ECU WORLDWIDE (MALAYSIA) SDN. BHD.
199801005158 (461285 K)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2019

199801005158 (461285 K)

Ecu Worldwide (Malaysia) Sdn. Bhd.
(Incorporated in Malaysia)

Contents

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Ecu Worldwide (Malaysia) Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2019.

Principal activity

The principal activity of the Company is to carry on business as shipping and forwarding agents.

Results

	RM
Net profit for the year	579,159

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

The amount of dividends paid by the Company since 31 December 2018 were as follows :

In respect of the financial year ended 31 December 2019 :

	RM
Interim single-tier dividend of RM1.24 on 600,000 ordinary shares, declared on 27 August 2019 and paid on 29 August 2019	744,000

The directors do not recommend the payment of any final dividend in respect of the current financial year.

Directors

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are :

Venu Narsimha Rao Ravichettu
Norhana Binti Maryan
Lau Lai San
Savio Kurian Kannampuzha
Prasanna Hegde (appointed on 19 February 2020)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit, (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

Holding company

The immediate and ultimate holding companies of the Company are Ecuhold N.V. and Allcargo Belgium NV respectively, which are incorporated in Belgium.

Subsequent event

Details of a subsequent event are disclosed in Note 24 to the financial statements.

Other statutory information

(a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps :

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts has been written off and adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Other statutory information (cont'd)

(b) At the date of this report, the directors are not aware of any circumstances which would render :

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in these financial statements inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist :

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors :

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

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Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration of the Company for the financial year amounted to RM35,000.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 June 2020.

Prasanna Hegde

Norhana Binti Maryan

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Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Prasanna Hegde and Norhana Binti Maryan, being two of the directors of Ecu Worldwide (Malaysia) Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 31 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of its results and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 June 2020.

Prasanna Hegde

Norhana Binti Maryan

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Norhana Binti Maryan, being the director primarily responsible for the financial management of Ecu Worldwide (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 31 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Norhana Binti Maryan)
at Johor Bahru in the State of Johor)
Darul Ta'zim on 22 June 2020)

Norhana Binti Maryan

Before me,

PESURUHJAYA SUMPAH
No. J276
NUR AMRITA KAUR
GURBACHEN SINGH
01-01-2018-31-12-2020
MALAYSIA

NO.8, JALAN DHOBY
80000 JOHOR BAHRU
JOHOR

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Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-1808-31043558
Chartered Accountants
B-15, Medini 9
Persiaran Medini Sentral 1
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199801005158 (461285 K)
Independent auditors' report to the member of Ecu Worldwide (Malaysia) Sdn. Bhd.
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ecu Worldwide (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a significant accounting policies and other explanatory notes, as set out on pages 10 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company 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 of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent auditors' report to the member of
Ecu Worldwide (Malaysia) Sdn. Bhd. (cont'd)
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Auditors' responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Lee Ming Li
02983/03/2022 J
Chartered Accountant

Johor Bahru, Malaysia
Date: 22 June 2020

Ecu Worldwide (Malaysia) Sdn. Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the year ended 31 December 2019

	Note	2019 RM	2018 RM
Revenue	4	37,232,995	35,761,104
Cost of sales	5	(30,962,328)	(29,679,540)
Gross profit		6,270,667	6,081,564
Other operating income		10,441	287,706
Administrative expenses		(5,279,232)	(5,162,759)
Selling and marketing expenses		(227,850)	(229,539)
Other operating expense		(130,807)	-
Profit from operations	6	643,219	976,972
Finance costs	8	(458)	(1,858)
Profit before taxation		642,761	975,114
Taxation	9	(63,602)	(228,307)
Net profit for the year		579,159	746,807

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Ecu Worldwide (Malaysia) Sdn. Bhd.
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Statement of financial position
As at 31 December 2019

