061	193,370
		14,841,633	16,712,640
Non-current liabilities			
Lease liabilities	13	6,316,457	6,550,518
Employees' end-of-service benefits	14	51,414	24,468
		6,367,871	6,574,986
Total liabilities		21,209,504	23,287,626
Equity			
Share capital	2	2,000,000	2,000,000
Retained earnings		1,655,973	725,572
Total equity		3,655,973	2,725,572
TOTAL LIABILITIES AND EQUITY		24,865,477	26,013,198

The accompanying notes 1 to 22 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 1 to 3.

The financial statements were authorized for issue on 08 JUN, 2022 by:

Mr. Anu George Mavunil Kunnathil Varughese Georgekutty
Manager

P.O. BOX: 18049
JEBEL ALI
FREE ZONE

ALLCARGO LOGISTICS FZE
Dubai - United Arab Emirates

Statement of profit or loss and other comprehensive income
For the year ended December 31, 2021

		2021 AED	Period from Oct 20, 2019 (license date) to Dec 31, 2020 AED
Revenue	15	4,547,650	5,706,095
Direct costs	16	(2,939,864)	(3,173,430)
Gross profit		1,607,786	2,532,665
General and administrative expenses	17	(545,247)	(1,645,253)
Finance costs	18	(132,138)	(161,840)
Profit for the year/period		930,401	725,572
Other comprehensive income		-	-
Total comprehensive income for the year/period		930,401	725,572

The accompanying notes 1 to 22 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 1 to 3.

ALLCARGO LOGISTICS FZE
Dubai - United Arab Emirates

Statement of cash flows
For the year ended December 31, 2021

	Note	2021 AED	Period from Oct 20, 2019 (license date) to Dec 31, 2020 AED
Cash flows from operating activities			
Profit for the year/period		930,401	725,572
Adjustments for:			
Depreciation of right-of-use asset	9	352,910	411,728
Depreciation of property and equipment	10	1,380,332	1,445,240
Finance costs (interest expense on lease liabilities)	13	132,138	161,840
Provision for employees' end-of-service benefits	14	28,079	24,468
Operating profit before working capital changes		2,823,860	2,768,848
(Increase) in accounts receivable		(511,356)	(3,796,949)
(Increase) in other receivables		(150,641)	(233,906)
Increase in accounts and other payables		103,266	78,479
Related party movement, net	12	(2,014,964)	2,210,628
Cash flows generated from operating activities		250,165	1,027,100
Employees' end-of-service benefits paid		(1,133)	-
Net cash generated from operations		249,032	1,027,100
Cash flows from investing activities			
Acquisition of property and equipment		(198,600)	(840,657)
Net cash (used in) investing activities		(198,600)	(840,657)
Cash flows from financing activities			
Share capital introduced	2	-	2,000,000
Loans from related parties-repaid	12	-	(1,500,000)
Payment of lease liabilities	13	(325,508)	(371,163)
Net cash (used in)/generated from financing activities		(325,508)	128,837
Net (decrease)/increase in cash and cash equivalents		(275,076)	315,280
Cash and cash equivalents at the beginning of the year/period		315,280	-
Cash and cash equivalents at the end of the year/period	6	40,204	315,280
Non-cash transactions:			
Lease liabilities and related right-of-use asset capitalised at initial recognition	9, 13	-	6,953,211
Prepayment reclassed to right-of-use asset at initial recognition	9	-	85,653
Additions to property and equipment funded by related party	10, 12	-	15,730,163
Loan (repaid)/obtained by related party on behalf of the Establishment	12	(3,500,000)	999,900

The accompanying notes 1 to 22 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 1 to 3.

ALLCARGO LOGISTICS FZE

Dubai - United Arab Emirates

Statement of changes in equity

For the year ended December 31, 2021

	Share capital AED	Retained earnings AED	Total AED
Share capital introduced	2,000,000	-	2,000,000
Total comprehensive income for the period	-	725,572	725,572
As at December 31, 2020	2,000,000	725,572	2,725,572
Total comprehensive income for the year	-	930,401	930,401
As at December 31, 2021	2,000,000	1,655,973	3,655,973

The accompanying notes 1 to 22 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 1 to 3.

