EUROCENTRE FZCO

FINANCIAL STATEMENTS

DECEMBER 31, 2021

bakertilly
Chartered Accountants

EUROCENTRE FZCO
Dubai - United Arab Emirates

Financial statements for the year ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EUROCENTRE FZCO

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Eurocentre FZCO (the "Company"), which comprise the statement of financial position as at December 31, 2021, the related statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphases of Matters

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

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

Our opinion is not modified in respect of these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, Jebel Ali Free Zone Companies Implementing Regulations 2016 ("Implementing Regulations") and the U.A.E. Federal Law No. 2 of 2015 (the "Federal Law"), as may be applicable to Free Zone Companies, 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EUROCENTRE FZCO (continued)

Responsibilities of Management for the Financial Statements (continued)

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 the financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EUROCENTRE FZCO (continued)

Report on Other Legal and Regulatory Requirements

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

BAKER TILLY MKM
Chartered Accountants

Sanjiv Gambhir
Engagement Partner
Dubai, United Arab Emirates

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DUBAI U.A.E.
BAKER TILLY MKM CHARTERED ACCOUNTANTS
بيكر تلي ام كي ام محاسبون قانونيون

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

Date: 16 MAR, 2022

EUROCENTRE FZCO
Dubai - United Arab Emirates

Statement of financial position
As at December 31, 2021

	Note	2021 AED	2020 AED
ASSETS			
Current assets			
Cash and cash equivalents	5	378,120	1,164,345
Accounts Receivable	6	3,822,832	541,910
Other receivables	7	593,893	770,095
Due from related party	8	-	116,438
		4,794,845	2,592,788
Non-current assets			
Right-of-use asset	9	5,182,338	5,614,199
Property and equipment	10	385,511	566,283
		5,567,849	6,180,482
TOTAL ASSETS		10,362,694	8,773,270
LIABILITIES AND EQUITY			
Current liabilities			
Accounts and other payables	11	391,266	194,574
Lease liabilities	12	389,344	381,639
Due to related party	8	13,266	-
		793,876	576,213
Non-current liabilities			
Non-current portion of lease liabilities	12	4,943,505	5,340,554
Employees' end-of-service benefits	13	1,205,098	1,038,568
		6,148,603	6,379,122
Total liabilities		6,942,479	6,955,335
Equity			
Share capital	2	1,300,000	1,300,000
General reserve		583,208	583,208
Retained earnings/(Accumulated losses)		1,537,007	(65,273)
Total equity		3,420,215	1,817,935
TOTAL LIABILITIES AND EQUITY		10,362,694	8,773,270

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

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

The financial statements were authorised for issue on March 16, 2022 by:

Mr. Don Varuna Wirasinha
Managing Director

EUROCENTRE FZCO
DUBAI

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EUROCENTRE FZCO
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Statement of comprehensive income
For the year ended December 31, 2021

	Note	2021 AED	2020 AED
Revenue		9,221,496	7,363,904
Direct costs	14	(4,530,090)	(4,566,968)
Gross profit		4,691,406	2,796,936
Other income	15	152,012	314,511
General and administrative expenses	16	(3,131,082)	(2,885,313)
Finance costs	17	(110,056)	(117,760)
Profit for the year		1,602,280	108,374
Other comprehensive income		-	-
Total comprehensive income for the year		1,602,280	108,374

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

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

EUROCENTRE FZCO
Dubai - United Arab Emirates

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

	Note	2021 AED	2020 AED
Cash flows from operating activities			
Profit for the year		1,602,280	108,374
Adjustments for:			
Depreciation of right-of-use asset	9	431,861	431,862
Depreciation of property and equipment	10	182,372	314,275
Provision for employees' end-of-service benefits	13	179,878	137,017
Interest on lease liabilities	17	110,056	117,760
Operating profit before working capital changes		2,506,447	1,109,288
(Increase) in accounts receivable		(3,280,922)	(541,910)
Decrease/(increase) in other receivables		176,202	(247,969)
Movement in related parties' balances - net		129,704	551,163
Increase in accounts and other payables		196,692	1,937
Cash (used in)/generated from operations		(271,877)	872,509
Employees' end-of-service benefits paid	13	(13,348)	(59,204)
Net cash (used in)/generated from operating activities		(285,225)	813,305
Cash flows from investing activities			
Acquisition of property and equipment	10	(1,600)	(1,750)
Net cash (used in) investing activities		(1,600)	(1,750)
Cash flows from financing activities			
Payment of lease liabilities	12	(499,400)	(499,399)
Net cash (used in) financing activities		(499,400)	(499,399)
Net (decrease)/increase in cash and cash equivalents		(786,225)	312,156
Cash and cash equivalents at the beginning of the year	5	1,164,345	852,189
Cash and cash equivalents at the end of the year	5	378,120	1,164,345

