ECU WORLDWIDE (BAHRAIN) CO. W.L.L.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

bakertilly
Chartered Accountants

ECU WORLDWIDE (BAHRAIN) CO. W.L.L.
Bahrain

Financial statements for the year ended December 31, 2020

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ECU WORLDWIDE (BAHRAIN) CO. W.L.L.
Bahrain

Administration and contact details as at December 31, 2020

Commercial Registration No.	103968-1 obtained on September 1, 2016
Shareholder Names	Ecu Hold N.V., Belgium Mrs. Masooma Fairooz Abedali A. Rasool AbdulAli
Director/Authorised Signatory	Mr. Saleem Mohamed Nazir Mohamed Husein
Registered Office	Office No. 102 Building No. 3378 Road No. 1546 Block 115 Al Hidd Kingdom of Bahrain
Banker	Bank of Bahrain and Kuwait
Auditors	Baker Tilly MKM Public Accountants 5th Floor, Platinum Tower Al Seef Area PO Box 11674 Manama Kingdom of Bahrain

ECU WORLDWIDE
Geography Simplified

DIRECTOR'S REPORT

The Director presents Director's report and financial statements of **ECU Worldwide (Bahrain) Co. W.L.L.** (the "Company") for the year ended December 31, 2020.

PRINCIPAL ACTIVITIES

The Company is engaged in shipping and sea freight agency services.

FINANCIAL POSITION AND PERFORMANCE

The financial position of the Company as at December 31, 2020 and the results of its operations and cash flows for the year then ended are set out in the accompanying financial statements.

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.

EFFECTS OF THE COVID PANDEMIC

Since January 2020, the global emergence and rapid spread of the Coronavirus (COVID-19) as well as the associated measures implemented by various governments have had drastic economic effects. The management of the Company are monitoring the development of the global pandemic and will implement the necessary measures, as required.

EVENTS AFTER THE 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 DIRECTOR'S 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 Director confirms 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 Director also confirms 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 and signed by the Director and the authorised representative of the Company.

By order of the Director:

Mr. Saleem Mohamed Nazir Mohamed Husein
Managing Director/Authorised Signatory,
17th March, 2021

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Public Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ECU WORLDWIDE (BAHRAIN) CO. W.L.L

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ECU Worldwide (Bahrain) Co. W.L.L** (the "Company"), which comprise the statement of financial position as at December 31, 2020, the related statements of comprehensive income, cash flows and changes in shareholders' 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, 2020, 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 (ISAs). 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 Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We refer to note 16 to the financial statements, which highlights the possible impact that the current situation regarding the spread of the corona virus (COVID-19) throughout the region and the world has had and could continue to have on the state of affairs and the operating results of the Company in the year 2021. Our opinion is not qualified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report set out on page 2. The other information does not include the financial statements and our independent auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ECU WORLDWIDE (BAHRAIN) CO. W.L.L. (continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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;

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ECU WORLDWIDE (BAHRAIN) CO. W.L.L. (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

Report on Anti-Money Laundering and Terrorism Financing Requirements

Further, as required by the Bahrain Commercial Companies Law, Ministerial Order Number 173 of 2017, we have examined the internal controls systems of the Company as well as the policies and procedures relevant to detecting and reporting of suspicious transactions, in addition to systems and procedures relevant for Customer/Client identification. To the best of our knowledge and belief, we report that:

(1) The Company maintains proper internal control systems and procedures sufficient for monitoring and reporting of suspicious or extraordinary transactions;
(2) the Company holds sufficient measures and internal procedures relevant to verifying the identity of its customers; and
(3) the Company had reported all suspicious or extraordinary transactions, if any.

In addition, we report that we are not aware of any violations of the Ministerial Order Number 173 of 2017 concerning the Obligations related to the Procedures for Prohibition of Combating Money Laundering and Terrorism Finance in the Business of the Persons Registered in the Commercial Register and the Audit Registry in the Kingdom of Bahrain.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ECU WORLDWIDE (BAHRAIN) CO. W.L.L. (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by the Bahrain Commercial Companies Law of 2001, as amended, we report that:

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

(2) the Company has maintained proper books of account and the financial statements are in agreement therewith; and

(3) the financial information included in the Director's report is consistent with the books of account of the Company.