1 LEGAL STATUS AND BUSINESS ACTIVITIES

a) Allcargo Logistics FZE (the "Establishment") was incorporated on October 17, 2019 and registered with Jebel Ali Free Zone Authority ("JAFZA"), Dubai, United Arab Emirates ("U.A.E.") on October 20, 2019 as a Free Zone Establishment with limited liability under Logistics License No. 181080 issued by JAFZA. The current license is valid until September 24, 2022.

b) The principal activities of the Establishment entail ship chandlers' services, customs brokerage, cargo loading and unloading services, sea shipping lines agents, sea cargo services, general warehousing, containers loading and unloading services, and cargo packaging.

c) The Registered Office of the Establishment is Plot No. S20202, Jebel Ali, Dubai, U.A.E.

d) The management of the Establishment is vested with Mr. Anu George Mavunil Kunnathil Varughese Georgekutty (Indian National), the Manager.

2 SHARE CAPITAL

The authorised, issued and paid-up capital of the Establishment is AED 2,000,000, divided into 2,000 shares of AED 1,000 each, and is solely held by ECU Hold N.V., Belgium.

The Establishment is part of the ECU Group of Companies. The Ultimate Controlling party is Allcargo Global Logistics Ltd. and the Ultimate Beneficial Owner is Mr. Shashi Kiran Shetty, an Indian National.

3 MANAGEMENT'S ASSESSMENT OF GOING CONCERN

As at December 31, 2021, the net current liabilities position of the Establishment is AED 10,277,953 (2020: 12,535,881), albeit AED 11,730,063 (2020: AED 15,230,063) being loans from related parties. This condition indicates the possible existence of a material uncertainty that may cast significant doubt about the Establishment's ability to continue as a going concern. However, the Establishment has operating cash flows amounting to AED 3,832,755 (2020: AED 1,027,100), net profit of AED 930,401 (2020: AED 725,572) and retained earnings of AED 1,655,973 (2020: AED 725,572). The Shareholder has agreed to continue with the operations of the Establishment and have provided and further agreed to provide continuing financial support to enable the Establishment to discharge its liabilities, as and when they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently (subject to point d), is set out below:

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the IFRS Interpretations Committee (the "Committee"), Jebel Ali Free Zone Companies Implementing Regulations 2016, and the U.A.E. Federal Law No. 2 of 2015, as may be applicable to Free Zone Establishments.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on September 20, 2021 and came into effect on January 2, 2022, and supersedes Federal Law No. 2 of 2015 and its amendments (the "Federal Law"). The management of the Establishment is in the process of reviewing the new provisions and will apply the requirements thereof.

b) Accounting convention

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

c) Functional and reporting currency

The functional and reporting currency of the Establishment is U.A.E. Dirham ("AED").

d) Changes in accounting policies

The accounting policies are consistent with those used in the previous financial period, except for the following amendments to IFRS that are mandatorily effective for accounting years beginning on or after January 1, 2021:

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Changes in accounting policies (continued)

New standards, improvements, interpretations and amendments

• Amendments to IAS 39	Financial Instruments: Recognition and Measurement
• Amendments to IFRS 7	Financial Instruments: Disclosures
• Amendments to IFRS 9	Financial Instruments
• Amendments to IFRS 16	Leases
• Interest Rate Benchmark Reform - Phase 2	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The adoption of these new standards, improvements, interpretations and amendments did not have any material impact on the Establishment's financial statements for the year ended December 31, 2021.

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

The following new accounting standards, improvements, interpretations and amendments have been issued, but are not mandatory until the dates shown, and hence have not been early adopted by the Establishment in preparing the financial statements for the year ended December 31, 2021.

• Amendments to IAS 1	Presentation of Financial Statements (January 1, 2023)
• Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (January 1, 2023)
• Amendments to IAS 12	Income Taxes (January 1, 2022)
• Amendments to IAS 16	Property, Plant and Equipment (January 1, 2022)
• Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets (January 1, 2022)
• Amendments to IFRS 3	Business Combinations (January 1, 2022)
• Amendments to IFRS 4	Insurance Contracts (January 1, 2023)
• IFRS 17 and amendments thereto	Insurance Contracts (January 1, 2023)
• Amendments to IFRS 10 and IAS 28	Consolidated Financial Statements and Investment in Associate and Joint Ventures
• Annual improvements	IFRS Standards 2018-2020 Cycle (January 1, 2022) ▪ IFRS 1 First-time Adoption of International Financial Reporting Standards ▪ IFRS 9 Financial Instruments ▪ IFRS 16 Leases ▪ IAS 41 Agriculture

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

e) Financial instruments

Financial assets and financial liabilities are recognised when the Establishment 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.

