ECU LINE ABU DHABI LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2019

bakertilly
Chartered Accountants

ECU WORLDWIDE
Geography Simplified

DIRECTORS' REPORT

The Directors present their report and financial statements of ECU Line Abu Dhabi LLC for the year ended December 31, 2019.

PRINCIPAL ACTIVITIES OF THE COMPANY

The Company is licensed to provide shipment, customs clearance, loading and offloading services.

FINANCIAL REVIEW

The table below summarises the financial results:

	2019 AED	2018 AED
Revenues	5,469,712	5,305,011
Gross profit	1,135,332	1,262,085
Gross profit margin	20.76%	23.79%
Profit for the year	277,944	398,336

AUDITORS

A resolution to re-appoint Baker Tilly MKM Chartered Accountants as auditors for the ensuing year will be proposed in the Annual General Meeting.

EVENTS AFTER YEAR-END

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The audited financial statements for the year under review have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Company's financial conditions and results of its operations.

These financial statements were approved by the Board and signed on its behalf by the authorised representative of the Company on February 24, 2020.

Mr. Don Varuna Wirasinha
Managing Director

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Abu Dhabi - U.A.E.
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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+
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ECU LINE ABU DHABI LLC

Opinion

We have audited the financial statements of **ECU Line Abu Dhabi LLC ("the Company")**, which comprise the statement of financial position as at December 31, 2019, 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 Company as at December 31, 2019, 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 Company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Management is responsible for the other information. The other information comprises the Directors' report set out on page 1.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, in compliance with provisions of U.A.E Federal Law No. 2 of 2015 (the "Federal Law"), and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ECU LINE ABU DHABI LLC (continued)

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 these 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 Company's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine if there are any matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We have determined that there are no key audit matters to communicate in our report.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ECU LINE ABU DHABI LLC (continued)

Report on Legal and Regulatory Requirements

As required by the Federal Law, we report that:

1) we have obtained all the information and explanations necessary for the purpose of our audit;

2) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Federal Law, and the Memorandum of Association of the Company;

3) the Company has maintained proper books of account; and

4) based on the information that has been available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2019 any of the applicable provisions of the Federal Law or of its Memorandum of Association which would materially affect its activities or its financial position as at December 31, 2019.

Baker Tilly MKM

Baker Tilly MKM
Chartered Accountants

Dubai, United Arab Emirates

Ihab Ahmad Am Ali
Partner, ELA Number 943

February 24, 2020

ECU Line Abu Dhabi LLC
Abu Dhabi - United Arab Emirates

Statement of financial position
As at December 31, 2019

	Note	2019 AED	2018 AED
ASSETS			
Current assets			
Cash and cash equivalents	5	175,703	154,967
Trade receivables	6	425,006	892,946
Other receivables	7	453,594	412,974
Due from related parties	8	35,784	7,676
		1,090,087	1,468,563
Non-current assets			
Property and equipment	9	7,234	-
Total assets		1,097,321	1,468,563
LIABILITIES AND EQUITY			
Current liabilities			
Due to related parties	8	92,435	180,393
Trade and other payables	10	380,117	570,078
		472,552	750,471
Non-current liabilities			
Employees' end-of-service benefits	11	121,825	94,756
Total liabilities		594,377	845,227
Equity			
Share capital	2	150,000	150,000
Statutory reserve		75,000	75,000
Retained earnings		277,944	398,336
Shareholders' equity		502,944	623,336
Total liabilities and equity		1,097,321	1,468,563

The accompanying notes 1 to 15 form an integral part of the financial statements.

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

The financial statements were authorised for issue on February 24, 2020 by:

Don Varuna Wirasinha
Managing Director

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BAKER TILLY MKM CHARTERED ACCOUNTANTS
P.O. Box: 118915
DUBAI - U.A.E.

ECU Line Abu Dhabi LLC
Abu Dhabi - United Arab Emirates

Statement of comprehensive income
For the year ended December 31, 2019

	Note	2019 AED	2018 AED
Revenue		5,469,712	5,305,011
Direct costs		(4,334,380)	(4,042,926)
Gross profit		1,135,332	1,262,085
Other income		-	9,025
General and administrative expenses	12	(857,388)	(872,774)
Profit for the year		277,944	398,336
Other comprehensive income		-	-
Total comprehensive income for the year		277,944	398,336

The accompanying notes 1 to 15 form an integral part of the financial statements.

