

**Jordan Gulf Freight Services and Agencies Company
Limited Liability Company
Amman-The Hashemite Kingdom of Jordan**

**Financial Statements
And Independent Auditor's Report
For The Year Ended December 31, 2019**

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Limited Liability Company
Amman-The Hashemite Kingdom of Jordan**

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Independent Auditor's Report

Messrs. Shareholders

Jordan Gulf Freight Services and Agencies Company

Limited Liability Company

Amman - The Hashemite Kingdom of Jordan

Opinion

We have audited the financial statements of Jordan Gulf Freight Services Agencies Company (Limited Liability Company), which comprise the statement of financial position as at December 31, 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements comprising significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. 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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Explanatory paragraph

The Company's accumulated losses amounted to JD 114,460 which represents %229 of its capital as of December 31, 2019. According to Article (75) of Jordanian Companies Law No. 22 for year 1997 [Should the company's losses amount to the three quarters of its capital, the company shall be liquidated unless the general Assembly decides in an extraordinary meeting to increase the company's capital to deal with the losses or quench it in accordance with the accredited international accounting and auditing standards, provided that the total of the remaining losses does not exceed half of the Company's capital in both cases].

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 International Financial Reporting Standards, and for such internal control 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.

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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 control.
- Obtain an understanding of internal control 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 control.
- 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.
- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Company has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend to approve these financial statements by the general assembly.

Talal Abu - Ghazaleh & Co. International

Mohammad Al-Azraq
(License # 1000)
Amman - February 26, 2020

Jordan Gulf Freight Services and Agencies Company
Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

Statement of financial position as at December 31, 2019

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
		JD	JD
Assets			
Current Assets			
Cash and cash equivalents	3	58,505	135,288
Trade receivables	4	314,073	793,082
Other debit balances	5	79,924	47,176
Related parties receivables	6	237,206	99,816
Total Current Assets		689,708	1,075,362
Non-Current Assets			
Property and equipment	7	6,409	9,301
Total Assets		696,117	1,084,663
Current Liabilities			
Trade payables		99,921	332,929
Other credit balances	8	197,132	331,016
Related parties payable	6	413,524	436,071
Total Liabilities		710,577	1,100,016
Equity			
Capital	9	50,000	50,000
Statutory reserve	10	50,000	50,000
Accumulated losses		(114,460)	(115,353)
Deficit/ Total Equity		(14,460)	(15,353)
Total Liabilities and Equity		696,117	1,084,663

The accompanying notes constitute an integral part of these financial statements

Jordan Gulf Freight Services and Agencies Company
Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

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

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
		JD	JD
Revenues		1,573,022	2,676,718
Cost of revenues		<u>(1,101,495)</u>	<u>(2,284,797)</u>
Gross profit		471,527	391,921
Other revenues		677	-
Administrative expenses	11	<u>(471,311)</u>	<u>(697,936)</u>
Profit (loss)		<u>893</u>	<u>(306,015)</u>

The accompanying notes constitute an integral part of these financial statements

Jordan Gulf Freight Services and Agencies Company
Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

Statement of changes in equity for the year ended December 31, 2019

	<u>Capital</u>	<u>Statutory reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	JD	JD	JD	JD
Balance as at January 1, 2018	50,000	50,000	190,662	290,662
Loss	-	-	(306,015)	(306,015)
Balance as at December 31, 2018	50,000	50,000	(115,353)	(15,353)
Profit	-	-	893	893
Balance as at December 31, 2019	50,000	50,000	(114,460)	(14,460)

The accompanying notes constitute an integral part of these financial statements

Jordan Gulf Freight Services and Agencies Company
Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

Statement of cash flows for the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
	JD	JD
Cash flows from operating activities		
Profit (loss)	893	(306,015)
Adjustments for:		
Expected credit losses	48,197	98,202
Depreciation	2,892	3,631
Changes in operating assets and liabilities:		
Trade receivables	430,812	(238,464)
Other debit balances	(32,748)	(4,399)
Related parties receivables	(137,390)	191,777
Checks on hand	-	5,492
Trade payables	(233,008)	234,383
Other credit balances	(133,884)	202,072
Related parties payable	(5,561)	(90,036)
	<u>(59,797)</u>	<u>96,643</u>
Income tax paid	-	(5,318)
Net cash from operating activities	<u>(59,797)</u>	<u>91,325</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(4,212)
Net cash from investing activities	<u>-</u>	<u>(4,212)</u>
Cash flows from financing activities		
Related parties payable	(16,986)	(100,975)
Net cash from financing activities	<u>(16,986)</u>	<u>(100,975)</u>
Net change in cash and cash equivalents	<u>(76,783)</u>	<u>(13,862)</u>
Cash and cash equivalents - beginning of year	135,288	149,150
Cash and cash equivalents - end of year	<u><u>58,505</u></u>	<u><u>135,288</u></u>