All 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).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

The above classification is determined by both:

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

All expenses relating to financial assets that are recognised in statement of comprehensive income are presented within general and administrative expenses.

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, these are measured at amortised cost using the effective interest method.

The Establishment's cash at bank, accounts receivable, and other receivables (excluding prepaid expenses and advances to suppliers) fall into this category of financial instruments.

Financial liabilities at amortised cost

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The Establishment's accounts and other payables, due to related party, loans from related parties and lease liability fall into this category of financial instruments.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with bank.

g) Accounts receivable

Accounts receivable are stated at original invoice amount less the expected credit loss ("ECL") allowance as per IFRS 9. Bad debts are written off when there is no possibility of recovery.

The Establishment makes use of a simplified approach in accounting for accounts receivable and records the loss allowance as lifetime ECLs. 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 Establishment uses its historical experience, external indicators and forward-looking information to calculate the ECLs using a provision matrix.

The Establishment assesses impairment of accounts receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due (refer to note 20 on credit risk analysis for a detailed analysis of how the impairment requirements of IFRS 9 are applied).

h) Other receivables

Other receivables mainly consist of prepaid expenses, advances to suppliers, deposits and other receivables. These are carried at amounts expected to be received whether through cash or goods less provision for any uncollectible amounts as per the ECL model.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise ECLs - the ECL model. Instruments within the scope of the requirements includes financial assets measured at amortised cost, such as accounts receivable measured under IFRS 15. The Establishment considers a broad range of information when assessing credit risk and measuring ECLs, 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 instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1");
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2"); and
- financial instruments that have objective evidence of impairment at the reporting date ("Stage 3").

"12-month expected ECLs" are recognised for the first category while "lifetime ECLs" are recognised for the second category. Measurement of the ECLs is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Notwithstanding the above provisions, the Establishment applies the IFRS 9 simplified approach in accounting for accounts receivables, as these items do not contain a significant financing component in accordance with IFRS 15 and records the loss allowance at an amount equal to lifetime ECLs.

i) 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 Establishment has a legally enforceable right to set off the recognised amounts, and the Establishment either intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

j) Leases and right-of-use asset

The Establishment assesses whether a contract is or contains a lease at inception of the contract, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Establishment recognises liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, if any. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Depreciation of right-of-use assets is calculated on a straight-line basis to allocate their cost over their lease term as follows as of December 31, 2021:

Asset	Lease period	Remaining period
Land	20 years	17 years and 9 months

Lease liabilities:

The lease liabilities are initially measured at the present value of the lease payments to be made over the remaining lease terms and that are not paid at the commencement date, discounted by using the Establishment's incremental borrowing rate as the interest rate implicit in the lease is not readily determinable.

After the initial measurement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Variable rents that depend on an index or rate are not included in the measurement of the lease liabilities and the right-of-use asset. The related payments are recognised as an expense in the period in which the events of those payments occur.

Right-of-use asset and lease liabilities are presented as separate line items in the statement of financial position.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) 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 of 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 Establishment and the cost of the item can be measured reliably. When a part is replaced, and the new part 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 period in which they are incurred.

Depreciation of assets is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Assets	Years
Building and improvements	20
Warehouse equipment	5
Office furniture and equipment	3-4
Vehicles	4

Depreciation is charged from the date an asset is available for use up to the date the asset is disposed of.

m) Impairment of non-financial assets

The Establishment 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 Establishment 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.

n) Accounts and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether claimed by the supplier or not. Other payables consist of accrued expenses, VAT payable, net and other payables.

o) Related party transactions and balances

The Establishment, in the ordinary course of business, enters into transactions with companies and entities that fall within the definition of a related party as contained in IFRS. Related parties comprise the shareholder, companies and entities under common or joint ownership or common management and control, their partners and key management personnel.

