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

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

Financial statements for the year ended December 31, 2022

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

Administration and contact details as at December 31, 2022

Commercial Registration No.	103968-1 obtained on September 1, 2016
Shareholder Names	Ecu Hold N.V., Belgium Mrs. Masooma Fairooz Abedali A. Rasool AbdulAli
Director/Authorised Signatory	Mr. Saleem Mohamed Nazir Mohamed Husein
Registered Office	Office No. 102 Building No. 3378 Road No. 1546 Block 115 Al Hidd Kingdom of Bahrain
Bankers	Bank of Bahrain and Kuwait
Auditors	Baker Tilly MKM Public Accountants 24th Floor, Al Moayyed Tower Al Seef Area PO Box 11674 Manama Kingdom of Bahrain

MANAGING DIRECTOR'S REPORT

The Managing Director presents his report and financial statements of ECU Worldwide (Bahrain) Co. W.L.L. (the "Company") for the year ended December 31, 2022.

PRINCIPAL ACTIVITIES

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

FINANCIAL REVIEW

The table below summarises the financial results:

	2022	2021
	BD	BD
Revenue	417,149	515,491
Gross profit	132,349	128,022
Gross profit margin	32%	25%
Profit for the year	71,905	88,630

AUDITORS

A resolution to re-appoint Baker Tilly MKM Chartered Accountants as auditors for the ensuing year will be proposed in the Annual General Meeting.

ADOPTION OF FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2022, will be adopted in the Annual General Meeting.

ECU WORLDWIDE (BAHRAIN) Co. W.L.L
P.O. Box 65498, Kingdom of Bahrain
Tel.: +973 17464454/17466874 | Fax: +973 17466875

EVENTS AFTER THE YEAR-END

In the opinion of the Managing Directors, no transaction or event of a material and unusual nature, favourable or unfavourable, has arisen in the interval between the end of the year and the date of this report that is likely to affect substantially the result of the operations or the financial position of the Company.

STATEMENT OF MANAGING DIRECTOR'S RESPONSIBILITIES

The financial statements for the year under review have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Managing Director confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the applicable statute.

The Managing Director also confirms that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Company's financial conditions and results of its operations.

These financial statements were approved and signed by the Managing Director and the authorised representative of the Company.

By order of the Managing Director:

شركة ايكيو ورلد وايد (البحرين) ذ.م.م
CR No : 103968-1
Kingdom of Bahrain
ECU WORLDWIDE (BAHRAIN) CO. W.L.L

Mr. Saleem Mohamed Nazir Mohamed Husein

Managing Director/Authorised Signatory

____________, 2023

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ECU Worldwide (Bahrain) Co. W.L.L.** (the "Company"), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the other ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We refer to note 20 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 forthcoming years, if any, due to the uncertainties involved.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Managing Director's Report set out on page 1. The other information does not include the financial statements and our independent auditors' 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 inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Management for the Financial Statements

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

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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

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

Report on Anti-Money Laundering and Terrorism Financing Requirements

As required by the Bahrain Commercial Companies Law, Ministerial Order Number 103 of 2021, 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:

I. The Company maintains proper internal control systems and procedures sufficient for monitoring and reporting of suspicious or extraordinary transactions;
II. the Company holds sufficient measures and internal procedures relevant to verifying the identity of its customers; and
III. 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 103 of 2021 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

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

I. we have obtained all the information and explanation we considered necessary for the purpose of our audit;

II. the Company has maintained proper books of account and the financial statements are in agreement therewith; and

III. the financial information included in the Managing Director's report is consistent with the books of account of the Company.

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law of 2001, as amended, or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at December 31, 2022.

Baker Tilly

Eyad Husain
Baker Tilly MKM Public Accountants
Registration number 98
Manama, Kingdom of Bahrain

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

Date: May 5, 2023

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

Statement of financial position
As at December 31, 2022

	Note	2022 BD	2021 BD
ASSETS			
Current assets			
Cash and cash equivalents	6	92,069	47,460
Accounts and other receivables	7	40,655	102,503
Due from related party	8.1	489	53,347
		133,213	203,310
Non-current assets			
Property and equipment	9.3	1,053	84
TOTAL ASSETS		134,266	203,394
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	10	11,245	22,152
Other payables	11	34,214	8,183
Due to related party	8.2	-	67,210
		45,459	97,545
Non-current liabilities			
Employees' end-of-service benefits	12	1,901	2,219
Total liabilities		47,360	99,764
Equity			
Share capital	2	10,000	10,000
Statutory reserve		5,000	5,000
Retained earnings		71,906	88,630
Shareholders' funds		86,906	103,630
TOTAL LIABILITIES AND EQUITY		134,266	203,394

The accompanying notes 1 to 21 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 3 to 5.