	Note	2019 RM	2018 RM
Non-current assets			
Property, plant and equipment	10	224,920	251,147
Deferred tax assets	11	222,000	-
		446,920	251,147
Current assets			
Trade receivables	12	2,799,980	3,228,655
Other receivables	13	891,281	724,696
Tax recoverable		-	18,777
Due from related companies	14	1,659,043	5,677,997
Cash and cash equivalents	15	714,392	1,220,388
		6,064,696	10,870,513
Current liabilities			
Hire purchase payables	16	-	21,915
Trade payables	17	1,126,825	1,192,110
Other payables	18	3,098,559	8,125,384
Due to related companies	14	995,203	378,693
Tax payable		108,312	-
		5,328,899	9,718,102
Net current assets		735,797	1,152,411
		1,182,717	1,403,558
Financed by :			
Share capital	19	600,000	600,000
Retained earnings	21	582,717	747,558
Shareholder's equity		1,182,717	1,347,558
Non-current liability			
Deferred tax liabilities	11	-	56,000
		1,182,717	1,403,558

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Statement of changes in equity
For the year ended 31 December 2019

	Note	Share capital (Note 19) RM	Distributable Retained earnings (Note 21) RM	Total RM
At 1 January 2018		600,000	690,751	1,290,751
Net profit for the year		-	746,807	746,807
Dividend paid	20	-	(690,000)	(690,000)
At 31 December 2018		600,000	747,558	1,347,558
Net profit for the year		-	579,159	579,159
Dividend paid	20	-	(744,000)	(744,000)
At 31 December 2019		600,000	582,717	1,182,717

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Statement of cash flows
For the year ended 31 December 2019

	2019 RM	2018 RM
Cash flows from operating activities		
Profit before taxation	642,761	975,114
Adjustments for :		
Depreciation	55,071	65,286
Allowance for doubtful debts	311,500	275,000
Interest paid	458	1,858
Interest income	(10,441)	(23,666)
Unrealised foreign exchange loss/(gain)	150,038	(152,729)
Operating profit before working capital changes	1,149,387	1,140,863
Increase in receivables	3,954,578	(1,511,380)
(Decrease)/increase in payables	(4,517,842)	1,050,984
Cash generated from operations	586,123	680,467
Taxes paid	(214,514)	(200,546)
Interest paid	(458)	(1,858)
Net cash generated from operating activities	371,151	478,063
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,844)	(10,818)
Placement of deposits with a licensed bank	(75,000)	(22,570)
Withdrawal of deposits with a licensed bank	120,400	-
Interest received	10,441	23,666
Net cash generated from/(used in) investing activities	26,997	(9,722)
Cash flows from financing activities		
Dividend paid	(744,000)	(690,000)
Repayments of hire purchase financing	(21,915)	(28,034)
Net cash used in financing activities	(765,915)	(718,034)
Net decrease in cash and cash equivalents	(367,767)	(249,693)
Effects of exchange rate changes on cash and cash equivalents	(17,829)	100,426
Cash and cash equivalents at 1 January	982,302	1,131,569
Cash and cash equivalents at 31 December (Note 15)	596,706	982,302

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The principal activity of the Company is to carry on business as shipping and forwarding agents.

The immediate and ultimate holding companies of the Company are Ecuhold N.V. and Allcargo Belgium NV respectively, which are incorporated in Belgium. Related companies refer to companies within the Allcargo Belgium NV group.

The Company is a private limited company, incorporated and domiciled in Malaysia. The principal place of business is located at B-2-2, 2nd Floor, North Tower, BBT One Towers, Lebuh Batu Nilam 1, Bandar Bukit Tinggi, 41200 Klang, Selangor.

The number of employees in the Company at the end of the financial year was 56 (2018: 54).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 June 2020.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company has been prepared in compliance with the Malaysian Private Entities Reporting Standard and the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Foreign currency

(a) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2. Significant accounting policies (cont'd)

2.2 Foreign currency (cont'd)

(b) Foreign currency transactions

Transactions in foreign currencies of the Company are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year.