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

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Statement of changes in equity
For the year ended December 31, 2021

	Share capital	General reserve	(Accumulated losses)/ retained earnings	Total
	AED	AED	AED	AED
As at January 1, 2020	1,300,000	583,208	(173,647)	1,709,561
Total comprehensive income for the year	-	-	108,374	108,374
As at December 31, 2020	1,300,000	583,208	(65,273)	1,817,935
Total comprehensive income for the year	-	-	1,602,280	1,602,280
As at December 31, 2021	1,300,000	583,208	1,537,007	3,420,215

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

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

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BAKER TILLY MKM CHARTERED ACCOUNTANTS

1 LEGAL STATUS AND BUSINESS ACTIVITIES

a) **Eurocentre FZCO** (the "Company") was incorporated on January 1, 2004 and registered with Jebel Ali Free Zone Authority ("JAFZA") Dubai, United Arab Emirates ("U.A.E.") as a Free Zone Company with limited liability and operates under Service License No. 4577 issued by JAFZA. The current license is valid until December 31, 2022.

b) The principal activities of the Company comprise of containers and cargo loading and unloading services.

c) The Registered Office of the Company is Plot No MO0109 P.O. Box 28430 Jebel Ali 28430 Dubai, U.A.E.

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

2 SHARE CAPITAL

The authorised, issued and paid-up capital of the Company is AED 1,300,000, divided into 13 shares of AED 100,000 each, and held as at December 31, 2021 between:

Name of the Shareholders	Nationality/Country of Incorporation	No. of shares	Amount in AED	%
ECU Hold N.V.	Belgium	11	1,100,000	85
Ms. Maitha Juma Saif Bin Bakhit Alfalasi	Emirati	2	200,000	15
Total		**13**	**1,300,000**	**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

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

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on September 20, 2021 and comes into effect as of January 2, 2022, superseding Federal Law No. 2 of 2015 and its amendments (the "Federal Law"). The management of the Company is in the process of reviewing the new provisions (most of which, with the exception of the change in statutory reserve regulations, will not affect the Company) and will continue to comply the requirements thereof.

b) Accounting convention

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

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Functional and reporting currency

The functional currency of the Company is U.A.E. Dirhams ("AED") and in addition United States Dollar ("USD"). However, the financial statements are prepared in AED being the currency of country of domicile.

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, 2021:

New standards, improvements, interpretations and amendments

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

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

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

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

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

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

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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 due from related party 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 the statement of comprehensive income are presented within other income and finance costs, except for impairment of receivables and for due from related party, 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, accounts receivables (except prepaid expenses) and due from related party fall into this category of financial instruments.

Financial liabilities at amortised cost

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The Company's accounts and other payables and lease liabilities fall into this category of financial instruments.

f) Cash and cash equivalents

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

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Accounts receivable

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

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

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).

h) Other receivables

Other receivables mainly consist of prepaid expenses, deposits and VAT recoverable - net are carried at amounts expected to be received whether through cash or services less provision for any uncollectible amounts as per the ECL model.

i) Related party transactions and balances

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 model.

j) Impairment of financial assets

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

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1");
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2"); and
- financial instruments that have objective evidence of impairment at the reporting date ("Stage 3").

"12-month expected ECLs" are recognised for the first category while "lifetime ECLs" are recognised for the second category.

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

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 recognised amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Lease and right-of-use asset

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

Right-of-use asset

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

Depreciation of right-of-use asset is calculated on a straight-line basis to allocate their cost over their remaining lease term as at the date of initial application of IFRS 16 (January 1, 2019) as follows:

Asset	Remaining period	Period
Warehouse	12 years	15 years

Lease liabilities

The lease liability is initially measured at the present value of the lease payments to be made over the remaining lease term and that have not been paid at the commencement date, discounted by using the incremental borrowing rate as the interest rate implicit in the lease is not readily determinable.