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

ECU Line Abu Dhabi LLC
Abu Dhabi - United Arab Emirates

Statement of cash flows
For the year ended December 31, 2019

	Note	2019 AED	2018 AED
Cash flows from operating activities			
Profit for the year		277,944	398,336
Adjustments for:			
Expected credit loss allowance for trade receivables	6	3,752	21,925
Depreciation of property and equipment	9	2,408	20,381
Provision for employees' end-of-service benefits	11	27,069	13,149
Operating profit before working capital changes		311,173	453,791
Decrease/(increase) in trade receivables		464,188	(580,696)
(Increase)/decrease in other receivables		(40,620)	23,781
Movement in related party balances - net		(116,066)	118,816
(Decrease)/increase in trade and other payables		(189,961)	278,344
Net cash generated from operating activities		428,714	294,036
Cash flows from investing activities			
Acquisition of property and equipment	9	(9,642)	-
Net cash (used in) investing activities		(9,642)	-
Cash flows from financing activities			
Dividends paid		(398,336)	(368,127)
Net cash (used in) financing activities		(398,336)	(368,127)
Net increase/(decrease) in cash and cash equivalents		20,736	(74,091)
Cash and cash equivalents at the beginning of the year	5	154,967	229,058
Cash and cash equivalents at the end of the year	5	175,703	154,967

The accompanying notes **1** to **15** form an integral part of the financial statements.

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

ECU Line Abu Dhabi LLC
Abu Dhabi - United Arab Emirates

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

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
As at January 1, 2018	150,000	75,000	368,127	593,127
Dividends	-	-	(368,127)	(368,127)
Total comprehensive income for the year	-	-	398,336	398,336
As at December 31, 2018	150,000	75,000	398,336	623,336
Dividends	-	-	(398,336)	(398,336)
Total comprehensive income for the year	-	-	277,944	277,944
As at December 31, 2019	150,000	75,000	277,944	502,944

The accompanying notes 1 to 15 form an integral part of the financial statements.

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

1. LEGAL STATUS AND BUSINESS ACTIVITIES

a) ECU Line Abu Dhabi LLC (the "Company") was incorporated on September 23, 2001 and registered as a Limited Liability Company with Commercial License No. CN-1041189 issued by the Department of Economic Development, Abu Dhabi, United Arab Emirates ("UAE").

b) The principal activity of the Company is provision of shipment, customs clearance, loading and offloading services.

c) The Registered Address of the Company is P.O. Box 7158, Abu Dhabi, UAE.

d) The control and management of the Company is vested with Mr. Don Varuna Wirasinha (Sri Lankan National), the Managing Director.

2. SHARE CAPITAL

The authorized and issued capital of the Company as of December 31, 2019 was AED 150,000, divided into 100 shares of AED 1,500 each, and was held by the following shareholders:

Name of Shareholder	Nationality/ Country of Incorporation	No. of shares	Amount AED	Percentage of shareholding
ECU HOLD N.V.	Belgium	49	73,500	49
Heirs of Mr. Juma Saif Rashid bin Bakhit Al Falasi* - Sponsor	Emirati	51	76,500	51
Total		100	150,000	100

The Company is part of the Allcargo Group of Companies and the Ultimate Controlling Party is Allcargo Global Logistics Ltd.

*The shareholder, Mr. Juma Saif Rashid bin Bakhit, expired in the year 2015. As per the order of the Dubai Court dated August 10, 2015, the inheritance of the shares of the deceased was transferred to his heirs, who appointed Ms. Maitha Juma Saif bin Bakhit Al Falasi as the representative of the estate until further notice.

3. 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"), and the UAE Federal Law No. 2 of 2015.

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 Company is United Arab Emirates Dirham ("AED"), as most of its transactions are effected in that currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year, except for the following new standards, improvements, interpretations and amendments to IFRS that are mandatorily effective for accounting years beginning on or after January 1, 2019, except as indicated otherwise:

New standards, improvements, interpretations and amendments issued

- Amendments to IAS 19 — Employee Benefits
- Amendments to IAS 28 — Investments in Associates and Joint Ventures
- Amendments to IFRS 9 — Financial Instruments
- IFRS 16 — Leases
- IFRIC 23 — Uncertainty over Income Tax Treatments
- Annual improvements — IFRS Standards 2015-2017 Cycle
  - IAS 12 Income Taxes
  - IAS 23 Borrowing Costs
  - IFRS 3 Business Combinations
  - IFRS 11 Joint Arrangements

The adoption of these new standards, improvements, interpretations and amendments did not have a material impact on the Company for the year ended December 31, 2019.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard specifies the recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance which is substantially unchanged from IAS 17.

The adoption of IFRS 16 did not have any impact on the Company.

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 and hence have not been early adopted by the Company in preparing the financial statements for the year ended December 31, 2019.