The accompanying notes constitute an integral part of these financial statements

1. Legal status and activities

- The Company was established as a limited liability company on December 16, 1997, and registered with the Companies Control Department under No. (5129).
- The Company's main objectives are:
 - Marine agencies.
 - Air freight agent for non-dangerous materials.
- On the 19th of February 2017 the partner Mustafa Yakub Mustafa Kharoub withdrew from the company and was replaced by the partner EcuHold NV Company.

2. Basis for preparation of financial statements and significant accountant policies

2-1 Basis for financial statement preparation

Financial statements preparation framework

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Measurement bases used in preparing the financial statements

The financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

Functional and presentation currency

The financial statements have been presented in Jordanian Dinar (JD) which is the functional currency of the entity.

2-2 Using of estimates

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and carrying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for expected credit losses, useful lives of depreciable assets, provisions, any legal cases against the entity.

2-3 Application of new and modified International Financial Reporting Standards

New and modified standards adopted by the entity

- International Financial Reporting Standard No. (16)

As of January 1, 2019, the entity adopted the International Financial Reporting Standard No. (16) Lease contracts, which replaces:

- IAS 17 Leases.
- IFRIC- 4 Determining whether an Arrangement contains a lease.
- SIC-15 Operating Leases - Incentives.
- SIC-27 Evaluating the Substance of Transactions Involving the legal form of a lease.

The International Financial Reporting Standard No. (16) brings significant changes in accounting requirements and treatments of the operating leases, primarily for lessees, whereby all lease contracts were capitalized as assets and recognize an obligations against them with narrow exceptions to this recognition principle for leases where the underlying asset is of low value and for short term leases (i.e. those with a lease term of 12 months or less). The accounting treatment of the lease contracts has remains largely unchanged, as the lessor will continue to classify the lease contracts as either operating lease or finance lease, using principles similar to those in International Accounting Standard No. (17).

- The entity has chosen to apply this standard with modified retrospective approach (without adjusting the comparative figures) which is allowed by the standard.
- The most important impact of IFRS (16) on lease contracts in terms of:

- Definition of lease contracts

What distinguishes this standard is the concept of control, whereby lease and service contracts are classified on the basis of whether the customer has control over the use of an identified asset for a period of time in exchange for a consideration.

- Lessee's accounting treatments for lease contracts (operating lease)

What distinguishes this standard is the way the entity account for operating lease contracts as they are outside the financial statements.

Applying the standard to all lease contracts with the exception for leases where the underlying asset is of low value and for short term leases (i.e. those with a lease term of 12 months or less). the entity does the following:

- A recognition of the right-of-use assets and liabilities of the lease contracts in the statement of financial position initially at the present value of future lease payments.
- The depreciation of the right-of-use assets and profits is recognized on the lease liabilities in the income statement.
- In the statement of cash flows, the payments that reduces lease liability are classified within financing activities and the amounts related to the interest expense of the lease liabilities are classified within operating or financing activities. As for short-term lease contracts or low-value leases (non-capitalized) contracts, they are classified under operating activities.
- The principle amount of the lease contract within financing activities and profits on lease liabilities within operating activities.

For short-term lease contracts of one year or less, and lease contracts for low-value leased assets are recognized as an expense in the income statement on a straight-line basis.

The International Financial Reporting Standard No. (16) provides for testing the impairment of the right of use assets in accordance with Accounting Standard No. (36) Impairment of Assets, and this is different from the International Accounting Standard No. (17), which required recognition of a provision for onerous lease contracts.

- Lessee's accounting treatments for lease contracts (finance lease)

What distinguishes this standard is the residual value guarantees provided by the lessee to the lessor, whereby the expected amount to be paid is recognized as part of the lease liability, while International Accounting Standard No. (17) recognizes the maximum for the guaranteed amount.

