ECU LINE MIDDLE EAST LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2017

BAKER TILLY
Chartered Accountants

ECU LINE MIDDLE EAST LLC
Dubai - United Arab Emirates

Financial statements for the year ended December 31, 2017

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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ECU LINE MIDDLE EAST LLC

Opinion

We have audited the financial statements of **ECU Line Middle East LLC** including a Branch in Jebel Ali Free Zone **(collectively "the Company")**, which comprise the statement of financial position as at December 31, 2017, the related statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates ("U.A.E") and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ECU LINE MIDDLE EAST LLC (continued)

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

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

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

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

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

Report on Legal and Regulatory Requirements

As required by the Federal Law, we report that:

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

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

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

4) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2017 any of the applicable provisions of the Federal Law or of its Memorandum of Association which would materially affect its activities or its financial position as at December 31, 2017.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ECU LINE MIDDLE EAST LLC (continued)

Report on Legal and Regulatory Requirements (continued)

In addition to the Federal Law or the applicable provisions of Jebel Ali Free Zone Implementing Regulations 2016, as maybe applicable to a Branch of a U.A.E. Commercial Company, 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 Jebel Ali Free Zone Implementing Regulations 2016 and of the Federal Law as may be applicable to Free Zone Companies which might have materially affected the financial position of the Company or the results of its operations for the year ended December 31, 2017.

Baker Tilly MKM

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DUBAI - U.A.E.
BAKER TILLY MKM CHARTERED ACCOUNTANTS

Baker Tilly MKM
Chartered Accountants
Dubai, United Arab Emirates

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

April 11, 2018

ECU LINE MIDDLE EAST LLC
Dubai - United Arab Emirates

Statement of financial position
As at December 31, 2017

	Note	2017 AED	2016 AED
ASSETS			
Current assets			
Cash and cash equivalents	5	2,463,200	2,457,956
Deposits and other receivables	6	1,846,364	2,145,240
Due from related parties	7	1,236,765	744,706
Trade receivables	8	7,981,221	10,046,049
		13,527,550	15,393,951
Non-current assets			
Property and equipment	9	33,352	79,674
Total assets		13,560,902	15,473,625
LIABILITIES AND EQUITY			
Current liabilities			
Due to related parties	7	1,811,287	1,922,380
Trade payables	10	3,890,474	4,121,348
Provisions and other payables	11	2,654,049	4,213,620
		8,355,810	10,257,348
Non-current liabilities			
Employees end-of-service benefits	12	2,269,245	2,231,324
Total liabilities		10,625,055	12,488,672
Equity			
Share capital	2	300,000	300,000
Statutory reserve		150,000	150,000
Retained earnings		2,485,847	2,534,953
Total equity		2,935,847	2,984,953
Total equity and liabilities		13,560,902	15,473,625

The accompanying notes 1 to 19 form an integral part of the financial statements.

The financial statements were authorised for issue on April 11, 2018 by:

Don Varuna Wirasinha
Managing Director

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BAKER TILLY MKM CHARTERED ACCOUNTANTS

ECU LINE MIDDLE EAST LLC
Dubai - United Arab Emirates

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

	Note	2017 AED	2016 AED
Revenue		50,166,423	53,800,154
Direct costs	13	(43,570,065)	(46,391,750)
Gross profit		6,596,358	7,408,404
Other income	14	429,894	275,311
Selling and distribution expenses	15	(10,757)	(120,625)
General and administrative expenses	16	(4,529,648)	(5,028,137)
Profit for the year		2,485,847	2,534,953
Other comprehensive income		-	-
Total comprehensive income for the year		2,485,847	2,534,953

The accompanying notes 1 to 19 form an integral part of the financial statements.

BAKER TILLY MKM CHARTERED ACCOUNTANTS P.O.Box: 113915 Dubai - U.A.E.

