

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

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

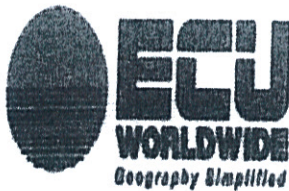
Financial statements for the year ended December 31, 2019

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

Administration and contact details as at December 31, 2019

Commercial registration no.	103968-1 obtained on September 1, 2016
Shareholders	Ecuhold N.V., Belgium Masooma Fairouz Abedali A. Rasool AbdulAli
Directors	Sallem Mohamed Nazir Mohamed Husein Masooma Fairouz Abedali A. Rasool Abdulai
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 5 th Floor, Platinum Tower Al Seef Area PO Box 11674 Manama Kingdom of Bahrain



DIRECTORS' REPORT

The Directors have pleasure in presenting the Directors' report together with the audited financial statements for the year ended December 31, 2019.

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, 2019 and the results of its operations and cash flows for the year then ended are set out in the accompanying financial statements.

ANTI-MONEY LAUNDERING AND TERRORISM FINANCING REQUIREMENTS

The Company maintained proper internal control systems and procedures sufficient for monitoring and reporting of suspicious or extraordinary transactions, and it carries out sufficient measures and internal procedures relevant to verify the identity of its customers.

DIRECTORS

The Directors of the Company for the year ended December 31, 2019 were Saleem Mohamed Nazir Mohamed Husein and Masooma Fairouz Abedali A. Rasool AbdulAli.

AUDITORS

The auditors, Baker Tilly M&M Public Accountants, have expressed their willingness to continue in office.

By order of the Directors:

Saleem Mohamed Nazir Mohamed Husein
Managing Director

Masooma Fairouz Abedali A. Rasool AbdulAli
Managing Director

February 24, 2020

**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 financial statements of ECU Worldwide (Bahrain) Co. W.L.L ("the Company"), which comprise the statement of financial position as at December 31, 2019, the related statements of comprehensive income, cash flows and changes in 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, 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (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), 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 Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, set out on page 2, but does not include the financial statements and our 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 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 consistent 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, we conclude that there is a material misstatement of this information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ECU WORLDWIDE (BAHRAIN) CO. W.L.L (continued)****Report on the Audit of the Financial Statements (continued)****Auditor's Responsibilities for the Audit of the Financial Statements**

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 Directors' 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 of the Parent Company, which would materially affect its activities, or its financial position as at December 31, 2019.

Bakertilly
Eyad husain

Manama, Kingdom of Bahrain
February 24, 2020
Eyad Husain
Registration Number 98



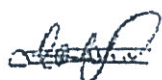
ECU WORLDWIDE (BAHRAIN) CO. W.L.L
Bahrain

Statement of financial position
As at December 31, 2019

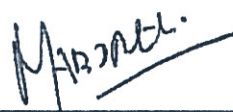
		2019	2018
	Notes	BD	BD
ASSETS			
Current assets			
Cash and cash equivalents	5	10,136	6,523
Trade and other receivables	6	22,191	10,144
Due from related party	7	43,704	35,395
		<u>76,031</u>	<u>52,062</u>
Non-current assets			
Property and equipment	8	76	641
TOTAL ASSETS		<u>76,107</u>	<u>52,703</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		14,132	9,018
Other payables	9	14,434	10,749
		<u>28,566</u>	<u>19,767</u>
Non-current liabilities			
Employees' end-of-service benefits	10	632	567
Total liabilities		<u>29,198</u>	<u>20,334</u>
Equity			
Share capital	2	10,000	10,000
Statutory reserve	3r	5,000	2,849
Retained earnings		31,909	19,520
Total equity		<u>46,909</u>	<u>32,369</u>
TOTAL LIABILITIES AND EQUITY		<u>76,107</u>	<u>52,703</u>

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

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



Saleem Mohamed Nazir Mohamed Husein
Director




Masooma Fairboz Abedali A. Rasool AbdulAli
Director

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

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

		2019	2018
	Notes	BD	BD
Revenue		195,043	186,219
Direct costs	11	(138,584)	(138,080)
Gross profit		56,459	48,139
Other income	12	5,411	4,724
General and administrative expenses	13	(27,810)	(30,494)
Net profit and total comprehensive income for the year		34,060	22,369