Due to related party and loans from related parties are classified as current liabilities unless there is a formal agreement in place to defer repayment for a period in excess of 12 months, in which case the amount repayable after 12 months as at the reporting date is classified as non-current liabilities.

p) Provisions

Provisions are recognised when the Establishment 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Employees' end-of-service benefits

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

r) Contingent liabilities

A contingent liability is disclosed when the Establishment 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 Establishment; or when the Establishment 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.

s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Establishment 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 Establishment follows a 5-step process as per IFRS 15:

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; and
v. Recognising revenue when performance obligation(s) are satisfied.

Revenue is recognised when (or as) the Establishment satisfies performance obligations by providing the promised services to its customers.

The Establishment assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Establishment has concluded that it is acting as a principal in all of its revenue arrangements.

The Establishment generates revenue through the following:

- Revenue from containers loading and unloading services, and cargo loading and unloading services is recognised on final execution of orders of customers and agents.
- Revenue from renting of warehouse space for storing cargo until it is delivered.

t) Expenses

Direct costs include all costs directly attributable to the generation of revenue and includes depreciation of property and equipment (excluding office furniture and equipment), salaries and benefits of revenue-generating employees, depreciation of right-of-use asset, and other direct costs and related activities. All other expenses are classified as general and administrative expenses or finance costs, as appropriate.

u) 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.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Establishment'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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and underlying assumptions are based on factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where an assumption and estimate is significant to the financial statements, are as follows:

i) Provision for expected credit losses on financial assets

The Establishment assesses impairment of receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due. Assessment is made by the management in line with IFRS 9. This assessment is reviewed by the management on a regular basis.

Assessment of cash at bank is made in line with IFRS 9. This assessment is reviewed by management on a regular basis. The Establishment deals with reputable banks to limit its credit risk with respect to cash at bank.

Other receivables carry minimal credit risk.

ii) Useful lives and residual values of property and equipment

The Establishment reviews the useful lives and residual values of property and equipment on a regular basis. Any change in estimate may affect the carrying amounts of the respective items of property and equipment, with a corresponding effect on the related depreciation charge.

iii) Impairment of property and equipment

At the end of each reporting period, the Establishment assesses whether there is any indication that property and equipment may be impaired (i.e. its carrying amount may be higher than its recoverable amount). If there is an internal or external indication that any asset may be impaired, then the asset's recoverable amount is calculated, and compared accordingly to determine whether impairment is required.

iv) Useful lives of right-of-use asset

The Establishment reviews the useful lives of right-of-use assets on a regular basis. Any change in estimates may affect the carrying amounts of the respective right-of-use assets with a corresponding effect on the related depreciation charge.

v) Interest rate used for discounting the lease liabilities

The interest rate used for discounting the lease liabilities has been determined at 2% per annum. This rate is based on the Establishment's estimate of incremental borrowing costs. This rate is based on the rate at which Group Companies lend funds to each other, as the Establishment does not have any third-party or external borrowings.

vi) Satisfaction of performance obligations under IFRS 15 "Revenue from Contracts with Customers"

The Establishment assesses each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time to determine the appropriate method of revenue recognition. The Establishment recognises revenue over a period of time when the performance obligations are satisfied following the 5-step process as per IFRS 15.

6 CASH AND CASH EQUIVALENTS

	2021 AED	2020 AED
Cash on hand	12,200	2,437
Cash at bank	28,004	312,843
	40,204	315,280

7 ACCOUNTS RECEIVABLE

	2021 AED	2020 AED
Accounts receivable from related parties	4,201,761	-
Accounts receivable from non-related parties	106,544	3,796,949
Accounts receivable (7.1, 7.2)	4,308,305	3,796,949

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

7.2 As at December 31, the ageing analysis of accounts receivable was as follows:

		Not past due	Past due		
	Total	0-90 days	91 - 120 days	121 - 180 days	>180 days
	AED	AED	AED	AED	AED
2021	4,308,305	4,300,434	6,345	-	1,526
2020	3,796,949	1,042,073	-	-	2,754,876

The total balance outstanding at December 31, 2020 was transferred to related party during the year ended December 31, 2021.

7.3 ECL allowance for accounts receivable

The Establishment 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 Establishment mainly deals with related parties with good credit history within the Group. The amounts are recoverable in full, as such no provision is deemed necessary.