ECU LINE MIDDLE EAST LLC
Dubai - United Arab Emirates

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

	Note	2017 AED	2016 AED
Cash flows from operating activities			
Profit for the year		2,485,847	2,534,953
Adjustments for:			
Provision for doubtful debts	8	48,000	224,000
Depreciation of property and equipment	9	48,071	51,101
Trade payables written-off	14	(224,714)	(182,405)
Provision for employees' end-of-service benefits	12	102,000	355,875
Operating profit before working capital changes		2,459,204	2,983,524
Decrease/(increase) in trade receivables		2,241,542	(4,427,785)
Decrease/(increase) in deposits and other receivables		298,876	(178,749)
(Increase) in due from related parties		(492,059)	(704,706)
(Decrease)/increase in due to related parties		(111,093)	1,087,917
(Decrease)/increase in trade payables		(230,874)	1,834,626
(Decrease)/increase in provisions and other payables		(1,559,571)	227,113
Cash generated from operations		2,606,025	821,940
Employees' end-of-service benefits paid	12	(64,079)	(148,543)
Net cash generated from operating activities		2,541,946	673,397
Cash flows from investing activities			
Purchase of property and equipment	9	(1,749)	(36,068)
Net cash (used in) investing activities		(1,749)	(36,068)
Cash flows from financing activities			
Dividends paid		(2,534,953)	(2,825,640)
Net cash (used in) investing activities		(2,534,953)	(2,825,640)
Net increase/(decrease) in cash and cash equivalents		5,244	(2,188,311)
Cash and cash equivalents at the beginning of the year	5	2,457,956	4,646,267
Cash and cash equivalents at the end of the year	5	2,463,200	2,457,956

The accompanying notes 1 to 19 form an integral part of the financial statements.

BAKER TILLY MKM CHARTERED ACCOUNTANTS
P.O.Box : 115915
Dubai - U.A.E.

Dubai - United Arab Emirates

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

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
As at January 1, 2016	300,000	150,000	2,825,640	3,275,640
Dividends	-	-	(2,825,640)	(2,825,640)
Total comprehensive income for the year	-	-	2,534,953	2,534,953
As at December 31, 2016	300,000	150,000	2,534,953	2,984,953
Dividends	-	-	(2,534,953)	(2,534,953)
Total comprehensive income for the year	-	-	2,485,847	2,485,847
As at December 31, 2017	300,000	150,000	2,485,847	2,935,847

The accompanying notes 1 to 19 form an integral part of the financial statements.

1. LEGAL STATUS AND BUSINESS ACTIVITIES

a) ECU Line Middle East LLC (the "Company") was incorporated on August 2, 1999 and registered with the Department of Economic Development (now Dubai Economy), Government of Dubai, U.A.E as a Limited Liability Company and operates under Commercial License No. 513445. The Company has a branch which was registered on September 15, 1999 and operates in Jebel Ali Free Zone, U.A.E under Logistic License No. 2343 issued by the Commercial Registration Department of Jebel Ali Free Zone Authority ("JAFZA").

b) The Company is licensed to provide customs broker, cargo loading and unloading, cargo packaging, sea cargo, air cargo, and sea shipping lines agents, distribution and logistics services.

c) The registered office of the Company is P.O. Box No. 28430, Jebel Ali, 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 300,000, divided into 100 shares of AED 3,000 each, and was held by the shareholders as at December 31, 2017 as follows:

Name of the Shareholder	Nationality/Country of Incorporation	No. of shares	Amount in AED	%
Ecuhold N.V.	Belgium	49	147,000	49
Heirs of Mr. Juma Saif Rashid bin Bakhit* - Sponsor	Emirati	51	153,000	51
Total		100	300,000	100

The Company is part of the AllCargo Group of Companies and the ultimate controlling party is AllCargo Global Logistics Ltd.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently, is set out below:

a) Basis of preparation

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

b) Accounting convention

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Functional and reporting currency

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

d) Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year, except for the following new standards and amendments to IFRS that are mandatorily effective for accounting periods beginning on or after January 1, 2017:

New and amended standards

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

Standards, amendments and interpretations in issue but not yet effective

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Changes in accounting policies (continued)

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

e) Financial instruments

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

f) Cash and cash equivalents

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

g) Related party transactions and balances

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

h) Trade receivables

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

i) Accrued revenue and deferred costs

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

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

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 realise the asset and settle the liability simultaneously.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Impairment of financial assets

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

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

l) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition and bringing 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 profit or loss and other comprehensive income during the financial period in which they are incurred.

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

Assets	Years
Furniture, fixtures and office equipment	3-5
Vehicles	4-5

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

m) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the cash-generating unit to which the asset belongs is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Trade payables

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

o) Deferred revenue and accrued costs

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

Accrued costs are the cost of services received during a period for which the supplier invoice is in transit as at the reporting date.