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



Saleem Mohamed Nazir Mohamed Husein
Director



Masooma Fairouz Abedali A. Rasool AbdulAli
Director

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

Bahrain

Statement of cash flows

For the year ended December 31, 2019

		2019	2018
	Notes	BD	BD
Cash flows from operating activities			
Profit for the year		34,060	22,369
Adjustments for:			
Expected credit loss allowance for trade receivables	6	251	1,000
Depreciation of property and equipment	8	565	1,105
Provision for employees-end-of service benefits	10	617	472
Operating profit before working capital changes		35,493	24,946
(Increase) in trade and other receivables		(12,298)	(2,960)
(Increase) in related party balances, net		(27,829)	(35,487)
Increase in trade payables		5,114	2,218
Increase in other payables		3,685	1,040
Cash flows from/(used in) operations		4,165	(10,243)
Employees' end-of-service benefits paid	10	(552)	(705)
Net cash generated from/(used in) operating activities		<u>3,613</u>	<u>(10,948)</u>
Net increase/(decrease) in cash and cash equivalents		3,613	(10,948)
Cash and cash equivalents at the beginning of the year		6,523	17,471
Cash and cash equivalents at the end of the year	5	<u>10,136</u>	<u>6,523</u>
Non-cash transaction			
Dividend paid by related party on behalf of the Company		<u>19,520</u>	<u>6,118</u>

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

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

Bahrain

Statement of changes in equity

For the year ended December 31, 2019

	Share capital	Statutory reserve	Retained earnings	Total
	BD	BD	BD	BD
As at January 1, 2018	10,000	612	5,506	16,118
Dividend	-	-	(6,118)	(6,118)
Total comprehensive income for the year	-	-	22,369	22,369
Transfer to statutory reserve	-	2,237	(2,237)	-
As at December 31, 2018	10,000	2,849	19,520	32,369
Dividend	-	-	(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

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

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, Government of Bahrain, Bahrain.
- 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	%
Ecuhold N.V.	Belgium	49	4,900	49
Masooma Faïrooz 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, 2019.

New standards, improvements, interpretations and amendments issued

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

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

IFRS 16 Leases

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

There was no material impact on the Company for the year ended December 31, 2019.

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

The following new accounting standards, improvements, interpretations and amendments have been issued, but are not mandatory and hence have not been early adopted by the Company in preparing the financial statements for the year ended December 31, 2019.

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

3. Summary of significant accounting policies (continued)

d) Changes in accounting policies (continued)

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

e) Financial instruments

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

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- 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
- 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
- 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, deposits, trade receivables, other receivables (excluding deferred costs and prepaid expenses) and due from 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) Trade and other receivables

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

3. Summary of significant accounting policies (continued)

g) Trade and other receivables (continued)

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

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

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 expected credit loss model.

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 expected credit loss model.

i) Impairment of financial assets

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

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

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

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

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

3. Summary of significant accounting policies (continued)

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:

<u>Assets</u>	<u>Years</u>
Furniture and fixtures	4
Office equipment	3
Computer equipment	3

Depreciation is charged from the date the 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) 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.

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.

o) Deferred revenue

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

3. Summary of significant accounting policies (continued)

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 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.

r) 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.

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
- v. Recognising revenue when performance obligation(s) are satisfied

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

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

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

3. Summary of significant accounting policies (continued)

s) Revenue recognition (continued)

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

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

u) 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.

v) 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 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. Impairment of trade receivables

The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due. Assessment is made by the management in line with IFRS 9. This assessment is reviewed by the management on a regular basis.

5 CASH AND CASH EQUIVALENTS

	2019	2018
	BD	BD
Cash in hand	1,000	1,000
Cash at bank	9,136	5,523
	<u>10,136</u>	<u>6,523</u>

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6	TRADE AND OTHER RECEIVABLES	2019	2018
		BD	BD
	Trade receivables (6.1)	23,847	10,408
	Expected credit loss allowance for trade receivables	(2,251)	(2,000)
	Trade receivables - net	21,596	8,408
	Deferred costs	-	1,167
	Prepaid expenses	310	310
	Accrued income and deposits	285	259
		<u>22,191</u>	<u>10,144</u>

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

	Total	Not past due	Past due		
			91-120	121-180	>180
			days	days	days
	BD	BD	BD	BD	BD
2019	<u>23,847</u>	<u>21,568</u>	<u>15</u>	<u>442</u>	<u>1,822</u>
2018	<u>10,408</u>	<u>8,405</u>	<u>109</u>	<u>-</u>	<u>1,894</u>

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

6.2	Expected credit loss allowance for trade receivables	2019	2018
		BD	BD
	Balance at the beginning of the year	2,000	1,000
	Provided for during the year	251	1,000
	Balance at the end of the year	<u>2,251</u>	<u>2,000</u>

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

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

The expected loss rates are based on the payment profile for revenue over the past 24 months before December 31, 2019 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 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.