The financial statements were authorized for issue on 05 MAY, 2023 by:

Mr. Saleem Mohamed Nazir Mohamed Husein
Director/Authorised Signatory

شركة ايكيو ورلد وايد البحرين ذ.م.م
CR No : 103968-1
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ECU WORLDWIDE (BAHRAIN) CO. W.L.L.
Bahrain

Statement of comprehensive income
For the year ended December 31, 2022

	Note	2022 BD	2021 BD
Revenue	13	417,149	515,491
Direct costs	14	(284,800)	(387,469)
Gross profit		132,349	128,022
Other income	15	318	566
Allowance for expected credit losses on accounts receivable	7.3	-	(2,581)
General and administrative expenses	16	(60,762)	(37,377)
Profit for the year		71,905	88,630
Other comprehensive income		-	-
Total comprehensive income for the year		71,905	88,630

The accompanying notes 1 to 21 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 3 to 5.

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

Statement of cash flows
For the year ended December 31, 2022

	Note	2022 BD	2021 BD
Cash flows from operating activities			
Profit for the year		71,905	88,630
Adjustments for:			
Allowance for expected credit loss on accounts receivable	7.3	-	2,581
Provision for employees' end-of-service benefits	12	-	947
Reversal of end of service provisions	15	(318)	-
Depreciation of property and equipment	16	279	64
Operating profit before working capital changes		71,866	92,222
Decrease/(Increase) in accounts and other receivables		61,848	(66,974)
Movement in related parties' balances, net		(14,352)	42,189
(Decrease) in accounts payable		(10,907)	(3,863)
Increase/(Decrease) in other payables		26,031	(10,648)
Net cash generated from operating activities		134,486	52,926
Cash flows from investing activities			
Acquisition to property and equipment	9	(1,248)	-
Net cash (used in) investing activities		(1,248)	-
Cash flows from financing activities			
Dividend paid		(88,629)	(23,434)
Net cash (used in) financing activities		(88,629)	(23,434)
Net increase in cash and cash equivalents		44,609	29,492
Cash and cash equivalents at the beginning of the year		47,460	17,968
Cash and cash equivalents at the end of the year	6	92,069	47,460

The accompanying notes 1 to 21 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 3 to 5.

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

Statement of changes in equity
For the year ended December 31, 2022

	Share capital BD	Statutory reserve BD	Retained earnings BD	Total BD
As at January 1, 2021	10,000	5,000	23,434	38,434
Dividend paid for the year	-	-	(23,434)	(23,434)
Total comprehensive income for the year	-	-	88,630	88,630
As at December 31, 2021	10,000	5,000	88,630	103,630
Dividend paid for the year	-	-	(88,629)	(88,629)
Total comprehensive income for the year	-	-	71,905	71,905
As at December 31, 2022	10,000	5,000	71,906	86,906

The accompanying notes 1 to 21 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 3 to 5.

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 and Commerce, Kingdom of Bahrain. The current license is valid until September 1, 2023.

b) The Company is engaged in 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.

e) The Parent Company is considered to be ECU Hold NV and the Ultimate Parent Company is considered to be All Cargo Logistics Ltd.

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 held by the shareholders as at the reporting date as follows:

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

3. BASIS FOR PREPARATION

a) Statement of compliance

The financial statements are 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 which are effective for accounting period beginning January 2022, and the Commercial Companies Law of Bahrain of 2001, as amended as may be applicable.

b) Basis of measurement

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

c) Functional and presentation currency

The functional and reporting currency of the Company is Bahraini Dinar ("BD"), as all major transactions are effected in that currency. The Company also transacts in United States Dollars ("USD").

3. BASIS FOR PREPARATION (Continued)

d) Changes in accounting policies

The accounting policies are consistent with those used in the previous financial year, except for the following amendments to IFRS that are mandatorily effective for accounting years beginning on or after January 1, 2022:

New standards, improvements, interpretations and amendments

• Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets
• Amendments to IAS 16	Property, Plant and Equipment
• Annual Improvements	IFRS Standards 2018-2020 Cycle ▪ IFRS 1 First-time Adoption of International Financial Reporting Standards ▪ IFRS 9 Financial Instruments

The adoption of these new standards, improvements, interpretations and amendments did not have any material impact on the Company's financial statements for the year ended December 31, 2022.