(c) Closing rates

The principal closing rates used in translation of foreign currency amounts are as follows:

	2019 RM	2018 RM
1 United States Dollar	4.165	4.269
1 Sterling Pound	5.449	5.535
1 Singapore Dollar	3.104	3.188
1 Euro Dollar	4.675	4.962

2.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. Significant accounting policies (cont'd)

2.3 Property, plant and equipment and depreciation (cont'd)

All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life. The depreciation methods used and the useful lives of the respective classes of property, plant and equipment are as follows:

	Method	Useful life (years)
Furniture and fittings	Declining balance	5 years
Office equipment	Declining balance	3 - 5 years
Renovation	Declining balance	5 years
Motor vehicle	Declining balance	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit from operations.

Repairs and maintenance are charged to the income statement during the period in which they are incurred.

2.4 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts and short term deposits with maturity more than 90 days.

2.5 Financial instruments

(a) Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, an entity in the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. For intra-group loans and advances, and other contractual arrangements, that constitute a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

2. Significant accounting policies (cont'd)

2.5 Financial instruments (cont'd)

(b) Derecognition of financial instruments

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risk and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

(c) Subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories namely: (i) financial assets at fair value through profit or loss; and (ii) financial assets at amortised cost.

(d) Subsequent measurement of financial liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

(e) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique.

2. Significant accounting policies (cont'd)

2.5 Financial instruments (cont'd)

(f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(g) Impairment and uncollectibility of financial assets

The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payment; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable whenever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experiences of loss ratio in each class, taking into consideration current market conditions.

2. Significant accounting policies (cont'd)

2.6 Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

2.7 Taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. Significant accounting policies (cont'd)

2.7 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

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

(d) Sales and Services Tax ("SST")

Revenues, expenses and assets are recognised net of the amount of SST except:

- Where the amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of SST included.

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

2. Significant accounting policies (cont'd)

2.8 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

2.9 Share capital, other equity instruments and distributions

The Company classifies and presents an issued financial instrument (or its component parts), on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

(a) Share capital

Ordinary shares issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

(b) Distributions

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend, in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, including a distribution in specie, the Company measures the dividend payable at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Company reviews and adjusts the carrying amount of the dividend payable to reflect changes in the fair value of the assets to be distributed, with any changes recognised in equity as adjustments to the amount of the distribution. Upon settlement, the difference between the carrying amount of the dividend payable and the carrying amount of the assets distributed is recognised as a gain or loss in profit or loss.

2. Significant accounting policies (cont'd)

2.10 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Revenue from services

Revenue from freight and forwarding services are recognised on completion of the services rendered.

(ii) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

2.11 Leases

The Company recognises a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payments or series of payments the right to use an asset for an agreed period of time. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred. All other leases that do not meet this criterion are classified as operating leases.

Finance leases, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Leases of assets where a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the lease period.

3. Significant accounting judgements and estimate

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future reporting periods.

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

Measurement of income taxes

Significant judgement is required in determining the Company's provision for current and deferred taxes. When the final outcome of the taxes payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as overprovision or underprovision of current or deferred taxes in the financial year in which those differences arise.

4. Revenue

Revenue represents invoiced value of freight and forwarding services which are recognised on completion of the services rendered and agency fees received.

5. Cost of sales

Cost of sales represents cost of freight and forwarding services rendered and agency fees charged.

6. Profit before taxation

Profit before taxation is stated after charging/(crediting) :

	2019 RM	2018 RM
Allowance for doubtful debts (Note 12)	311,500	275,000
Auditors' remuneration	35,000	32,000
Depreciation (Note 10)	55,071	65,286
Director's remuneration	475,680	137,927
Interest income	(10,441)	(23,666)
Interest paid	458	1,858
Realised foreign exchange loss/(gain)	19,231	(111,311)
Unrealised foreign exchange loss/(gain)	150,038	(152,729)
Rental expenses	324,847	201,328
Staff costs (Note 7)	4,176,832	3,363,716

7. Staff costs

	2019 RM	2018 RM
Wages, salaries and bonus	3,809,474	3,029,677
Defined contribution plan	337,911	307,600
Social security costs	29,447	26,439
	4,176,832	3,363,716