There is no impact of IFRS 9 on other receivables.

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7 RELATED PARTY TRANSACTIONS AND BALANCES

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

7.1	Due from related party	Relationship	2019 BD	2018 BD
	ECU Line Middle East LLC, U.A.E.	Common ownership	<u>43,704</u>	<u>35,395</u>

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

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

	2019 BD	2018 BD
Dividend paid	<u>19,520</u>	<u>6,118</u>
Revenue	<u>19,363</u>	<u>9,850</u>
Direct costs	<u>16,656</u>	<u>1,672</u>

8 PROPERTY AND EQUIPMENT

8.1	Cost	Furniture and fixtures BD	Office equipment BD	Computer equipment BD	Total BD
	As at January 1, 2018, December 31, 2018 and December 31, 2019	<u>1,070</u>	<u>727</u>	<u>483</u>	<u>2,280</u>
8.2	Depreciation				
	As at January 1, 2018	214	159	161	534
	Charge for the year	428	355	322	1,105
	As at December 31, 2018	<u>642</u>	<u>514</u>	<u>483</u>	<u>1,639</u>
	Charge for the year	428	137	-	565
	As at December 31, 2019	<u>1,070</u>	<u>651</u>	<u>483</u>	<u>2,204</u>
8.3	Net book values				
	As at December 31, 2019	<u>428</u>	<u>213</u>	<u>-</u>	<u>641</u>
	As at December 31, 2018	<u>-</u>	<u>76</u>	<u>-</u>	<u>76</u>

9 OTHER PAYABLES

	2019 BD	2018 BD
Accrued expenses - import and export	11,319	4,638
Deferred revenues	-	2,200
Others	3,115	3,911
	<u>14,434</u>	<u>10,749</u>

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10	EMPLOYEES' END-OF-SERVICE BENEFITS	2019	2018
		BD	BD
	Balance at the beginning of the year	567	800
	Provided for during the year	617	472
	Paid during the year	(552)	(705)
	Balance at the end of the year	<u>632</u>	<u>567</u>
11	DIRECT COSTS	2019	2018
		BD	BD
	Direct costs of import activities	106,841	125,557
	Direct costs of export activities	31,743	12,523
		<u>138,584</u>	<u>138,080</u>
12	OTHER INCOME	2019	2018
		BD	BD
	Warehouse income	4,524	4,504
	Others	887	220
		<u>5,411</u>	<u>4,724</u>
13	GENERAL AND ADMINISTRATIVE EXPENSES	2019	2018
		BD	BD
	Salaries and benefits	16,822	18,798
	Legal and professional expenses	5,992	5,860
	Office expenses	2,794	2,578
	Depreciation (note 8)	565	1,105
	Expected credit loss allowance for trade receivables (note 6)	251	1,000
	Others	1,386	1,153
		<u>27,810</u>	<u>30,494</u>
14	COMMITMENTS AND CONTINGENCIES		
14.1	Capital and operating expenditure commitments		
	The Company did not have any significant 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:

	2019	2018
	BD	BD
Cash at bank (note 5)	9,136	5,523
Trade and other receivables (excluding deferred costs and prepaid expenses) (note 6)	21,881	8,667
Due from related party (note 7)	43,704	35,395
	<u>74,721</u>	<u>49,585</u>

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

Credit risks related to trade receivables are managed subject to the Company's policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria and the credit quality of customers is assessed by management. The rating and credit quality is used to determine the expected credit losses for customer receivables in line with IFRS 9. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

Due from related party relates to transactions with minimal credit risk as these balances are managed at Group level.

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.

Trade payables (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
2019	BD
Trade payables	14,132
Other payables (note 9)	14,434
	<u>28,566</u>

15 RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)	Less than 6 months
2018	BD
Trade payables	9,018
Other payables (excluding deferred revenues) (note 9)	8,549
	<u>17,567</u>

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 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.