- According to management assessment there is no significant effect of applying IFRS (16) on the financial statements.

Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
Accounting Standard No. (1) Presentation of financial statements. Accounting Standard No. (8) Accounting policies, changes in accounting estimates and errors	Definition of material Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.	January 1,2020
International Financial Reporting Standard (17) Insurance Contracts	IFRS (17) replaces IFRS (4), which requires measuring insurance liabilities at the present value of the consideration and provides a more consistent approach to measurement and presentation of all insurance contracts.	January 1,2022
Amendments to IFRS (3) Business Combinations.	Modifications to the definition of business. In order to be considered business it must be an integrated set of activities and assets and include as a minimum inputs and an objective process that together contribute greatly to the ability to create outputs. It should have the ability to contribute to the creation of outputs rather than the ability to create outputs	January 1,2020
Amendments to the International Financial Reporting Standard No. (10) Consolidated Financial Statements and International Accounting Standard No. (28) Associates and Joint Ventures.	These amendments relate to the sale or contribution of assets between the investor, the associate and / or the joint venture.	Undetermined date

– **Financial instruments**

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

– **Financial instruments**

Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

– **Financial assets**

– A financial asset is any asset that is:

- Cash;
- An equity instrument of another entity;
- A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
- A contract that will or may be settled in the entity's own equity instruments.

- Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset, but for financial assets at fair value through profit or loss, transaction costs are recognized in profit or loss.
- Financial assets are classified to three categories as follows:
 - Amortized cost.
 - Fair value through other comprehensive income.
 - Fair value through profit or loss.

Derecognition of financial assets

Derecognition of financial assets (or a part of a group of similar financial assets) when:

- The contractual rights to the cash flow from the financial assets expire, or
- It transfers the contractual rights to receive the cash flows of the financial assets or assume a contractual obligation to pay the cash flows entirely to a third party.

Financial liabilities

- A financial liability is any liability that is:
 - (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
 - (b) A contract that will or may be settled in the entity's own equity instruments.
- Financial liabilities are initially recognized at fair value less transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
- After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
- Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

Trade payables and accruals

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

Offsetting financial instruments

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off amounts and intends either to settle in a net basis, or through realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash comprises cash on hand, current accounts and short term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in value.

Trade receivables

- Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Trade receivables are stated at invoices (claims) amount net of allowance for expected credit losses which represents the collective impairment of receivables.

Impairment of financial assets

- At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit – impaired. A financial assets is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.
- The entity recognizes loss allowance for expected credit loss (ECL) on:
 - Financial assets measured at amortized cost.
 - Debt investments measured at FVOCI.
 - Contract assets.
- The entity measures loss allowances at an amount equal to lifetime ECLs.
- Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.
- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort based in the entity's historical experience and forward looking information.
- The entity considers a financial asset to be in default when:
 - The client is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any); or
 - The financial asset is more than 360 days past due.
- Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
- A financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows. The entity write off the gross carrying amount of the financial asset in case of, liquidation, bankruptcy or issuance of a court ruling to reject the claim for financial asset.

– Related parties

- Transactions with related parties represent transfer of resources, services, or obligations between related parties.
- Terms and conditions relating to related party transactions are approved by management.

– Property and equipment

- Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment.
- The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

<u>Category</u>	<u>Depreciation rate</u>
	%
Furniture	10-20
Computers and softwares	20

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.

- On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

Impairment of non-financial assets

- At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property, plant and equipment and investment property) to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
- For the purpose of impairment valuation, assets are grouped at the lower level that have cash flow independently (cash generating unit), previous impairment for non-financial assets (excluding goodwill) is reviewed for the possibility of reversal at the date of the financial statements.

Revenue recognition

- The entity recognize revenue from sale of good and rendering of service when control is transferred to the customer.
- Revenues are recognized based on consideration specified in contract with customer that expected to be received excluding amounts collected on behalf of third parties.
- Revenue is reduced for amount of any trade discounts and volume rebates allowed by the entity.
- Revenue from shipping is recognized when exported goods are shipped and imported goods are received.