8 OTHER RECEIVABLES

	2021 AED	2020 AED
Prepaid expenses	193,940	122,760
Advances to suppliers	76,954	-
Deposits	24,500	24,500
Other receivables	3,500	993
	298,894	148,253

There is no impact of IFRS 9 on other receivables.

9	**RIGHT-OF-USE ASSET**	**Land**
9.1	**Cost**	**AED**
	As at October 20, 2019, December 31, 2020 and December 31, 2021	7,038,864
9.2	**Accumulated depreciation**	
	As at October 20, 2019	-
	Depreciation charge for the period (9.5)	411,728
	As at December 31, 2020	411,728
	Depreciation charge for the year (9.5)	352,910
	As at December 31, 2021	764,638
9.3	**Net book value**	
	As at December 31, 2021	6,274,226
	As at December 31, 2020	6,627,136

9.4 The Establishment entered into a lease agreement, dated September 25, 2019, with JAFZA for the lease of land for a period of 20 years which can be terminated upon fulfillment of certain terms and conditions.

9.5 The following are the amounts recognised in the statement of comprehensive income:

	2021 AED	Period from Oct 20, 2019 (license date) to Dec 31, 2020 AED
Depreciation of right-of-use asset (note 16)	352,910	411,728
Interest expense on lease liabilities (notes 13.1 and 18)	132,138	161,840
	485,048	573,568

10 PROPERTY AND EQUIPMENT

		Building and improvements AED	Warehouse equipment AED	Office furniture and equipment AED	Vehicles AED	Total AED
10.1	**Cost**					
	Additions	15,730,163	309,621	334,912	196,124	16,570,820
	As at December 31, 2020	15,730,163	309,621	334,912	196,124	16,570,820
	Additions	-	-	198,600	-	198,600
	As at December 31, 2021	15,730,163	309,621	533,512	196,124	16,769,420
10.2	**Accumulated depreciation**					
	Charge for the period (10.4)	1,232,430	54,942	99,950	57,918	1,445,240
	As at December 31, 2020	1,232,430	54,942	99,950	57,918	1,445,240
	Charge for the year (10.4)	1,151,028	77,424	102,848	49,032	1,380,332
	As at December 31, 2021	2,383,458	132,366	202,798	106,950	2,825,572

10 PROPERTY AND EQUIPMENT (continued)

10.3 Net book values

	Building and improvements AED	Warehouse equipment AED	Office furniture and equipment AED	Vehicles AED	Total AED
As at December 31, 2021	13,346,705	177,255	330,714	89,174	13,943,848
As at December 31, 2020	14,497,733	254,679	234,962	138,206	15,125,580

10.4 Depreciation was allocated as follows:

	2021 AED	Period from Oct 20, 2019 (license date) to Dec 31, 2020 AED
Direct costs (note 16)	1,277,484	1,345,290
General and administrative expenses (note 17)	102,848	99,950
	1,380,332	1,445,240

11 ACCOUNTS AND OTHER PAYABLES

	2021 AED	2020 AED
Accounts payable	42,847	44,741
Accrued expenses and other payables	138,898	33,738
	181,745	78,479

12 RELATED PARTY TRANSACTIONS AND BALANCES

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

12.1 Due to related party

	Relationship	2021 AED	2020 AED
Allcargo Logistics L.L.C, U.A.E.	Group company	2,695,764	1,210,728

12.2 Loans from related parties

ECU Hold N.V., Belgium	Shareholder	9,299,900	12,799,900
ECU Hold N.V., (Jebel Ali Branch), U.A.E	Group company	2,430,163	2,430,163
		11,730,063	15,230,063

These loans from related parties are unsecured and interest-free and funded capital expenditures by the Establishment. These loans are repayable on demand.