8. Finance costs

	2019 RM	2018 RM
Hire purchase interest	458	1,858

9. Taxation

	2019 RM	2018 RM
Income tax:		
Malaysian income tax	303,000	228,000
Under/(over)provision in prior years	38,602	(34,693)
	341,602	193,307
Deferred tax (Note 11):		
Relating to origination and reversal of temporary differences	(122,478)	24,766
(Over)/underprovision in prior years	(155,522)	10,234
	(278,000)	35,000
Tax expense for the year	63,602	228,307

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

	2019 RM	2018 RM
Profit before taxation	642,761	975,114
Taxation at Malaysian statutory tax rate of 24% (2018 : 24%)	154,263	234,027
Effect of expenses not deductible for tax purpose	26,259	18,739
(Over)/underprovision of deferred tax in prior years	(155,522)	10,234
Under/(over)provision of income tax expense in prior years	38,602	(34,693)
	63,602	228,307

Ecu Worldwide (Malaysia) Sdn. Bhd.
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10. Property, plant and equipment

	Furniture and fittings RM	Office equipment RM	Motor vehicle RM	Renovation RM	Total RM
Cost					
At 1 January 2018	226,536	668,579	165,000	159,544	1,219,659
Additions	-	10,818	-	-	10,818
At 31 December 2018	226,536	679,397	165,000	159,544	1,230,477
Additions	-	28,844	-	-	28,844
At 31 December 2019	226,536	708,241	165,000	159,544	1,259,321
Accumulated depreciation					
At 1 January 2018	175,090	584,283	86,365	68,306	914,044
Depreciation charge for the year (Note 6)	10,287	21,024	15,727	18,248	65,286
At 31 December 2018	185,377	605,307	102,092	86,554	979,330
Depreciation charge for the year (Note 6)	8,236	19,654	14,599	12,582	55,071
At 31 December 2019	193,613	624,961	116,691	99,136	1,034,401
Net book value					
At 31 December 2019	32,923	83,280	48,309	60,408	224,920
At 31 December 2018	41,159	74,090	62,908	72,990	251,147

Included in property, plant and equipment of the Company are cost of fully depreciated property, plant and equipment which are still in use amounting to RM649,427 (2018: RM600,184).

11. Deferred taxation

	2019 RM	2018 RM
At 1 January	56,000	21,000
Recognised in income statement (Note 9)	(278,000)	35,000
At 31 December	(222,000)	56,000
Presented after appropriate offsetting as follows :		
Deferred tax assets	(244,000)	-
Deferred tax liabilities	22,000	56,000
	(222,000)	56,000

The components and movements of deferred tax (assets)/liabilities during the financial year prior to offsetting are as follows:

	Accelerated capital allowances RM	Provisions and other deductible differences RM	Total RM
2019			
At 1 January 2019	19,000	37,000	56,000
Recognised in profit or loss	3,000	(281,000)	(278,000)
At 31 December 2019	22,000	(244,000)	(222,000)
2018			
At 1 January 2018	19,000	-	19,000
Recognised in profit or loss	-	37,000	37,000
At 31 December 2018	19,000	37,000	56,000

12. Trade receivables

	2019 RM	2018 RM
Trade receivables	3,547,547	3,679,373
Less: Allowance for impairment	(747,567)	(450,718)
	2,799,980	3,228,655

The Company's normal trade credit term is 30 to 60 days.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

12. Trade receivables (cont'd)

The movement of the allowance account used to record the impairment are as follows:

	2019 RM	2018 RM
At 1 January	450,718	175,718
Allowance for doubtful debts (Note 6)	311,500	275,000
Written off	(14,651)	-
At 31 December	747,567	450,718

13. Other receivables

	2019 RM	2018 RM
Deposits	255,178	148,454
Prepayment	103,458	59,448
Sundry receivables	532,645	516,794
	891,281	724,696

As at the reporting date, deposits with a licensed bank amounting to RM75,000 (2018: nil) are pledged to a bank as security for bank guarantee facilities. The deposits are non-interest bearing and have a maturity of 12 months (2018: nil).