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law of 2001, as amended, or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at December 31, 2020.

Baker Tilly

Eyad Husain
Registration Number 98

Manama, Kingdom of Bahrain

March 17, 2021

bakertilly
MKM PUBLIC ACCOUNTANTS
C.R.No.: 80680-1

ECU WORLDWIDE (BAHRAIN) CO. W.L.L.
Bahrain

Statement of financial position
As at December 31, 2020

		2020	2019
ASSETS	**Note**	**BD**	**BD**
Current assets			
Cash and cash equivalents	5	17,968	10,136
Accounts and other receivables	6	38,110	22,191
Due from a related party	7	28,350	43,704
		84,428	76,031
Non-current assets			
Property and equipment	8	148	76
TOTAL ASSETS		84,576	76,107
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		26,015	14,132
Other payables	9	18,831	14,434
Due to a related party	7	24	-
		44,870	28,566
Non-current liabilities			
Employees' end-of-service benefits	10	1,272	632
Total liabilities		46,142	29,198
Equity			
Share capital	2	10,000	10,000
Statutory reserve	3q	5,000	5,000
Retained earnings		23,434	31,909
Shareholders' funds		38,434	46,909
TOTAL LIABILITIES AND EQUITY		84,576	76,107

The accompanying notes 1 to 17 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 3 to 6.

The financial statements were authorized for issue on 17 MAR, 2021 by:

Mr. Saleem Mohamed Nazir Mohamed Husein
Director/Authorised Signatory

ECU WORLDWIDE (BAHRAIN) CO. W.L.L.
Bahrain

Statement of comprehensive income
For the year ended December 31, 2020

		2020	2019
		BD	BD
Revenue		233,530	195,043
Direct costs	11	(172,620)	(138,584)
Gross profit		60,910	56,459
Other income	12	4,912	5,411
General and administrative expenses	13	(42,388)	(27,810)
Profit for the year		23,434	34,060
Other comprehensive income		-	-
Total comprehensive income for the year		23,434	34,060

The accompanying notes 1 to 17 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 3 to 6.

ECU WORLDWIDE (BAHRAIN) CO. W.L.L.
Bahrain

Statement of cash flows
For the year ended December 31, 2020

	Note	2020	2019
Cash flows from operating activities		BD	BD
Profit for the year		23,434	34,060
Adjustments for:			
Expected credit loss allowance for accounts receivable	6	1,449	251
Depreciation of property and equipment	8	118	565
Provision for employees' end-of-service benefits	10	640	617
Operating profit before working capital changes		25,641	35,493
(Increase) in accounts and other receivables		(17,368)	(12,298)
Decrease/(increase) in related party balances, net		15,378	(8,309)
Increase in accounts payable		11,883	5,114
Increase in other payables		4,397	3,685
Cash flows from operations		39,931	23,685
Employees' end-of-service benefits paid	10	-	(552)
Net cash generated from operating activities		39,931	23,133
Cash flows from investing activities			
Additions to property and equipment	8	(190)	-
Net cash (used in) investing activities		(190)	-
Cash flows from financing activities			
Dividend paid		(31,909)	(19,520)
Net cash used in financing activities		(31,909)	(19,520)
Net increase in cash and cash equivalents		7,832	3,613
Cash and cash equivalents at the beginning of the year	5	10,136	6,523
Cash and cash equivalents at the end of the year	5	17,968	10,136

The accompanying notes 1 to 17 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 3 to 6.

