

ECU LINE ABU DHABI LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2017



BAKER TILLY
Chartered Accountants

ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Financial statements for the year ended December 31, 2017

| Table of contents | Page Number |
|--|-------------|
| Independent auditor's report | 1-3 |
| Statement of financial position | 4 |
| Statement of profit or loss and other comprehensive income | 5 |
| Statement of cash flows | 6 |
| Statement of changes in equity | 7 |
| Notes to the financial statements | 8-19 |



BAKER TILLY

Chartered Accountants

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

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, 2017, the related statements of profit or loss and other 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, 2017, 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 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 audit opinion.

Other matter

The financial statements of ECU Line Abu Dhabi LLC for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 15, 2017.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and in compliance with applicable provisions of UAE Federal Law No. 2 of 2015 ("the Federal Law"), 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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.
- 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 those 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.

Report on Regulatory Requirements

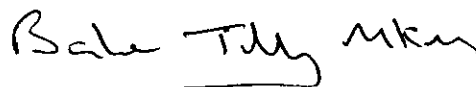
As required by the Federal Law, we report that:

- 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 accounts; and

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

Report on Regulatory Requirements (continued)

4) Based on the information that has been made 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, 2017 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, 2017.



Baker Tilly MKM
Chartered Accountants

Mago JB Singh,
FCA, CPA, CMA, CFC, CIBA, CRMA, M.Sc. (Ind. Eng.), MBA
Partner, ELA Number 493.

Dubai, United Arab Emirates

April 10, 2018



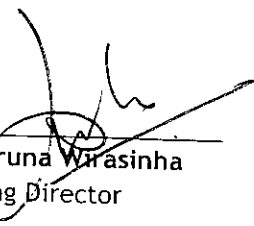
ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

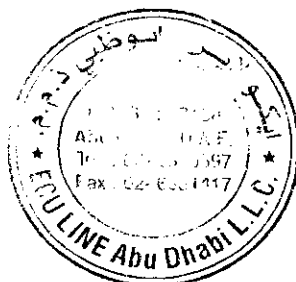
Statement of financial position
As at December 31, 2017

| | Note | 2017 AED | 2016 AED |
|-------------------------------------|------|-------------------------|-------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 229,058 | 263,246 |
| Due from related parties | 6 | 47,294 | 40,157 |
| Trade receivables | 7 | 334,175 | 477,019 |
| Other receivables | 8 | 436,755 | 420,478 |
| | | <u>1,047,282</u> | <u>1,200,900</u> |
| Non-current assets | | | |
| Property and equipment | 9 | 20,381 | 43,962 |
| Total assets | | <u><u>1,067,663</u></u> | <u><u>1,244,862</u></u> |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Due to related parties | 6 | 101,195 | 122,995 |
| Trade payables | | 248,486 | 181,199 |
| Other payables | | 43,248 | 46,835 |
| | | <u>392,929</u> | <u>351,029</u> |
| Non-current liabilities | | | |
| Employees' end-of-service benefits | 10 | 81,607 | 83,964 |
| Total liabilities | | <u>474,536</u> | <u>434,993</u> |
| Equity | | | |
| Share capital | 2 | 150,000 | 150,000 |
| Statutory reserve | | 75,000 | 75,000 |
| Retained earnings | | 368,127 | 584,869 |
| Shareholders' equity | | <u>593,127</u> | <u>809,869</u> |
| Total equity and liabilities | | <u><u>1,067,663</u></u> | <u><u>1,244,862</u></u> |

The accompanying notes 1 to 16 form an integral part of the financial statements.

The financial statements were authorised for issue on April 10, 2018 by:


Don Varuna Wirasinha
Managing Director



ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Statement of profit or loss and other comprehensive income
For the year ended December 31, 2017

| | Note | 2017 AED | 2016 AED |
|--|------|-----------------------|-----------------------|
| Revenue | | 4,168,800 | 4,502,225 |
| Direct costs | | (2,875,009) | (2,993,449) |
| Gross profit | | <u>1,293,791</u> | <u>1,508,776</u> |
| Other income | 11 | 832 | 45,229 |
| General and administrative expenses | 12 | (926,496) | (969,136) |
| Profit for the year | | <u>368,127</u> | <u>584,869</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u><u>368,127</u></u> | <u><u>584,869</u></u> |

The accompanying notes 1 to 16 form an integral part of the financial statements.



ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Statement of cash flows
For the year ended December 31, 2017

| | Note | 2017 AED | 2016 AED |
|--|------|-------------|-------------|
| Cash flows from operating activities | | | |
| Total comprehensive income for the year | | 368,127 | 584,869 |
| Adjustments for: | | | |
| Provision for doubtful debts | 7 | 304 | 6,000 |
| Depreciation of property and equipment | 9 | 23,581 | 24,450 |
| Provision for employees' end-of-service benefits, net of reversals | 10 | 23,901 | 10,938 |
| Payables balances written-off | 11 | (832) | (11,975) |
| Operating profit before working capital changes | | 415,081 | 614,282 |
| (Increase) in due from related parties | | (7,137) | (11,240) |
| Decrease/(increase) in trade receivables | | 142,540 | (18,578) |
| (Increase) in other receivables | | (16,277) | (1,421) |
| Increase in trade and other payables | | 68,119 | 249,386 |
| (Decrease) in other payables | | (3,587) | (107,630) |
| (Decrease) in due to related parties | | (21,800) | (243,475) |
| Cash flows from operations | | 576,939 | 481,324 |
| Employees' end-of-service benefits paid | 10 | (26,258) | (6,209) |
| Net cash generated from operating activities | | 550,681 | 475,115 |
| Cash flows from financing activities | | | |
| Dividends paid | | (584,869) | (550,737) |
| Net cash (used in) financing activities | | (584,869) | (550,737) |
| Net (decrease) in cash and cash equivalents | | (34,188) | (75,622) |
| Cash and cash equivalents at the beginning of the year | 5 | 263,246 | 338,868 |
| Cash and cash equivalents at the end of the year | 5 | 229,058 | 263,246 |

The accompanying notes 1 to 16 form an integral part of the financial statements.



ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Statement of changes in equity
For the year ended December 31, 2017

| | Share capital AED | Statutory reserve AED | Retained earnings AED | Total AED |
|-------------------------|-------------------------|-----------------------------|-----------------------------|--------------|
| As at January 1, 2016 | 150,000 | 75,000 | 550,737 | 775,737 |
| Dividends paid | - | - | (550,737) | (550,737) |
| Profit for the year | - | - | 584,869 | 584,869 |
| As at December 31, 2016 | 150,000 | 75,000 | 584,869 | 809,869 |
| Dividends paid | - | - | (584,869) | (584,869) |
| Profit for the year | - | - | 368,127 | 368,127 |
| As at December 31, 2017 | 150,000 | 75,000 | 368,127 | 593,127 |

The accompanying notes 1 to 16 form an integral part of the financial statements.



ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

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 office 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, 2017 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 |
|--|---|------------------|----------------|-------------------------------|
| Ecuhold N.V. | Belgium | 49 | 73,500 | 49 |
| Heirs of Mr. Juma Saif Rashid bin Bakhit* - 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, 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 International Financial Reporting Interpretations Committee ("the Committee"), and U.A.E 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.



Notes to the financial statements
For the year ended December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Functional and reporting currency

The functional currency of the Company is United States Dollars ("USD"), as most of its transactions are effected in that currency. The reporting currency of the Company is United Arab Emirates Dirhams ("AED"), as the Company operates from United Arab Emirates and the AED is pegged to the USD.

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 and amendments to IFRS that are mandatorily effective for accounting periods beginning on or after January 1, 2017:

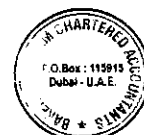
New and amended standards

- Amendments to IAS 7 Statement of Cash Flows
- Amendments to IAS 12 Income Taxes
- Annual improvements IFRS Standards 2014-2016 Cycle
 - IFRS 12 Disclosures of Interests in Other Entities

Standards and amendments in issue but not yet effective

The following new and revised IFRS and interpretations are not mandatorily effective for the year ended December 31, 2017. However, they are available for early application. Paragraph 30 of IAS 8 requires the Company to consider and disclose the potential impact of new and revised IFRS and interpretations that have been issued but are not yet effective.