The movements in loans from related parties were as follows:

2021	ECU Hold, N.V., Belgium AED	ECU Hold N.V. (Jebel Ali Branch), U.A.E. AED
Balance as at January 1,	12,799,900	2,430,163
Loan repaid by related party on behalf of the Establishment	(3,500,000)	-
Balance as at December 31,	9,299,900	2,430,163

12 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

12.2 Loans from related parties (continued)

	ECU Hold, NV. Belgium	ECU Hold N.V. (Jebel Ali Branch), U.A.E.
2020	AED	AED
Capital expenditures incurred on behalf of the Establishment	15,730,163	-
Reclassification of loan payable	(2,430,163)	2,430,163
Loan received	999,900	-
Loan repaid during the period	(1,500,000)	-
Balance at the end of the period	12,799,900	2,430,163

12.3 Transactions with related parties, apart from those disclosed above in movements in loans were as follows:

	2021	Period from Oct 20, 2019 (license date) to Dec 31, 2020
	AED	AED
Revenue (note 15)	4,200,235	2,089,962
Expenses incurred by related party on behalf of the Establishment	1,652,138	1,632,559
Share capital introduced	-	2,000,000
Transfer of receivables (note 7)	3,796,949	-
Fund transfers, net	1,360,000	-

13 LEASE LIABILITIES

	2021	2020
	AED	AED
Current portion	234,061	193,370
Non-current portion	6,316,457	6,550,518
	6,550,518	6,743,888

The lease agreement expires on September 25, 2039.

13.1 The movement in lease liabilities during the year/period was as follows:

	2021	2020
	AED	AED
Balance as at the beginning of the year/period	6,743,888	6,953,211
Accretion of interest (note 18)	132,138	161,840
Payments	(325,508)	(371,163)
Balance at the end of the year/period	6,550,518	6,743,888

13 LEASE LIABILITIES (continued)

13.2 The maturity analysis of the lease liabilities as at December 31 was as follows:

	Gross liabilities AED	Interest amount AED	Net liabilities AED
2021			
Within 1 year	361,646	(127,585)	234,061
2 to 5 years	1,546,513	(459,594)	1,086,919
More than 5 years	5,939,604	(710,066)	5,229,538
	7,847,763	(1,297,245)	6,550,518
2020			
Within 1 year	325,508	(132,138)	193,370
2 to 5 years	1,514,155	(480,663)	1,033,492
More than 5 years	6,333,608	(816,582)	5,517,026
	8,173,271	(1,429,383)	6,743,888

13.3 The interest rate used for discounting the lease liabilities has been determined at 2% per annum. This rate is based on the rate at which Group Companies lend funds to each other, as the Establishment does not have any third-party or external borrowings.

14 EMPLOYEES' END-OF-SERVICE BENEFITS	2021 AED	2020 AED
Balance at the beginning of the year/period	24,468	-
Provided for the year/period	28,079	24,468
Payments made during the year/period	(1,133)	-
Balance at the end of the year/period	51,414	24,468

15 REVENUE	2021 AED	Period from Oct 20, 2019 (license date) to Dec 31, 2020 AED
Revenue from related parties	4,200,235	2,089,962
Revenue from non-related parties	347,425	3,616,133
	4,547,660	5,706,095

Revenue is recognised at a point in time as the Establishment satisfies performance obligations by providing the promised services to its customers.

16 DIRECT COSTS	2021 AED	Period from Oct 20, 2019 (license date) to Dec 31, 2020 AED
Depreciation of property and equipment (note 10.4)	1,277,484	1,345,290
Salaries and benefits	1,146,900	1,179,527
Depreciation of right-of-use asset (note 10.2)	352,910	411,728
Other direct costs and related activities	162,570	236,885
	2,939,864	3,173,430

			Period from Oct 20, 2019 (license date) to
17	**GENERAL AND ADMINISTRATIVE EXPENSES**	**2021**	**Dec 31, 2020**
		AED	**AED**
	Depreciation of property and equipment (note 10.4)	102,848	99,950
	Professional and other fees	99,460	844,528
	Communications	71,660	73,211
	Utilities	60,747	52,459
	Rent (short-term leases)	52,852	61,177
	Repairs and maintenance	49,873	202,030
	Travelling and conveyance	36,015	76,913
	Insurance	28,422	41,408
	Advertising	1,133	83,272
	Others	42,237	110,305
		545,247	1,645,253

			Period from Oct 20, 2019 (license date) to
18	**FINANCE COSTS**	**2021**	**Dec 31, 2020**
		AED	**AED**
	Interest on lease liabilities (note 13.1)	132,138	161,840

19 COMMITMENTS AND CONTINGENCIES

19.1 Capital and operating expenditure commitments

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

19.2 Contingent liabilities

The Establishment did not have any contingent liabilities as at the reporting date.