ECU WORLDWIDE (BAHRAIN) CO. W.L.L.
Bahrain

Statement of changes in shareholders' equity
For the year ended December 31, 2020

	Share capital BD	Statutory reserve BD	Retained earnings BD	Total BD
As at December 31, 2018	10,000	2,849	19,520	32,369
Dividend paid	-	-	(19,520)	(19,520)
Total comprehensive income for the year	-	-	34,060	34,060
Transfer to statutory reserve	-	2,151	(2,151)	-
As at December 31, 2019	10,000	5,000	31,909	46,909
Dividend paid	-	-	(31,909)	(31,909)
Total comprehensive income for the year	-	-	23,434	23,434
As at December 31, 2020	10,000	5,000	23,434	38,434

The accompanying notes 1 to 17 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 3 to 6.

1. LEGAL STATUS AND BUSINESS ACTIVITIES

a) ECU Worldwide (Bahrain) Co. W.L.L. (the "Company") was incorporated on September 1, 2016 as a Limited Liability Company under Commercial License Number 103968-1, issued by the Ministry of Industry, Commerce and Tourism, Kingdom of Bahrain. The current license is valid untill September 1, 2021.

b) The Company is engaged in shipping and sea freight agency services.

c) The Registered Office of the Company is situated in Al Hidd, Kingdom of Bahrain.

d) The management of the Company is vested with Mr. Saleem Mohamed Nazir Mohamed Husein, the Managing Director.

2. SHARE CAPITAL

The authorised, issued and paid-up capital of the Company is BD 10,000, divided into 100 shares of BD 100 each, fully paid, and was held by the shareholders as at the reporting date as follows:

Name of the Shareholder	Nationality/country of incorporation	No. of Shares	Amount BD	%
Ecu Hold N.V.	Belgium	49	4,900	49
Masooma Fairooz Abedali A. Rasool AbdulAli - Sponsor	Bahraini	51	5,100	51
Total		100	10,000	100

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

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

These 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 Commercial Companies Law of Bahrain of 2001, as amended.

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 Bahraini Dinar ("BD"), as all major 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, 2020:

New standards, improvements, interpretations and amendments issued

• Amendments to IAS 1	Presentation of Financial Statements
• Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
• Amendments to IAS 39	Financial Instruments: Recognition and Measurement
• Amendments to IFRS 3	Business Combinations
• Amendments to IFRS 7	Financial Instruments: Disclosures
• Amendments to IFRS 9	Financial Instruments
• Amendments to IFRS 16	Leases

- 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.

The adoption of these new standards, improvements, interpretations and amendments did not have any material impact on the Company for the year ended December 31, 2020.

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

The following new accounting standards, improvements, interpretations and amendments have been issued, but are not mandatory until the accounting period commencing on or after that shown below, and hence have not been early adopted by the Company in preparing the financial statements for the year ended December 31, 2020. Dates shown are for accounting periods commencing on or after that date.

• Amendments to IAS 1	Presentation of Financial Statements (January 1, 2023)
• Amendments to IAS 16	Property, Plant and Equipment (January 1, 2022)
• Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets (January 1, 2022)
• Amendments to IAS 39	Financial Instruments: Recognition and Measurement (January 1, 2021)
• Amendments to IFRS 3	Business Combinations (January 1, 2022 - Conceptual Framework)
• Amendments to IFRS 4	Insurance Contracts (January 1, 2021 and January 1, 2023)
• Amendments to IFRS 7	Financial Instruments: Disclosures (January 1, 2021)
• Amendments to IFRS 9	Financial Instruments (January 1, 2021)
• Amendments to IFRS 16	Leases (June 1, 2020 and January 1, 2021)
• IFRS 17 and amendments thereto	Insurance Contracts (January 1, 2023)
• Annual improvements	IFRS Standards 2018-2020 Cycle • IFRS 1 First-time Adoption of International Financial Reporting Standards (January 1, 2022) • IFRS 9 Financial Instruments (January 1, 2022) • IFRS 16 Leases (January 1, 2022) • IAS 41 Agriculture (January 1, 2022)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 accounts receivable 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.

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, accounts and other receivables (excluding prepaid expenses, accrued invoices, and staff loans and advances) and due from a related party fall into this category of financial instruments.

f) Cash and cash equivalents

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

g) Accounts and other receivables

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

g) Accounts and other receivables (continued)

The Company assesses impairment of accounts receivable on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due (refer to Note 6 for an analysis of how the impairment requirements of IFRS 9 are applied).