Definition of a lease (lessee)

The entity assesses at the commencement date of the lease agreement whether the contract is a lease or includes a lease agreement. And if the contract is in whole or in part transfer the right to control the use of a specific asset from one party to another for a specified period of time in exchange for a consideration, the entity recognizes the right-of- use assets and lease liability with the exception of low value and for short term leases (i.e. those with a lease term of 12 months or less) in which the entity recognizes the lease payments as operating expenses on either a straight-line basis over the lease term or another systematic basis is more representative of the time period to depreciate the economic benefits of the leased assets.

Income tax

Income tax is calculated in accordance with Jordanian laws and regulations.

– **Foreign currencies**

- In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.
- Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

– **Contingent liabilities**

- Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.
- Contingent liabilities are not recognized in the financial statements.

3. Cash and cash equivalents

	<u>2019</u>	<u>2018</u>
	JD	JD
Current account at a bank - JD	58,505	134,793
Current accounts at banks - foreign currencies	-	495
Total	<u><u>58,505</u></u>	<u><u>135,288</u></u>

4. Trade receivables

	<u>2019</u>	<u>2018</u>
	JD	JD
Trade receivables (*)	366,063	786,904
Checks on hand	107,522	117,493
Deduct: allowance for expected credit losses (**)	<u>(159,512)</u>	<u>(111,315)</u>
Net	<u><u>314,073</u></u>	<u><u>793,082</u></u>

(*) The following are aging of trade receivables based on issued invoices:

	2019	2018
	JD	JD
1 - 60 days	42,095	412,117
61 - 180 days	17,861	169,060
180 - 360 days	21,669	93,552
Above 361	284,438	112,175
Total	366,063	786,904

(**) Movement of allowance for expected credit losses during the year was as follows:

	2019	2018
	JD	JD
Balance-beginning of year	111,315	13,113
Provided during the year	48,197	98,202
Balance-end of year	159,512	111,315

5. Other debit balances

	2019	2018
	JD	JD
Employees receivable	48,448	29,278
Prepaid expenses	26,852	7,677
Guarantees deposit	3,500	9,500
Refundable deposits	624	624
Petty cash	500	97
Total	79,924	47,176

6. Related parties

- The transaction with related parties consists of the transactions with shareholders and the companies that shareholders owns' an significant shares in it.
- Transactions with related parties are financing and operating in nature.
- The related parties receivable consist the following:

	2019	2018
	JD	JD
Allcargo Movers (INDIA) LTD	108,017	718
Ecu Hold Inv	96,481	38,524
Ecu Line Turkey	10,632	17,998
Ecu Line France	4,320	4,169
Ecu Line UK Southampton	3,507	5,511
Ecu Line Italia S.R.L	3,170	2,699
Ecu Line Mexico	2,915	7,464
Ecu Line Germany	2,729	1,453
Ecu Line Egypt	1,353	-
Ecu Line Guangzhou	624	5,593
Ecu Line France	575	249
.Ecu Line Poland	498	496
Ecu Line Malaysia (Johr Bahru)	467	900
Ecu Line Canada	446	-
Ecu Line Spain	395	1,440
Ecu Line Middle East LLC	271	701
Ecu Line Lebanon	250	249
Ecu Line Tunisie	249	248
Ecu Worldwide New Zealand LTD	178	178
Ecu Line Qatar	129	128
Ecu Line Japan	-	7,583
Ecu Line Australia Melbourne	-	1,536
Ecu Line CZECH	-	745
Ecu Rotterdam	-	737
Ecu Line Finland	-	249
Ecu Logistics DO Brazil	-	248
Total	237,206	99,816

- The related parties payable consist the following:

	2019	2018
	JD	JD
Ecu Hold Inv	397,902	414,888
Ecu Line Indonisai	5,562	-
Ecu Line Italia S.R.L	3,213	591
China Consolidated Company Limited	1,966	1,958
Ecu Line Hong Kong LTD	1,861	2,871
Ecu Line Middle East LLC	1,271	-
Ecu Line Singapore	1,082	4,071
Econocaribe USA	384	5,300
Ecu Line N.V	117	2,745
Ecu Line Marco	95	-
Ecu Rotterdam	71	-
Ecu Line Canada	-	3,381
Ecu Line UK Southampton	-	248
Ecu Line Qingdao	-	18
Total	413,524	436,071

- Significant transactions with related parties during the year are as follows:

	2019	2018
	JD	JD
Revenues	422,004	257,461
Cost of revenues	357,748	439,846

7. Property and equipment

		Computers	
2019	Furniture	and softwares	Total
	JD	JD	JD
Cost			
Beginning of year balance	65,491	38,701	104,192
End of year balance	65,491	38,701	104,192
Accumulated depreciation			
Beginning of year balance	61,670	33,221	94,891
Depreciation	1,299	1,593	2,892
End of year balance	62,969	34,814	97,783
Net	2,522	3,887	6,409
2018			
Cost			
Beginning of year balance	64,114	35,866	99,980
Additions	1,377	2,835	4,212
End of year balance	65,491	38,701	104,192
Accumulated depreciation			
Beginning of year balance	59,547	31,713	91,260
Depreciation	2,123	1,508	3,631
End of year balance	61,670	33,221	94,891
Net	3,821	5,480	9,301

8. Other credit balances

	2019	2018
	JD	JD
Accrued expenses	120,171	244,254
Litigation provision	70,000	70,000
Vacations provision	6,961	4,191
Social security deposits	-	7,101
Due to income tax	-	5,470
Total	197,132	331,016

– Final settlement has not been reached with Income Tax Department for years 2017 and 2018.

9. Capital

	Share	Capital
	%	JD
Ecu Line Hold Inv	45	22,500
Wafa'a Khalil Hanna Haddadin	55	27,500
Total	100	50,000

10. Statutory reserve

- Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals of the Company's subscribed capital. Such reserve is not available for dividends distribution.
- For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statutory reserve, and to rebuild it in accordance with the provisions of the law.

11. Administrative expenses

	2019	2018
	JD	JD
Salaries, wages and related benefits	281,880	418,741
Expected credit losses	48,197	98,202
Social security	35,759	38,229
Rent	25,776	29,299
Insurance	15,959	15,002
Professional fees	13,672	23,583
Governmental fees	12,797	5,613
Communication	9,488	10,079
Travel and accommodation	9,316	6,669
Bank charges	3,984	8,495
Maintenance	3,166	3,330
Depreciation	2,892	3,631
Water and electricity	2,795	1,757
Stationery and printings	1,846	5,480
Subscriptions	1,759	6,514
Entertainment	772	3,604
Training	685	1,235
Miscellaneous	453	122
Promotion and advertising	115	3,709
Contingent liabilities	-	7,000
Currency differences	-	3,822
Fuel	-	2,420
Vehicles expenses	-	1,400
Total	471,311	697,936

12. Legal cases

According to the Company legal counselor's letter, there are cases raised against others amounting to JD 48,240 and there are cases raised against company amounting to JD 194,123 that are still outstanding in courts.

13. Contingent liabilities

The Company has contingent liabilities, at the statement of financial position date, for letters of guarantee amounting to JD 70,000 with a cash deposit of JD 3,500.

14. Risk management

a) Capital risk:

Regularly, the capital structure is reviewed and the cost of capital and the risks associated with capital are considered. In addition, capital is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the debt and equity balance.

b) Currency risk:

- 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.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Certain procedures to manage the exchange rate risk exposure are maintained.
- Most of foreign currency transactions are in USD and Euro. The exchange rate of foreign currencies as following:

Description	Currency risk	Exchange	Foreign currency amount	Local currency amount
Related parties receivables	USD	0.708	30,489	21,586
Related parties payable	USD	0.708	16,386	11,601
Related parties receivables	Euro	0.79	11,847	9,359
Related parties payable	Euro	0.79	15,573	12,303

c) 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 risk arises on exposure to a fluctuation in market interest rates resulting from borrowings and depositing in banks.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.

d) Other price risk:

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments. However, this risk is insignificant since no active trading on these investments is occurred.
- The entity is not exposed to other price risk.

e) **Credit risk:**

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Credit policies are maintained to state dealing with only creditworthy parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.

f) **Liquidity risk:**

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.
- The following table shows the maturity dates of financial assets and liabilities as of December 31:

Description	Less than one year	
	2019	2018
Financial assets:	JD	JD
Cash and cash equivalents	58,505	135,288
Trade receivables	314,073	793,082
Other debit balances	53,072	39,499
Related parties receivables	237,206	99,816
Total	662,856	1,067,685
Financial liabilities:		
Trade payables	99,921	332,929
Other credit balances	127,132	261,016
Related parties payable	413,529	436,071
Total	640,582	1,030,016

15. Reclassification

Certain 2018 balances have been reclassified to conform to the adopted classification in 2019.