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

Right-of-use assets and lease liabilities are presented as separate line items in the statement of financial position. Depreciation related to right-of-use asset and interest costs on lease liabilities are charged to direct costs and finance costs, respectively.

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

m) 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 period in which they are incurred.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Property and equipment (continued)

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

Assets	Years
Buildings and improvements	4-10
Warehouse equipment	2-10
Office furniture and equipment	4
Vehicles	4

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

n) 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 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.

o) Accounts and other payables

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

Other payables consists of accrued expenses.

p) 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.

q) Employees' end-of-service benefits

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

r) General reserve

The Shareholders of the Company decided to transfer 10% of the profit for each year to a general reserve. The Shareholders of the Company resolved to discontinue such transfers in 2017.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) 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.

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

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

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.

The Company generates revenue through the following:

- Revenue from containers loading and unloading services, and cargo loading and unloading services is recognised on final execution of orders of customers and agents; and

- Revenue from renting of warehouse spaces for storing cargo until it is delivered.

Rental income from related parties for use of JAFZA facilities and miscellaneous receipts are recognised as "other income" on realised amounts.

Revenue is stated net of discounts.

u) Expenses

Direct costs and benefits include all costs directly attributable to the generation of revenue and includes wages, salaries of revenue-generating employees, depreciation of right-of-use asset and property and equipment, and other direct expenses. All other expenses are classified as general and administrative expenses and finance cost, as appropriate.

Related party re-charges as a lump sum portion of salaries and allowances of administrative and other staff, other than key employees to the Company, which are recognised as general and administrative expenses.

v) 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.

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CHARTERED ACCOUNTANTS

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 estimates and underlying assumptions are based on factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 an assumption and estimate is significant to the financial statements, are as follows:

i) Provision for expected credit losses on financial assets

An allowance against accounts receivable is recognised as per IFRS 9 considering the pattern of receipts from, and the future financial outlook of, the concerned customers. In measuring the ECLs, the accounts receivable have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the 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 parties carry minimal credit risk.

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 estimate may affect the carrying amounts of the respective items of property and equipment, with a corresponding effect on the related depreciation charge.

iii) Useful lives of right-of-use assets

Right-of-use assets are depreciated over the remaining lease term as at the date of initial application of IFRS 16 (January 1, 2019).

iv) Interest rate used for discounting the lease liabilities

The interest rate used for discounting the lease liabilities has been determined at 2% per annum. This rate is based on the estimates of incremental borrowing costs. These estimates are based on the rate at which Group Companies lend each other funds. The Company does not have any third-party or external borrowings.

5	CASH AND CASH EQUIVALENTS	2021	2020
		AED	AED
	Cash on hand	21,367	18,711
	Cash at bank	356,753	1,145,634
		378,120	1,164,345

6	ACCOUNTS RECEIVABLE	2021	2020
		AED	AED
	Accounts receivable - related parties (note 8.3)	3,822,832	541,910

6.1 Accounts receivables are non-interest bearing and are generally on 90 days credit terms (refer to note 19 for credit risk analysis), after which accounts receivables are considered to be past due. It is not the practice of the Company to obtain collateral over these accounts receivables and therefore the vast majority of these receivables are unsecured.

6.2 As at the reporting date, the ageing analysis of accounts receivable was as follows:

			Past due		
	Total AED	Not past due AED	91-120 days AED	121-180 days AED	>180 days AED
2021	3,822,582	904,123	315,598	558,540	2,044,321
2020	541,910	525,526	-	1,450	14,934

6.3 Expected credit losses as per IFRS 9

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

In measuring the 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 forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Accounts receivables 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 no reasonable expectation of recovery.

7	OTHER RECEIVABLES	2021	2020
		AED	AED
	Prepaid expenses	85,417	278,191
	Deposits (7.1)	282,502	322,830
	VAT recoverable - net	225,974	169,074
		593,893	770,095

7.1 Includes deposit of AED 230,000 under lien with JAFZA for labour visa guarantees (note 18.2).

8 RELATED PARTY TRANSACTIONS AND BALANCES

The Company, in the normal course of business, undertakes transactions with entities that fall within the definition of 'related party' contained in International Accounting Standards 24. Refer to note 8.4 for the nature of transactions with related parties. These transactions are carried out at mutually agreed terms.