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, 2022.

• Amendments to IAS 1 and IFRS Practise Statement 2	Presentation of Financial Statements - Disclosure of Accounting policies and Making Materiality Judgements (January 1, 2023)
• Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Accounting Estimates (January 1, 2023)
• Amendments to IFRS 4	Insurance Contracts (January 1, 2023)
• IFRS 17 and amendments thereto	Insurance Contracts (January 1, 2023)
• Amendments to IFRS 16	Leases - Sale & Leaseback (January 1, 2024)
• Amendments to IAS 1	Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current (January 1, 2024)

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized 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 derecognized when it is extinguished, discharged, cancelled or expires.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

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 expenses relating to financial instruments that are recognised in the statement of comprehensive income 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 and other receivables (excluding prepaid expenses, accrued invoices, and staff loans and advances) and due from a related party fall into this category of financial instruments.

Financial liabilities at amortised cost

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

b) Cash and cash equivalents

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

c) Accounts and other receivables

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

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

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 7 for an analysis of how the impairment requirements of IFRS 9 are applied).

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

c) Accounts and other receivables (continued)

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

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

d) 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, fellow subsidiaries, companies and entities under common or joint ownership or common management and control, their Shareholder and key management personnel.

Related party balances are assessed for non-collectability as per the ECL.

e) Impairment of financial assets

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

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

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

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

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

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

f) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) 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 less their residual values, if any to allocate their cost over their estimated useful lives as follows:

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

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

h) 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.

i) Accounts payable

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

j) Other payables

Other payables include accrued costs and others. 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.

k) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) 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.

m) 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.

n) 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.

o) 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.

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

I. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

II. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

III. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

IV. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

V. Recognise revenue when the Company satisfies a performance obligation at a point in time.

The Company assess each of its contracts with customers and determines performance obligations are satisfied at a point in time in order to determine the appropriate method of recognising revenue.

Revenue is recognised when (or as) the Company satisfies performance obligations by carrying out or providing the promised services for its customers.

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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) 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.

q) 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.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

The 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. Expected credit loss allowance for accounts receivable

The expected credit loss allowance for accounts receivable is recognised as per IFRS 9 considering the pattern of receipts from, and the future financial outlook of, the concerned customer. In measuring the expected credit losses allowance, 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. It is reviewed by the management on a regular basis.

ii. Satisfaction of performance obligations under IFRS 15 "Revenue from Contracts with Customers"

The Company recognises revenue at a point in time when the performance obligations are satisfied following the 5-step process as per IFRS 15.

6 CASH AND CASH EQUIVALENTS

	2022	2021
	BD	BD
Cash in hand	1,000	1,000
Cash at bank	91,069	46,460
	92,069	47,460

7 ACCOUNTS AND OTHER RECEIVABLES

	2022	2021
	BD	BD
Accounts receivable - non related parties (7.1 and 7.2)	16,784	27,694
Accounts receivable - related parties (note 8.3)	21,403	74,326
ECL allowance for accounts receivable (7.3)	(1,733)	(6,281)
Accounts receivable - net	36,454	95,739
Accrued invoices	2,456	4,419
Staff loans and advances	-	1,563
Deposits	500	-
Prepaid expenses	1,218	585
Other receivables	27	197
	40,655	102,503

7.1 Accounts receivables are non-interest bearing and are generally on 90 days credit terms (refer to note 18 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.

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

		Not past Due	Past due		
	Total	upto 90 days	91-120 days	121-180 days	>180 days
	BD	BD	BD	BD	BD
2022	38,187	37,716	109	-	362
2021	102,020	86,031	3,798	7,429	4,762

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

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

In measuring the 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 days past due.