- Amendments to IAS 19 Employee Benefits (January 1, 2019)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (January 1, 2019)
- Amendments to IAS 40 Investment Property (January 1, 2018)
- Amendments to IFRS 2 Share-based Payment (January 1, 2018)
- Amendments to IFRS 4 Insurance Contracts (January 1, 2018) (to be superseded by IFRS 17)
- Amendments to IFRS 7 Financial Instruments: Disclosures (January 1, 2018)
- IFRS 9 Financial Instruments (January 1, 2018 & January 1, 2019)
- IFRS 15 Revenue from Contracts with Customers (January 1, 2018)
- IFRS 16 Leases (January 1, 2019)
- IFRS 17 Insurance Contracts (January 1, 2021)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (January 1, 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (January 1, 2019)
- Annual improvements IFRS Standards 2014-2016 Cycle (January 1, 2018)
 - IFRS 1 First-time Adoption of IFRS
 - IAS 28 Investments in Associates and Joint Ventures
- Annual improvements IFRS Standards 2015-2017 Cycle (January 1, 2019)
 - IFRS 3 Business Combinations
 - IFRS 11 Joint Arrangements
 - IAS 12 Income Taxes
 - IAS 23 Borrowing Costs



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Changes in accounting policies (continued)

Management anticipates that all of the above standards, amendments and interpretations will be adopted by the Company to the extent applicable, from their effective dates. Management is currently assessing the impact that IFRS 9, IFRS 15 and IFRS 16 could have on the Company. Otherwise, the adoption of these standards, amendments and interpretations is not expected to have any material impact on the financial statements of the Company in the period of their initial application.

e) Financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company has become a party to the provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, a contractual right to exchange financial instruments under conditions that are potentially favorable, or any equity instrument excluding investments in subsidiaries, associates or joint ventures. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavorable.

f) Cash and cash equivalents

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

g) Related party transactions and balances

The Company enters into transactions with parties that fall within the definition of a related party as contained in IFRS. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel, subsidiaries, joint ventures, parent, associates, and other related parties.

h) Trade receivables

Trade receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when there is no possibility of recovery.

i) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the 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.

j) Accrued revenue and deferred costs

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

Deferred costs are costs that have already been incurred, but which will be charged to expense in a later reporting period, as and when the contract is completed and the revenue is recognised.

ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in making payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 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 replacement part capitalised, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

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

| <u>Assets</u> | <u>Years</u> |
|------------------|--------------|
| Vehicles | 4 |
| Office equipment | 3-4 |

Depreciation is charged from the date the asset is available for use up to the date the asset is disposed of. Gains and losses on disposal of property and equipment are recognised as other income in the statement of profit or loss and other comprehensive income in the period in which they occur.

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.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Trade 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) Deferred revenue and accrued costs

Deferred revenue refers to payments received in advance for services which have not yet been performed.

Accrued costs are the cost of services received during a period for which the supplier has yet to issue an invoice as at the reporting date.

p) Other payables

Other payables consist of provisions related to staff air tickets and leave salaries. These 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.

q) Employees' end-of-service benefits

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

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) Dividends

Dividends pertaining to a financial year are declared subsequent to year-end. These dividends are paid in the same financial year in which they are declared.

t) Statutory reserve

As per the Memorandum of Association of the Company and the provisions of U.A.E. Federal Law No. 2 of 2015, 10% of the profit for the year is required to be transferred to a statutory reserve. The Company has resolved to discontinue such transfers when the reserve equalled 50% of the paid-up share capital. Having attained that limit, transfers have ceased. The reserve is not available for distribution to the shareholders.

u) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, net of returns and trade discounts and 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 received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Revenue recognition (continued)

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 acts as a principal in respect of all of its revenue arrangements.

Revenue from shipments, customs clearances, loading and offloading services is recognised on completion of orders of customers and agents.

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

v) Expenses

Direct costs include costs directly attributable to the generation of revenue and includes freight charges and related overheads. All other expenses, including all staff costs, are classified as general and administrative expenses.

w) Foreign currency transactions and translations

Foreign currency transactions are translated into AED using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into AED using the exchange rate prevailing on the reporting date. Gains and losses from foreign exchange transactions are included in the statement of profit or loss and other 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 periods.