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

r) Contingent liabilities

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

s) Dividends

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

t) Statutory reserve

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

u) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, net of returns and trade discounts and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Revenue recognition (continued)

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

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

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

v) Expenses

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

w) 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 profit or loss and other comprehensive income.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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

i) Provision for doubtful receivables

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

ii) Accrued and deferred revenue and costs

Accrued and deferred revenue and costs are recognised based on the status of on-going jobs as at the reporting date (note 3(i) and 3(o)).

iii) Write-off of trade payable balances

Trade payable balances which are unclaimed by the counter-party exceeding three years and above are written-off and other income is recognised.

5 CASH AND CASH EQUIVALENTS

	2017 AED	2016 AED
Cash in hand	127,264	71,000
Cash at bank	2,335,936	2,386,956
	2,463,200	2,457,956

6 DEPOSITS AND OTHER RECEIVABLES

	2017 AED	2016 AED
Deposits	861,400	823,400
Margin and other deposits with banks	560,640	560,640
Prepayments, advances and other receivables	236,035	317,505
Deferred expenses	171,611	302,609
Accrued revenue	16,678	141,086
	1,846,364	2,145,240

7 RELATED PARTY TRANSACTIONS AND BALANCES

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

7.1 Due from related parties

	Relationship	2017 AED	2016 AED
Ecuhold N.V., Belgium	Shareholder	466,545	737,000
Ecuhold N.V., Dubai	Group Company	770,220	7,706
		1,236,765	744,706

7.2 Due to related parties

Eurocentre FZCO, Dubai	Group Company	1,672,406	1,922,380
ECU Line Abu Dhabi LLC	Group Company	2,044	-
ECU Worldwide (Bahrain) Co. W.L.L.	Group Company	136,837	-
		1,811,287	1,922,380

7.3 There are no repayment terms, interest or security for the related party balances.

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

	2017 AED	2016 AED
Revenue (note 7.6)	9,487,658	10,382,462
Direct costs (note 7.7)	11,594,579	13,987,126
Warehouse rent expense (note 13)	51,000	48,000
Management fee income	67,370	60,000
Management fee expense	653,891	638,377

7.5 Balances pertaining to related party trading transactions have been included in Trade receivables and Trade payables (note 8,10).

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

7.6 Revenue from related parties relates to contracts where the related party is the originator of the contract and the revenue recognised by the Company is the Company's share. The related party is responsible for issuing invoices and in most cases collecting all monies from the customer.

7.7 Direct costs of related parties relate to costs incurred where the Company is the originator of the contract and the cost reported is the share related to the related party's activities. The Company is responsible in most cases for paying all monies to the supplier.

8 TRADE RECEIVABLES

	2017 AED	2016 AED
Trade receivables - non-related parties	5,780,995	6,921,222
Trade receivables - related parties	2,933,838	3,872,085
	8,714,833	10,793,307
Less: allowance for doubtful debts (note 8.2)	(733,612)	(747,258)
Trade receivables - net (note 8.1)	7,981,221	10,046,049

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

			Past due		
	Total AED	Neither past due nor impaired AED	91-120 days AED	121-180 days AED	>180 days AED
2017	8,714,833	7,841,759	277,643	151,274	444,157
2016	10,793,307	9,429,688	496,452	607,256	259,911

The Company's credit period is between 60-90 days after which date trade receivables are considered to be past due. Past due trade receivables are reviewed on a case to case basis and an allowance is created against relevant balances. It is not the practice of the Company to obtain collateral over receivables.

8.2 Allowance for doubtful debts

	2017 AED	2016 AED
Balance at the beginning of the year	747,258	537,395
Provided for during the year (note 16)	48,000	224,000
Written - off during the year	(61,646)	(14,137)
Balance at the end of the year	733,612	747,258

9 PROPERTY AND EQUIPMENT

9.1 Cost

	Balance as at 1.1.2017 AED	Additions during the year AED	Balance as at 31.12.2017 AED
Furniture, fixtures and office equipment	977,719	1,749	979,468
Vehicles	282,270	-	282,270
	1,259,989	1,749	1,261,738

9 PROPERTY AND EQUIPMENT (continued)

9.2 Depreciation

	Balance as at 1.1.2017 AED	Charge for the year AED	Balance as at 31.12.2017 AED
Furniture, fixtures and office equipment	910,783	39,571	950,354
Vehicles	269,532	8,500	278,032
	1,180,315	48,071	1,228,386