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

7 ACCOUNTS AND OTHER RECEIVABLES (continued)

7.3 ECL allowance for accounts receivable

	2022 BD	2021 BD
Balance at the beginning of the year	6,281	3,700
Provided for the year	-	2,581
Bad debt written off	(4,548)	-
Balance at the end of the year	1,733	6,281

8 RELATED PARTY BALANCES AND TRANSACTIONS

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

8.1 Due from related party

	Relationship	2022 BD	2021 BD
ECU Hold N.V. (Jebel Ali Branch), U.A.E.	Fellow Subsidiary	-	28,350
ECU Line Middle East (L.L.C), U.A.E.	Fellow Subsidiary	489	24,997
		489	53,347

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

8.2 Due to related party

		2022 BD	2021 BD
ECU Hold N.V. Belgium	Shareholder	-	67,210

8.3

	2022	2021
Related party balances included in accounts receivables	21,403	74,326
Related party balances included in accounts payable	3,308	6,848

8.4 Transactions with related parties were as follows:

	2022	2021
Dividend paid	88,629	23,434
Revenue	136,466	167,402
Direct costs	116,729	65,191

9 PROPERTY AND EQUIPMENT

	Furniture and fixtures BD	Office equipment BD	Computer equipment BD	Total BD
9.1 Cost				
As at January 1, 2021 and balance as at December 31, 2021	1,070	727	673	2,470
Additions during the year	1,248	-	-	1,248
As at December 31, 2022	2,318	727	673	3,718
9.2 Accumulated depreciation				
As at January 1, 2021	1,070	727	525	2,322
Charge for the year	-	-	64	64
As at December 31, 2021	1,070	727	589	2,386
Charge for the year	216	-	63	279
As at December 31, 2022	1,286	727	652	2,665
9.3 Net book value				
As at December 31, 2022	1,032	-	21	1,053
As at December 31, 2021	-	-	84	84

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Bahrain

Notes to the financial statements
For the year ended December 31, 2022

10	ACCOUNTS PAYALES	2022	2021
		BD	BD
	Accounts payable- related parties	3,308	6,848
	Accounts payable - non related parties	7,937	15,304
		11,245	22,152

11	OTHER PAYABLES	2022	2021
		BD	BD
	Accrued expenses - import and export	17,668	5,636
	Other payables	16,546	2,547
		34,214	8,183

12	EMPLOYEES' END-OF-SERVICE BENEFITS	2022	2021
		BD	BD
	Balance at the beginning of the year	2,219	1,272
	Provided for during the year	-	947
	Reversal of provisions	(318)	-
	Balance at the end of the year	1,901	2,219

13	REVENUE	2022	2021
	At a point in time	BD	BD
	Revenue from non related parties	280,683	348,089
	Revenue from related parties	136,466	167,402
		417,149	515,491

14	DIRECT COSTS	2022	2021
		BD	BD
	Direct costs from export activities	123,052	271,340
	Direct costs from import activities	161,748	116,129
		284,800	387,469

15	OTHER INCOME	2022	2021
		BD	BD
	Warehouse income	-	566
	Reversal of employees' end of service provisions	318	-
		318	566

16	GENERAL AND ADMINISTRATIVE EXPENSES	2022	2021
		BD	BD
	Salaries and benefits	38,255	20,149
	Legal and professional expenses	11,289	9,769
	Office expenses	7,425	4,705
	Depreciation of property and equipment	279	64
	Other expenses	3,514	2,690
		60,762	37,377

17 COMMITMENTS AND CONTINGENCIES

17.1 Capital and operating expenditure commitments

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

17.2 Contingent liabilities

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

18 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:

	2022	2021
	BD	BD
Cash at bank (note 6)	91,069	46,460
Accounts and other receivables (excluding prepaid expenses, accrued invoices, and staff loans and advances) (note 7)	36,981	95,936
Due from related party (note 8.1)	489	53,347
	128,539	195,743

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

Other receivables carry minimum risk as they are due from low risk parties
Due from related parties relates to transactions with minimal credit risk.

Liquidity risk

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

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

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

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

	Less than 6 months
2022	BD
Accounts payable (note 10)	11,245
Other payables (note 11)	34,214
	45,459

18 RISK MANAGEMENT (continued)

Liquidity risk (continued)

	Less than 6 months
2021	**BD**
Accounts payable (note 10)	22,152
Other payables (note 11)	8,183
Due to related parties (note 8.2)	67,210
	97,545

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.

19 FAIR VALUES

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date. The fair values of cash and cash equivalents, accounts and other receivable, due from related party, accounts payables and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

20 EFFECTS OF RUSSIA'S INVASION OF UKRAINE

In February 2022, Russia's invasion of Ukraine together with the possibility of other nations also getting embroiled in this raging conflict had led to an adverse impact on the production and supply chains of businesses to varying degrees, including but not limited to oil and 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. It is not possible to reliably estimate the impact of this crisis on the Company's future financial and operational condition, if any, due to the uncertainties involved.

21 SUBSEQUENT EVENTS

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