20 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 Establishment was not exposed to interest rate risk as it had no interest-bearing financial assets or liabilities as of the reporting date. Leased liabilities are recorded at fixed interest rates.

Credit risk

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

20 RISK MANAGEMENT (continued)

Credit risk (continued)

	2021 AED	2020 AED
Cash at bank (note 6)	28,004	312,843
Accounts receivable from non-related parties (note 7)	106,544	3,796,949
Accounts receivable from related parties (note 7)	4,201,761	-
Other receivables (excluding prepaid expenses and advances to suppliers) (note 8)	28,000	25,493
	4,364,309	4,135,285

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

Credit risks related to accounts receivable non-related parties are managed subject to the Establishment's policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria, and the credit quality of customers is assessed by management.

The Establishment mainly deals with related parties with good credit history within the Group. Accounts receivable from related parties relates to transactions arising from the normal course of business with

Other receivables pertain to transactions with low risk parties.

Liquidity risk

Liquidity risk is the risk that the Establishment will not be able to meet its financial obligations as they fall due. The Establishment limits its liquidity risk managing its cash flows. The Establishment's terms of contract require amounts to be paid within 90 days from invoice date. Accounts payable are normally settled within 30 days from the date of purchase.

The table below summarises the maturities of the Establishment's financial liabilities:

	Less than 1 year AED	More than 1 year AED	Total AED
As at December 31, 2021			
Accounts and other payables (note 11)	181,745	-	181,745
Due to related party (note 12.1)	2,695,764	-	2,695,764
Loans from related parties (note 12.2)	11,730,063	-	11,730,063
Lease liabilities - gross (note 13.2)	361,646	7,486,117	7,847,763
	14,969,218	7,486,117	22,455,335

Balances with related parties are interest-free and with no set terms of repayment or security.

	Less than 1 year AED	More than 1 year AED	Total AED
As at December 31, 2020			
Accounts and other payables (note 11)	78,479	-	78,479
Due to related party (note 12.1)	1,210,728	-	1,210,728
Loans from related parties (note 12.2)	15,230,063	-	15,230,063
Lease liabilities - gross (note 13.2)	325,508	7,847,763	8,173,271
	16,844,778	7,847,763	24,692,541

20 RISK MANAGEMENT (continued)

Foreign currency risk

Foreign currency risk is the risk that fair value or cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk mainly arises from future contractual transactions of receivables and payables that exist due to transactions in foreign currencies.

Most of the Establishment's transactions are carried out in AED. Exposures to currency exchange rates arise from the Establishment's transfers of funds from/to related parties, which are primarily denominated in AED and USD. Since USD is pegged against AED, there is no risk involved with regard to the USD.

21 EFFECTS OF THE COVID PANDEMIC

In 2020, a corona virus pandemic affecting the global and U.A.E. economies had broken out. This had severely affected and adversely impacted not only the financial, commercial, and economic transactions but also the distribution, production and supply chains worldwide. The liquidity, solvency and existence of business entities have come under severe stress. The COVID-19 pandemic has not impacted the current year operations, however, may further impact the business, including employees, customers, partners, and communities, and there may be substantial uncertainty in the nature and degree of its continued effects in the near future. The extent to which the COVID-19 pandemic continues to impact the business going forward will depend on numerous evolving factors that cannot be reliably predicted, including its duration, and the governmental, business and individuals' actions in response to the pandemic. The overall impact on sectors and industries specifically impacted and the economic activity in general still cannot be measured and determined. These factors may adversely impact consumer, business, and government spending in the economy and on the customers' ability to continue to pay for products and services on an ongoing basis.

22 EVENTS AFTER THE REPORTING DATE

In February 2022, Russia's invasion of Ukraine with the possibility of other nations also getting embroiled in this raging conflict, has led to an adverse impact on production and supply chains of businesses to varying degrees, including but not limited to oil & gas, banking, food, transportation, travel and other commercial operations. As a consequence, the liquidity, solvency and existence of business entities has come under varying degrees of stress, and it is not possible to reliably estimate the impact of this crisis on the Company's future financial and operational condition.

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