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

14. Due from/(to) related companies

The amounts due from/(to) related companies, which are mainly trade in nature, are unsecured, interest free and repayable within 60 days (2018: 30 days) from invoice date.

15. Cash and cash equivalents

	2019 RM	2018 RM
Cash on hand and at banks	596,706	982,302
Fixed deposits with a licensed bank with maturity more than 90 days	117,686	238,086
	714,392	1,220,388

15. Cash and cash equivalents (cont'd)

Deposits with a licensed bank amounting to RM117,686 (2018: RM215,516) are pledged to a bank as security for bank guarantee facilities.

The weighted average effective interest rate of deposit as the reporting date is 3.10% (2018: 3.15% to 3.35%) and maturity of 12 months (2018: 12 months).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2019 RM	2018 RM
Cash and bank balances	596,706	982,302

16. Hire purchase payables

	2019 RM	2018 RM
Minimum lease payments:		
Not later than 1 year	-	22,373
Less: Future finance charges	-	(458)
Present value of finance lease liabilities	-	21,915
Present value of hire purchase liabilities:		
Not later than 1 year	-	21,915
Analysed as:		
Due within 12 months	-	21,915

The hire purchase liabilities bore interest at the previous reporting date was 2.64% per annum.

17. Trade payables

	2019 RM	2018 RM
Third parties	1,126,825	1,192,110

The normal credit term granted to the Company is 30 - 45 days.

18. Other payables

	2019 RM	2018 RM
Accruals	2,942,021	7,945,219
Sundry payables	156,538	180,165
	3,098,559	8,125,384

Accruals mainly comprises of accruals of operation costs.

19. Share capital

	Number of ordinary shares 2019	Number of ordinary shares 2018	Amount 2019 RM	Amount 2018 RM
Issued and fully paid:				
At 1 January/31 December	600,000	600,000	600,000	600,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. Dividend

	2019 RM	2018 RM
In respect of the financial year ended 31 December 2019:		
Interim single-tier dividend of RM1.24 on 600,000 ordinary shares, declared on 27 August 2019 and paid on 29 August 2019	744,000	-
In respect of the financial year ended 31 December 2018:		
Interim single-tier dividend of RM1.15 on 600,000 ordinary shares, declared on 6 July 2018 and paid on 8 July 2018	-	690,000

21. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2018 and 31 December 2019 under the single tier system.

22. Non-cancellable operating lease commitments

	2019 RM	2018 RM
Rental of premises, staff accommodation and equipments		
Due within 12 months	131,915	279,206
Due within 1 to 2 years	94,798	62,037
Due within 2 to 5 years	25,650	2,490
	252,363	343,733

23. Related party transactions

The Company's related party transactions in the year ended 31 December 2019 and the corresponding comparative prior year are as follows:

	2019 RM	2018 RM
Services rendered to related companies	10,081,737	10,662,199
Services rendered by related companies	12,075,855	7,738,382
Management fee paid to holding company	198,560	408,232

The directors of the Company are of the opinion that the above transactions have been entered into the normal course of business and have been established on terms and conditions that have been mutually agreed upon.

24. Subsequent event

Subsequent to the financial year end, the World Health Organization (WHO) had on March 11 declared Covid-19 a pandemic and there has since been growing concerns on the effects of the Covid-19 pandemic globally. On 18 March 2020, the Government of Malaysia imposed a Movement Control Order ("MCO") which involves movement restrictions for locals and restrictions on foreigners from entering the country.

The Directors concluded that the COVID-19 outbreak did not provide evidence of conditions that existed on or before 31 December 2019 and have accordingly assessed it to be a non-adjusting event.

The Directors will continue to monitor the evolving situation and review the Company's existing business strategies and overall financial performance of the Company. The direct and indirect impact arising from the COVID-19 outbreak on the Company's business, assets and liabilities cannot be reasonably estimated at this juncture.