9.3 Net book values

	2017 AED	2016 AED
Furniture, fixtures and office equipment	29,114	66,936
Vehicles	4,238	12,738
	33,352	79,674

9.4 Assets fully depreciated at the year-end had cost of AED 1,157,890 (2016: AED 1,069,968).

10 TRADE PAYABLES

	2017 AED	2016 AED
Trade payables - non-related parties	1,001,185	921,434
Trade payables - related parties	2,889,289	3,199,914
	3,890,474	4,121,348

11 PROVISIONS AND OTHER PAYABLES

	2017 AED	2016 AED
Provisions and accruals	2,550,563	3,773,401
Deferred revenue	103,486	440,219
	2,654,049	4,213,620

12 EMPLOYEES END-OF-SERVICE BENEFITS

	2017 AED	2016 AED
Balance at the beginning of the year	2,231,324	2,023,992
Provided for during the year	102,000	355,875
Paid during the year	(64,079)	(148,543)
Balance at the end of the year	2,269,245	2,231,324

13 DIRECT COSTS

	2017 AED	2016 AED
Direct costs of export and related activities	17,812,004	18,486,282
Direct costs of import and related activities	21,928,502	23,775,557
Salaries and benefits	3,778,559	4,081,911
Warehouse rent	51,000	48,000
	43,570,065	46,391,750

14 OTHER INCOME

	2017 AED	2016 AED
Foreign currency exchange gains - net	2,569	31,663
Trade payables written-off	224,714	182,405
Interest income	4,423	1,243
Management fee income	67,370	60,000
Other income	130,818	-
	429,894	275,311

15 SELLING AND DISTRIBUTION EXPENSES

	2017 AED	2016 AED
Advertising and business promotion	10,257	87,625
Commissions on sales	500	33,000
	10,757	120,625

16 GENERAL AND ADMINISTRATIVE EXPENSES

	2017 AED	2016 AED
Salaries and benefits	2,519,039	2,721,274
Management fee	653,891	638,377
Insurance	282,859	419,065
Legal, visa and professional fees	261,613	208,212
Telephone and communications	196,290	224,821
Travelling and entertainment	165,063	143,448
Repairs and maintenance	129,572	140,959
Utilities	118,590	142,176
Rent	51,837	54,422
Depreciation (note 9)	48,071	51,101
Allowance for doubtful debts (note 7)	48,000	224,000
Bank charges	26,068	27,769
Other expenses	28,755	32,513
	4,529,648	5,028,137

17 RISK MANAGEMENT

Interest rate risk

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

17 RISK MANAGEMENT (continued)

Credit risk

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

	2017 AED	2016 AED
Cash at bank	2,335,936	2,386,956
Deposits and other receivables (excluding deferred expenses, prepayments and advances)	1,469,933	1,638,896
Due from related parties	1,236,765	744,706
Trade receivables	7,981,221	10,046,049
	13,023,855	14,816,607

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

The deposits relate to customs and visas and have no credit risk as they are with government entities. These deposits and are fully refundable.

Due from related parties relates to transactions with minimal credit risk. These are considered net of balances due to related parties, as all related parties of the Company are ultimately under the common ownership of the same controlling parties.

Credit risks related to trade receivables are managed subject to the Company's policies, procedures and controls relating to credit risk management. Outstanding receivables are monitored regularly. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. The calculation is based on actually incurred historical data. The Company does not hold collateral as security.

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 ensuring funds are available, when required.

The table below summarises the maturities of the Company's undiscounted financial liabilities at December 31, based on contractual payment dates.

2017	Less than 6 months AED	Total AED
Trade payables	3,890,474	3,890,474
Provisions and other payables (excluding deferred revenue)	2,550,563	2,550,563
Due to related parties	1,811,287	1,811,287
	8,252,324	8,252,324
2016		
Trade payables	4,121,348	4,121,348
Provisions and other payables (excluding deferred revenue)	3,773,401	3,773,401
Due to related parties	1,922,380	1,922,380
	9,817,129	9,817,129

17 RISK MANAGEMENT (continued)

Foreign currency risk

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

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

18 COMMITMENTS AND CONTINGENCIES

18.1 Capital and operating expenditure commitments

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

18.2 Contingent liabilities

	2017 AED	2016 AED
Letters of guarantee	550,000	550,000

19 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.