Deferred costs are costs that have already been incurred, but which will be charged to expense in a later reporting year, as and when the performance obligations are met.

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

Prepaid expenses and deposits are carried at amounts expected to be received whether through cash or services less provision for any uncollectible amounts as per the ECL model. Staff loans and advances relate to amounts paid to employees expected to be received whether through cash or services.

h) 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 ECL.

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

i) Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise ECL - the ECL model. Instruments within the scope of the requirements include financial assets measured at amortised cost, such as accounts receivable measured under IFRS 15. The Company considers a broader range of information when assessing credit risk and measuring ECL, 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 ECL are recognised for the first category while "lifetime ECL" are recognised for the second category.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) 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.

k) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition and bringing the asset to its working condition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When a part 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 and based on estimated useful lives as follows:

Assets	Years
Furniture and fixtures	4
Office equipment	3
Computer equipment	3

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

l) 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.

m) Accounts payable

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Other payables

Accrued costs are the cost of goods or services received or incurred during a year for which the supplier invoice has not been received as at the reporting date.

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

o) Provisions

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

p) Employees' end-of-service benefits

Provision is made for the end-of-service benefits due to employees in accordance with the Bahraini Indemnity Law for their periods of service up to the reporting date. The provision for the employees' end-of-service benefits is calculated based on their current basic remuneration.

q) Statutory reserve

As required by the Commercial Companies Law of Bahrain of 2001 (as amended in 2014, 2015 and 2018) and the Company's Memorandum of Association, 10% of the profit for the year is required to be transferred to a statutory reserve until such reserve equals 50% of the paid-up share capital of the Company. Having now 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 when (or as) the Company satisfies performance obligations by carrying out or 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Revenue recognition (continued)

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.

Revenue from shipping and sea freight agency services is recognised on execution of orders of customers and agents.

Scrap sales, sundry creditors written-off, 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 BD using the exchange rate prevailing on the date of transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into BD 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future years.

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

i) Expected credit loss allowance for accounts and other receivables, due from a related party and cash at bank

An allowance against accounts receivable recognised as per IFRS 9 considering the pattern of receipts from, and the future financial outlook of, the concerned customers. In measuring the ECL, the accounts receivable has been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the credit period and the days past due. The percentage for the ECL is reviewed by the management on a regular basis.

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

5	CASH AND CASH EQUIVALENTS	2020 BD	2019 BD
	Cash on hand	1,000	1,000
	Cash at bank	16,968	9,136
		17,968	10,136

6	ACCOUNTS AND OTHER RECEIVABLES	2020 BD	2019 BD
	Accounts receivable (6.1)	33,739	23,847
	ECL allowance for accounts receivable	(3,700)	(2,251)
	Accounts receivable - net	30,039	21,596
	Accrued invoices	3,624	185
	Staff loans and advances	3,886	-
	Prepaid expenses	315	310
	Others	246	100
		38,110	22,191

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

			Past due		
	Total BD	Not past due BD	91-120 days BD	121-180 days BD	>180 days BD
2020	33,739	27,015	2,013	384	4,327
2019	23,847	21,568	15	442	1,822

The Company's credit period is 90 days after which date accounts receivable are considered to be past due. It is not the practice of the Company to obtain collateral over receivables.

6.2	ECL allowance for accounts receivable	2020 BD	2019 BD
	Balance at the beginning of the year	2,251	2,000
	Provided for the year (note 13)	1,449	251
	Balance at the end of the year	3,700	2,251

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

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

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

6 ACCOUNTS AND OTHER RECEIVABLES (CONTINUED)

Accounts receivable are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within the credit period and failure to engage with the Company on alternative payment arrangements amongst others are considered indicators of significant increase in credit risk. There is no impact of IFRS 9 on other receivables.

7 RELATED PARTY TRANSACTIONS AND BALANCES

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

7.1	**Due from a related party**	**A Relationship**	**2020**	**2019**
			BD	**BD**
	ECU Hold N.V. (Jebel Ali Branch), U.A.E.	Common ownership	28,350	43,704

There is no impact of IFRS 9 on balances due from related party.