- Amendments to IAS 1 — Presentation of Financial Statements (January 1, 2020)
- Amendments to IAS 8 — Accounting Policies, Change in Accounting Estimates and Errors (January 1, 2020)
- Amendment to IAS 39 — Financial Instruments: Recognition and Measurement (January 1, 2020)
- Amendments to IFRS 3 — Business Combinations (January 1, 2020)
- Amendments to IFRS 7 — Financial Instruments: Disclosures (January 1, 2020)
- Amendments to IFRS 9 — Financial Instruments (January 1, 2020)
- IFRS 17 — Insurance Contracts (January 1, 2022)
- Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework (January 1, 2020).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Changes in accounting policies (continued)

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

e) Financial instruments

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

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, 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).

The above classification is determined by both:

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, except for impairment of trade receivables and due from related parties (if any), which 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 Company's cash and cash equivalents, trade and other receivables and due from related parties fall into this category of financial instruments.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and balances with banks.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Trade receivables

Trade receivables are stated at original invoice amount less the expected credit loss allowance as per IFRS 9. Bad debts are written off when there is no possibility of recovery.

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

The Company assesses impairment of trade 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 6 for an analysis of how the impairment requirements of IFRS 9 are applied).

h) Other receivables

Other receivables consist of deposits, prepaid expenses, advances to suppliers and other receipts. They are carried at amounts expected to be received whether through cash or services less provision for any uncollectible amounts as per the expected credit loss model.

i) Related party balances and transactions

The Company, 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 shareholders, companies and entities under common or joint ownership or common management and control, their partners and key management personnel.

Related party balances are assessed for non-collectability as per the expected credit loss model.

j) Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses - the expected credit loss (ECL) model. Instruments within the scope of the requirements include financial assets measured at amortised cost, such as trade receivables measured under IFRS 15. The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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

- financial 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 credit losses" are recognised for the first category while "lifetime expected credit losses" are recognised for the second category.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Offsetting of financial assets and liabilities

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

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 Company 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 year 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
Vehicles	4
Office equipment	3-4

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 Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the cash-generating unit to which the asset belongs is used.

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

n) Trade 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.

o) Provisions

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Employees' end-of-service benefits

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

q) Statutory reserve

As required by the UAE Federal Law No. 2 of 2015, 10% of the profit for the year is required to be transferred to a statutory reserve. The Company resolved to discontinue such transfers when the reserve totals 50% of the paid-up share capital. Having attained this limit, transfers have ceased. This reserve is not available for distribution to the shareholders.

r) Contingent liabilities

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

s) Revenue recognition

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

To determine whether to recognise revenue, the Company follows a 5-step 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
v. Recognising revenue when performance obligation(s) are satisfied

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by providing the promised services for its customers.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Revenue recognition (continued)

The Company generates revenue through the following:

- From shipment, customs clearance, loading and offloading services, which are recognised on execution of orders of customers and agents.

Scrap sales, gains on disposal of property and equipment and miscellaneous receipts are recognised as "other income" on realised amounts.

t) Expenses

Direct costs include all costs directly attributable to the generation of revenue and include wages and salaries of revenue-generating employees, rent expense, and other direct costs. All other expenses are classified as general and administrative expenses.

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.

4. 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 Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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

i) Impairment of trade receivables and other receivables

The Company assesses impairment of trade 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.

ii) Useful lives and residual values of property and equipment

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

5 CASH AND CASH EQUIVALENTS

	2019 AED	2018 AED
Cash in hand	10,000	10,000
Cash at bank	165,703	144,967
	175,703	154,967

6 TRADE RECEIVABLES

	2019 AED	2018 AED
Trade receivables (6.1)	453,758	917,946
Less: expected credit loss allowance for trade receivables (6.2, 6.3)	(28,752)	(25,000)
Trade receivables - net	425,006	892,946

The Company's credit period is 90 days after which date trade receivables are considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables.

6.1 As at 31 December, the ageing analysis of trade receivables was as follows:

	Total AED	Not past due AED	91 - 120 days AED	120 - 180 days AED	>180 days AED
2019	453,758	332,013	60,124	31,264	30,357
2018	917,946	812,983	51,814	7,008	46,141

6.2 Movement of expected credit loss allowance for trade receivables was as follows:

	2019 AED	2018 AED
Balance at the beginning of the year	25,000	32,946
Provided for during the year (note 12)	3,752	21,925
Written off during the year	-	(29,871)
Balance at the end of the year	28,752	25,000

6.3 Expected credit loss allowance for trade receivables

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

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

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 90 days from the invoice date is considered indicators of no reasonable expectation of recovery.