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

8.1 Due from related party

Due from related party	Relationship	2021 AED	2020 AED
ECU Line Middle East (L.L.C), U.A.E.	Group Company	-	116,438

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

8.2 Due to related party

Due to related party		2021 AED	2020 AED
ECU Line Middle East (L.L.C), U.A.E.	Group Company	13,266	-

The related party balance is interest free with no set terms of repayment or security.

	2021 AED	2020 AED
8.3 Related party balances included in accounts receivable (note 6)	3,822,832	541,910

8.4 Transactions with the related party during the year were as follows:

	2021 AED	2020 AED
Revenue	3,185,582	2,129,608
Warehouse rental income (note 15)	152,012	314,511
Management fee (note 16)	682,253	654,862
Salaries and benefits reallocation (note 16)	1,200,000	1,215,000

9 RIGHT-OF-USE ASSET

		Warehouse AED
9.1	**Cost**	
	As at December 31, 2020 and as at December 31, 2021	6,477,922
9.2	**Accumulated depreciation**	
	Charge for the year (note 9.5)	431,862
	As at December 31, 2020	863,723
	Charge for the year (note 9.5)	431,861
	As at December 31, 2021	1,295,584
9.3	**Net book value**	
	As at December 31, 2021	5,182,338
	As at December 31, 2020	5,614,199

9.4 The Company had entered into a lease agreement dated January 1, 2019 with JAFZA Authority for the lease of a warehouse for a period of 15 years commencing January 1, 2019.

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

	2021 AED	2020 AED
Depreciation of right-of-use assets (note 14)	431,861	431,862
Interest on lease liabilities (notes 12.1 and 17)	110,056	117,760
	541,917	549,622

10 PROPERTY AND EQUIPMENT

10.1 Cost	Buildings and improvements AED	Warehouse equipment AED	Office furniture and equipment AED	Vehicles AED	Total AED
As at January 1, 2020	8,039,007	4,034,916	197,679	907,368	13,178,970
Additions	-	-	1,750	-	1,750
Written off	-	(178,800)	-	-	(178,800)
As at December 31, 2020	8,039,007	3,856,116	199,429	907,368	13,001,920
Additions	-	-	1,600	-	1,600
Written off	-	(21,200)	(57,138)	-	(78,338)
As at December 31, 2021	8,039,007	3,834,916	143,891	907,368	12,925,182
10.2 Accumulated depreciation					
As at January 1, 2020	7,421,837	3,779,323	191,634	907,368	12,300,162
Charge for the year (10.4)	175,172	134,087	5,016	-	314,275
Written off	-	(178,800)	-	-	(178,800)
As at December 31, 2020	7,597,009	3,734,610	196,650	907,368	12,435,637
Charge for the year (10.4)	112,104	68,360	1,908	-	182,372
Written off	-	(21,200)	(57,138)	-	(78,338)
As at December 31, 2021	7,709,113	3,781,770	141,420	907,368	12,539,671
10.3 Net book values					
As at December 31, 2021	329,894	53,146	2,471	-	385,511
As at December 31, 2020	441,998	121,506	2,779	-	566,283

10.4 Depreciation is allocated as follows:	2021 AED	2020 AED
Direct costs (note 14)	127,660	219,993
General and administrative expenses (note 16)	54,712	94,282
	182,372	314,275

10.5 Fully-depreciated assets still in use as at the year-end was AED 10,789,668 (2020: AED 10,846,256).

11 ACCOUNTS AND OTHER PAYABLES

	2021 AED	2020 AED
Trade payables	140,163	76,706
Accrued expenses	251,103	117,868
	391,266	194,574

12 LEASE LIABILITIES

	2021 AED	2020 AED
Current portion of lease liabilities	389,344	381,639
Non-current portion of lease liabilities	4,943,505	5,340,554
	5,332,849	5,722,193

The lease agreement expires on December 31, 2033.