7.2	**Due to a related party**		**2020**	**2019**
			BD	**BD**
	ECU Line Middle East (L.L.C), U.A.E.	Group Company	24	-

7.3	Transactions with related parties during the year were as follows:	**2020**	**2019**
		BD	**BD**
	Dividend paid	31,909	19,520
	Revenue	49,181	19,363
	Direct costs	42,514	16,656

8 PROPERTY AND EQUIPMENT

		Furniture and fixtures	Office equipment	Computer equipment	Total
8.1	**Cost**	**BD**	**BD**	**BD**	**BD**
	As at December 31, 2018	1,070	727	483	2,280
	Additions during the year	-	-	-	-
	As at December 31, 2019	1,070	727	483	2,280
	Additions during the year	-	-	190	190
	As at December 31, 2020	1,070	727	673	2,470
8.2	**Accumulated depreciation**				
	As at December 31, 2018	642	514	483	1,639
	Charge for the year	428	137	-	565
	As at December 31, 2019	1,070	651	483	2,204
	Charge for the year	-	76	42	118
	As at December 31, 2020	1,070	727	525	2,322
8.3	**Net book values**				
	As at December 31, 2020	-	-	148	148
	As at December 31, 2019	-	76	-	76

9 OTHER PAYABLES

	2020 BD	2019 BD
Accrued expenses - import and export	14,151	11,319
Others	4,680	3,115
	18,831	14,434

10 EMPLOYEES' END-OF-SERVICE BENEFITS

	2020 BD	2019 BD
Balance at the beginning of the year	632	567
Provided for during the year	640	617
Paid during the year	-	(552)
Balance at the end of the year	1,272	632

11 DIRECT COSTS

	2020 BD	2019 BD
Direct costs of import activities	101,695	106,841
Direct costs of export activities	70,925	31,743
	172,620	138,584

12 OTHER INCOME

	2020 BD	2019 BD
Warehouse income	4,530	4,524
Others	382	887
	4,912	5,411

13 GENERAL AND ADMINISTRATIVE EXPENSES

	2020 BD	2019 BD
Salaries and benefits	17,761	16,822
Legal and professional expenses	18,931	5,992
Office expenses	2,544	2,794
Depreciation (note 8)	118	565
ECL allowance for accounts receivable (note 6)	1,449	251
Others	1,585	1,386
	42,388	27,810

14 COMMITMENTS AND CONTINGENCIES

14.1 Capital and operating expenditure commitments

The Company did not have any capital or operating expenditure commitments as at the reporting date. Rent is renewed on an annual basis.

14.2 Contingent liabilities

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

15 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 any interest rate risk since it did not have any interest bearing liabilities or assets as at the reporting date.

Credit risk

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

	2020	2019
	BD	BD
Cash at bank (note 5)	16,968	9,136
Accounts and other receivables (excluding prepaid expenses, accrued invoices, and staff loans and advances) (note 6)	30,285	21,696
Due from a related party (note 7)	28,350	43,704
	75,603	74,536

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

Credit risks related to accounts receivable 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 ECL for customer receivables in line with IFRS 9. In measuring the ECL, the accounts receivable have been assessed on a collective basis as they possess shared credit risk characteristics.

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company limits its liquidity risk by managing its cash flows.

The Company's terms of contract require amounts from third parties to be paid within 90 days of the date of invoice.

Accounts payable (third parties) are normally settled within 90 days of the date of purchase.

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

	Less than 6 months
2020	BD
Accounts payable	26,015
Other payables (note 9)	18,831
	44,846

15 RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	Less than 6 months
	BD
2019	
Accounts payable	14,132
Other payables (note 9)	14,434
	28,566

Foreign currency risk

Foreign currency risk is the risk that an adverse movement in currency exchange rates can affect the financial performance of the Company and can arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

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

16 EFFECTS OF THE COVID PANDEMIC

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

17 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.