7 OTHER RECEIVABLES

	2019 AED	2018 AED
Deposits	361,031	370,070
Prepaid expenses	45,750	25,739
Advances to suppliers	15,755	-
Other receivables	31,058	17,165
	453,594	412,974

8 RELATED PARTY TRANSACTIONS AND BALANCES

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

	Relationship	2019 AED	2018 AED
Due from related parties			
Various ECU Group companies	Fellow Group companies	35,784	7,676
Due to related parties			
Various ECU Group companies	Fellow Group companies	92,435	180,393

8.1 Transactions with related parties during the year were as follows:

	2019	2018
Revenue	39,678	48,746
Direct costs	382,745	1,520,856
Management fee expense (note 12)	80,958	85,738
Dividends paid	398,336	368,127

8.2 There are no repayment terms, interest or security for the related party balances, all of which are on normal trading terms.

9 PROPERTY AND EQUIPMENT

		Vehicles AED	Office equipment AED	Total AED
9.1	**Cost**			
	As at January 1, 2018 and December 31, 2018	85,360	80,951	166,311
	Additions	-	9,642	9,642
	Disposals	-	(10,619)	(10,619)
	As at December 31, 2019	85,360	79,974	165,334
9.2	**Accumulated Depreciation**			
	As at January 1, 2018	65,891	80,039	145,930
	Charge for the year (note 12)	19,469	912	20,381
	As at December 31, 2018	85,360	80,951	166,311
	Charge for the year (note 12)	-	2,408	2,408
	Disposals	-	(10,619)	(10,619)
	As at December 31, 2019	85,360	72,740	158,100
9.3	**Net book value**			
	As at December 31, 2019	-	7,234	7,234
	As at December 31, 2018	-	-	-

9.4 All items of property and equipment are still in use.

10 TRADE AND OTHER PAYABLES

	2019	2018
	AED	AED
Trade payables	292,093	505,910
Accrued expenses	75,950	64,168
Deferred revenue	12,074	-
	380,117	570,078

11 EMPLOYEES' END-OF-SERVICE BENEFITS

	2019	2018
	AED	AED
Balance at the beginning of the year	94,756	81,607
Provided for during the year	27,069	13,149
Balance at the end of the year	121,825	94,756

12 GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
	AED	AED
Salaries and benefits	601,854	536,020
Management fees (note 8)	80,958	85,738
Legal, visa and professional charges	32,434	50,697
Rent	32,190	54,132
Communications	24,932	23,448
Insurance	23,998	19,937
Travelling and conveyance	14,315	17,509
Bank charges	10,821	12,545
Expected credit loss for trade receivables (note 6)	3,752	21,925
Depreciation (note 9)	2,408	20,381
Other expenses	29,726	30,442
	857,388	872,774

13 COMMITMENTS AND CONTINGENCIES

13.1 Capital and operating expenditure commitments

The Company had no significant capital or operating commitments as at the reporting date. Rent is renewed on an annual basis.

13.2 Contingent liabilities

The Company had the following contingent liabilities as at the reporting date:

	2019	2018
	AED	AED
Bank guarantees	100,000	100,000

14 RISK MANAGEMENT

Interest rate risk

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

14 RISK MANAGEMENT (continued)

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 Company was exposed to credit risk on the following:

	2019	2018
	AED	AED
Cash at bank (note 5)	165,703	144,967
Trade receivables (note 6)	425,006	892,946
Other receivables (excluding prepaid expenses and advances to suppliers) (note 7)	392,089	387,235
Due from related parties (note 8)	35,784	7,676
	1,018,582	1,432,824

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

Credit risks related to trade receivables are managed subject to the Company'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 rating and credit quality is used to determine the expected credit losses for customer receivables in line with IFRS 9. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

Other receivables mainly consist of deposits that relate to customs and have no credit risk as they are with government entities. These deposits are fully refundable.

Due from related parties relates to transactions with minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid funds to meet its financial obligations as they fall due. The Company limits its liquidity risk by ensuring funds are available, when required.

The table summarises the maturities of the Company's financial liabilities at December 31.

2019	Less than 6 months AED
Trade and other payables (excluding deferred revenue) (note 10)	368,043
Due to related parties (note 8)	92,435
	460,478
2018	
Trade and other payables (excluding deferred revenue) (note 10)	570,078
Due to related parties (note 8)	180,393
	750,471

14 RISK MANAGEMENT (continued)

Foreign currency risk

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

Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US Dollars (USD). Since the AED is pegged to the USD, there is no currency risk with regard to the USD.

15 EVENTS AFTER THE REPORTING DATE

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