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12 LEASE LIABILITIES (continued)

12.1 The movement in lease liabilities during the year was as follows:

	2021 AED	2020 AED
Balance at the beginning of the year	5,722,193	6,103,832
Accretion of interest (notes 9.5 and 17)	110,056	117,760
Payments	(499,400)	(499,399)
Balance at the end of the year	5,332,849	5,722,193

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

	Gross liabilities AED	Interest amount AED	Net liabilities AED
2021			
Within 1 year	499,400	(103,103)	396,297
2 to 5 years	2,497,000	(392,465)	2,104,535
More than 5 years	2,996,400	(164,383)	2,832,017
	5,992,800	(659,951)	5,332,849
2020			
Within 1 year	499,400	(110,931)	388,469
2 to 5 years	2,497,000	(434,035)	2,062,965
More than 5 years	3,495,800	(225,041)	3,270,759
	6,492,200	(770,007)	5,722,193

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

13 EMPLOYEES' END-OF-SERVICE BENEFITS

	2021 AED	2020 AED
Balance at the beginning of the year	1,038,568	960,755
Provided for the year	179,878	137,017
Paid during the year	(13,348)	(59,204)
Balance at the end of the year	1,205,098	1,038,568

14 DIRECT COSTS

	2021 AED	2020 AED
Wages, salaries and benefits	3,493,699	3,374,641
Depreciation of right-of-use asset (note 9.5)	431,861	431,862
Fuel	270,195	220,738
Direct costs and related activities	178,031	301,985
Depreciation of property and equipment (note 10.4)	127,660	219,993
Other direct expenses	28,644	17,749
	4,530,090	4,566,968

15 OTHER INCOME

	2021 AED	2020 AED
Warehouse rental income (note 8.4)	152,012	314,511

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16	GENERAL AND ADMINISTRATIVE EXPENSES	2021	2020
		AED	AED
	Salaries and benefits (re-allocation) (note 8.4)	1,200,000	1,215,000
	Management fee (note 8.4)	682,253	654,862
	Repairs and maintenance	629,943	440,457
	Visa and professional fees	264,040	199,416
	Insurance	88,582	95,328
	Utilities	59,081	55,659
	Depreciation of property and equipment (note 10.4)	54,712	94,282
	Communications	54,119	50,482
	Printing and stationery	43,091	34,745
	Travelling and entertainment	42,184	28,310
	Other expenses	6,859	10,901
	Bank charges	6,218	5,871
		3,131,082	2,885,313

17	FINANCE COSTS	2021	2020
		AED	AED
	Interest on lease liabilities (note 12.1)	110,056	117,760

18 COMMITMENTS AND CONTINGENCIES

18.1 Capital and operating expenditure commitments

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

18.2 Contingent liabilities

	2021	2020
	AED	AED
Labour guarantees (note 7.1)	230,000	230,000

19 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 (excluding the lease liability) as at the reporting date.

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 balances:

	2021	2020
	AED	AED
Cash at bank (note 5)	356,753	1,145,634
Accounts receivables (note 6)	3,822,832	-
Other receivables (excluding prepaid expenses) (note 7)	508,476	491,904
Due from related party (note 8)	-	116,438
	4,688,061	1,753,976

19 RISK MANAGEMENT (continued)

Credit risk (continued)

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

Receivables consist of deposits that are mainly with government entities and are recoverable in full.

Due from related party 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 liabilities as they fall due. The Company limits its liquidity risk by managing its cash flows. The Company's terms of contract require amounts to be paid within 30 days of the date of sale. Trade payables are normally settled within 30 days from the date of purchase.

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

	Less than 12 months AED	More than 1 year AED	Total AED
2021			
Trade and other payables (note 11)	391,266	-	391,266
Lease liabilities-gross (note 12.2)	499,400	5,493,400	5,992,800
	890,666	5,493,400	6,384,066
2020			
Trade and other payables (note 11)	194,574	-	194,574
Lease liabilities-gross (note 12.2)	499,400	5,992,800	6,492,200
	693,974	5,992,800	6,686,774

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 AED. Exposure to currency exchange rates arises from overseas purchases and transfers of funds from/to related parties which are primarily denominated in USD. Since USD is pegged against AED, hence no risk is involved with regards to the USD.

20 COMPARATIVE INFORMATION

The presentation and classification of the following items of these financial statements have been amended to ensure comparability with the current year's presentation.

	As previously reported AED	Reclassification AED	Current presentation AED
Statement of financial position			
Due from related party (note 8.1)	658,348	(541,910)	116,438
Accounts receivable (note 6)	-	541,910	541,910

21 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 has not impacted the current year operations of the Company, however, this might have further impact on 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.

22 EVENTS AFTER THE REPORTING DATE

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

There have been no material events occurring after the statement of financial position date that require adjustment to, or disclosure in, the financial statements other than as mentioned above.

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