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

i. Provision for doubtful debts

A provision against overdue receivable balances is recognized after considering the pattern of receipts from, and the future financial outlook of, the concerned receivable party. It is reviewed by the management on a regular basis.

ii. Accrued and deferred revenue and costs

Accrued and deferred revenue and costs are based on the management review of the incomplete jobs as at the reporting date (note 3(j) and 3(o)).

ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

| | | | |
|----------|----------------------------------|----------------|----------------|
| 5 | CASH AND CASH EQUIVALENTS | 2017 | 2016 |
| | | AED | AED |
| | Cash at bank | 219,058 | 253,246 |
| | Cash in hand | 10,000 | 10,000 |
| | | <u>229,058</u> | <u>263,246</u> |

6 RELATED PARTY TRANSACTIONS AND BALANCES

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

| Due from related parties | Relationship | 2017 | 2016 |
|-------------------------------|-----------------|----------------|----------------|
| | | AED | AED |
| Various ECU Group companies | Group companies | <u>47,294</u> | <u>40,157</u> |
| Due to related parties | | | |
| Various ECU Group companies | Group companies | <u>101,195</u> | <u>122,995</u> |

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

| | | |
|------------------------|---------------|---------------|
| | 2017 | 2016 |
| | AED | AED |
| Revenue | 206,213 | 412,415 |
| Direct costs | 858,216 | 836,892 |
| Management fee expense | <u>82,219</u> | <u>80,288</u> |

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

7 TRADE RECEIVABLES

| | | |
|--|-----------------|-----------------|
| | 2017 | 2016 |
| | AED | AED |
| Trade receivables (7.1) | 367,121 | 522,832 |
| Less: provision for doubtful debts (7.2) | <u>(32,946)</u> | <u>(45,813)</u> |
| | <u>334,175</u> | <u>477,019</u> |

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.



ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

7 TRADE RECEIVABLES (continued)

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

| | Total AED | Neither past due nor impaired AED | Past due but not impaired | | |
|------|----------------|--|---------------------------|------------------------|---------------------|
| | | | 91-120 days AED | 120-180 days AED | >180 days AED |
| 2017 | <u>334,175</u> | <u>290,322</u> | <u>20,303</u> | <u>14,886</u> | <u>8,664</u> |
| 2016 | <u>477,019</u> | <u>451,807</u> | <u>8,256</u> | <u>8,292</u> | <u>8,664</u> |

7.2 Provision for doubtful debts

| | 2017 AED | 2016 AED |
|---|-----------------|---------------|
| Balance at the beginning of the year | 45,813 | 59,813 |
| Provided for/(reversal) during the year | 304 | (14,000) |
| Written off during the year | <u>(13,171)</u> | <u>-</u> |
| Balance at the end of the year | <u>32,946</u> | <u>45,813</u> |

8 OTHER RECEIVABLES

| | 2017 AED | 2016 AED |
|--------------------------------|----------------|----------------|
| Deposits and other receivables | 377,483 | 364,766 |
| Prepayments and advances | <u>59,272</u> | <u>55,712</u> |
| | <u>436,755</u> | <u>420,478</u> |

9 PROPERTY AND EQUIPMENT

9.1 Cost

| | Balance as at 31.12.2016 AED | Balance as at 31.12.2017 AED |
|------------------|---------------------------------------|---------------------------------------|
| Vehicles | 85,360 | 85,360 |
| Office equipment | <u>80,951</u> | <u>80,951</u> |
| | <u>166,311</u> | <u>166,311</u> |

9.2 Accumulated depreciation

| | Balance as at 31.12.2016 AED | Charge for the year AED | Balance as at 31.12.2017 AED |
|------------------|---------------------------------------|-------------------------------|---------------------------------------|
| Vehicles | 44,551 | 21,340 | 65,891 |
| Office equipment | <u>77,798</u> | <u>2,241</u> | <u>80,039</u> |
| | <u>122,349</u> | <u>23,581</u> | <u>145,930</u> |



ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

| | | |
|---|----------------|----------------|
| 9 PROPERTY AND EQUIPMENT (continued) | | |
| 9.3 Net book values | 2017 | 2016 |
| | AED | AED |
| Vehicles | 19,469 | 40,809 |
| Office equipment | 912 | 3,153 |
| | <u>20,381</u> | <u>43,962</u> |
| 10 EMPLOYEES' END-OF-SERVICE BENEFITS | | |
| | 2017 | 2016 |
| | AED | AED |
| Balance at the beginning of the year | 83,964 | 79,235 |
| Provided for during the year | 23,901 | 22,151 |
| Reversals during the year | - | (11,213) |
| Paid during the year | (26,258) | (6,209) |
| Balance at the end of the year | <u>81,607</u> | <u>83,964</u> |
| 11 OTHER INCOME | | |
| | 2017 | 2016 |
| | AED | AED |
| Payables balances written-off | 832 | 11,975 |
| Foreign exchange gains | - | 13,250 |
| Miscellaneous income | - | 20,004 |
| | <u>832</u> | <u>45,229</u> |
| 12 GENERAL AND ADMINISTRATIVE EXPENSES | | |
| | 2017 | 2016 |
| | AED | AED |
| Salaries and benefits | 619,785 | 679,493 |
| Management fees | 82,219 | 80,288 |
| Rent | 57,996 | 57,271 |
| Legal, visa and professional charges | 44,465 | 27,884 |
| Insurance | 25,266 | 28,702 |
| Depreciation | 23,581 | 24,450 |
| Communications | 20,195 | 19,218 |
| Travelling and conveyance | 16,425 | 17,783 |
| Bank charges | 11,383 | 9,928 |
| Provision for doubtful debts | 304 | 6,000 |
| Other expenses | 24,877 | 18,119 |
| | <u>926,496</u> | <u>969,136</u> |



ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

13 COMPARATIVE INFORMATION

The presentation and classification of the following items in these financial statements have been amended to ensure comparability with the current year. Salaries and benefits have been recorded as a part of general and administrative expenses.

| | 2016 | | |
|--|--------------------------------|---------------------|----------------------------------|
| | Current Presentation AED | Reclassified AED | As Reported Previously AED |
| Statement of financial position | | | |
| Due from related parties | 40,157 | 40,157 | - |
| Trade receivables | 477,019 | (40,157) | 517,176 |
| Other receivables | 420,478 | 3,216 | 417,262 |
| Due to related parties | (122,995) | (122,995) | - |
| Trade payables | (181,199) | 166,614 | (347,813) |
| Other payables | (46,835) | (46,835) | - |
| Statement of comprehensive income | | | |
| Direct costs | 2,993,449 | (597,954) | 3,591,403 |
| Other income | (45,229) | (4) | (45,225) |
| General and administrative expenses | 969,136 | 599,476 | 369,660 |
| Selling and distribution expenses | - | (1,518) | 1,518 |

14 COMMITMENTS AND CONTINGENCIES

14.1 Capital and operating commitments

The Company had no significant capital or operating commitments as at the reporting date.

14.2 Contingent liabilities

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

| | 2017 AED | 2016 AED |
|-----------------|-------------|-------------|
| Bank guarantees | 100,000 | 100,000 |

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 interest rate risk as there were no interest-bearing assets or liabilities as at the reporting date.



ECU LINE ABU DHABI LLC
Abu Dhabi - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

15 RISK MANAGEMENT (continued)

Liquidity risk (continued)

| 2017 | Less than 6 months AED | Total AED |
|------------------------|------------------------------|----------------|
| Due to related parties | | |
| Trade payables | 101,195 | 101,195 |
| Other payables | 248,486 | 248,486 |
| | <u>43,248</u> | <u>43,248</u> |
| | <u>392,929</u> | <u>392,929</u> |
| 2016 | | |
| Due to related parties | | |
| Trade payables | 122,995 | 122,995 |
| Other payables | 181,199 | 181,199 |
| | <u>46,835</u> | <u>46,835</u> |
| | <u>351,029</u> | <u>351,029</u> |

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.

16 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

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

