



Crowe Horwath™

**Allcargo Logistic L.L.C
Dubai - United Arab Emirates
Auditor's report & financial statements
For the year ended December 31, 2016**

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Allcargo Logistic L.L.C

Dubai - United Arab Emirates

General information

Principal office address : Office No. 401-23, 4th Floor,
Building No. 7, Bay Square, Business Bay
P. O. Box: 28430
Dubai, United Arab Emirates
T: +971 45595279

The Director	:	Name	Nationality
		Vikram Balakrishna Shetty	American

The Auditor	:	Horwath MAK P.O. Box 6954 Sharjah, United Arab Emirates
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The Bank	:	Emirates NBD Bank
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Allcargo Logistic L.L.C
Dubai - United Arab Emirates

Director's Report

The Director has the pleasure in presenting his report and the audited financial statements for the year ended December 31, 2016.

Principal activities of the Entity :

he principal activities of the entity consist of ship charter, barges & tugs charter, customs broker, cargo loading & unloading services, cargo packaging, sea cargo services, air cargo services and container loading & unloading services.

Financial review:

The table below summarizes the results of 2016 and 2015.

	2016	2015
	AED	AED
Revenue	458,407	323,574
Gross profit	19,486	12,660
Gross profit margin	4.25%	3.91%
Net loss for the year	(995,409)	(1,092,483)

Role of the Director:

The Director are the Entity's principal decision-making forum. The Director has the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through its guidance and supervision of the Entity's business. The Director sets the strategies and policies of the Entity. He monitors performance of the Entity's business, guides and supervises its management.

Going concern:

The attached financial statements have been prepared on a going concern basis. While preparing the financial statements the management has made an assessment of the Entity's ability to continue as a going concern. The management has not come across any evidence that causes it to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Entity's ability to continue as a going concern.

Events after year end:

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

Auditor:

M/s. Horwath MAK, Dubai, United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Director's responsibilities:

The applicable requirements, requires the Director to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

The audited financial statements for the year under review, has been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The 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 Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The 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 Entity's financial conditions and results of its operations.

These financial statement were approved by the Board and signed on behalf by the authorized representative of the Entity.


Vikram Balakrishna Shetty
Director
March 24, 2017

Ref: HS/2828/Mar 2017

Independent auditor's report

To,
The Shareholder
Allcargo Logistic L.L.C
Dubai - United Arab Emirates

Report on the audit of the financial statements**Opinion**

We have audited the accompanying financial statements of Allcargo Logistic L.L.C, Dubai - United Arab Emirates ("Entity") which comprise the statement of financial position as at December 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 11 to the financial statements which indicates that the Entity incurred a net loss of AED 995,409 during the year ended December 31, 2016, and as of that date, the Entity's liabilities exceeded its total assets by AED 1,990,948. The group is willing to provide financial support to meet the working capital requirements of the Entity.

Responsibilities of management

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

We communicate with management 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

As required by the U.A.E. Federal Commercial Companies Law No. 2 of 2015, we further confirm that,

- 1 We have obtained all the information and explanations which we consider necessary for our audit,
- 2 The financial statements have been prepared and comply in all material respects with the applicable provisions of the U.A.E. Federal Commercial Companies Law No. 2 of 2015, and the Memorandum and Articles of Association of the Entity,
- 3 Proper books of accounts have been maintained by the Entity,
- 4 The Entity has not made any investments in share and stocks during the year ended December 31, 2016,
- 5 Note 6 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted, and
- 6 Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the U.A.E. Federal Commercial Companies Law No. 2 of 2015, or the Memorandum and Articles of Association of the Entity, which would materially affect its activities or its financial position as of December 31, 2016.



Atik Munshi
Senior Partner
Regn. No. 483
Horwath MAK
Dubai - United Arab Emirates



March 24, 2017

Registered with the Department of Economic Development, Dubai (#101627) as a Partnership Firm.

Allcargo Logistic L.L.C
Dubai - United Arab Emirates


Statement of financial position as at December 31, 2016
(In Arab Emirates Dirham)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	4	3,576	7,416
Pre-operative expenses	5	-	258,792
Total non current assets		3,576	266,208
<i>Current assets</i>			
Trade receivables	7	28,522	253,088
Advances, deposits and other receivables	8	538,329	523,472
Cash and bank balances	9	99,364	620,382
Total current assets		666,215	1,396,942
Total assets		669,791	1,663,150
Equity and liabilities			
<i>Equity</i>			
Share capital	10	300,000	300,000
Accumulated loss	11	(2,290,948)	(1,295,539)
Total equity		(1,990,948)	(995,539)
<i>Non-current liabilities</i>			
Loans from related parties	6	2,410,272	2,419,886
Employees' end of service benefits	12	52,490	51,569
Total non-current liabilities		2,462,762	2,471,455
<i>Current liabilities</i>			
Trade and other payables	13	197,977	187,234
Total current liabilities		197,977	187,234
Total liabilities		2,660,739	2,658,689
Total equity and liabilities		669,791	1,663,150

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

The report of the auditor is set out on pages 3 and 4.

The financial statements on pages 5-24 were approved on March 24, 2017 and signed on behalf of the Entity, by:


Vikram Balakrishna Shetty
Director



Statement of profit or loss and other comprehensive income for the year ended December 31, 2016
(In Arab Emirates Dirham)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Revenue	14	458,407	323,574
Direct cost	15	(438,921)	(310,914)
Gross profit		19,486	12,660
Other income	16	71,132	70,319
Selling and distribution expenses	17	-	(3,224)
Administrative expenses	18	(1,031,073)	(1,149,916)
Finance costs	19	(54,954)	(22,322)
(Loss) for the year		(995,409)	(1,092,483)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		(995,409)	(1,092,483)

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

The report of the auditor is set out on pages 3 and 4.

The financial statements on pages 5-24 were approved on March 24, 2017 and signed on behalf of the Entity, by:


Vikram Balakrishna Shetty
Director



Statement of changes in equity for the year ended December 31, 2016
(In Arab Emirates Dirham)

	Share capital	Retained earnings	Total equity
Balance as at December 31, 2014	300,000	(203,056)	96,944
Total comprehensive income	-	(1,092,483)	(1,092,483)
Balance as at December 31, 2015	300,000	(1,295,539)	(995,539)
Total comprehensive income	-	(995,409)	(995,409)
Balance as at December 31, 2016	300,000	(2,290,948)	(1,990,948)

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

The report of the auditor is set out on pages 3 and 4.



Statement of cash flows for the year ended December 31, 2016
(In Arab Emirates Dirham)

	2016	2015
Cash flows from operating activities		
Net (loss) for the year	(995,409)	(1,092,483)
<i>Adjustments for:</i>		
(Gains)/losses on sale of property, plant and equipment	-	67,010
Depreciation on property, plant and equipment	3,840	22,342
Amortization on intangible assets	258,792	141,132
Finance costs	54,954	22,322
Provision for employees' end of service benefits	921	31,071
	(676,902)	(808,606)
<i>(Increase) / decrease in current assets</i>		
Trade receivables	224,566	(252,439)
Advances, deposits and other receivables	(14,857)	(388,865)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	10,743	150,328
Due to related parties	-	(775,984)
Cash generated from operations	(456,450)	(2,075,566)
Finance costs paid	(54,954)	(22,322)
Net cash (used in) operating activities	(511,404)	(2,097,888)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(7,659)
Net cash (used in) investing activities	-	(7,659)
Cash flows from financing activities		
Proceeds/repayment of loans from related parties	(9,614)	2,419,886
Net cash from / (used in) financing activities	(9,614)	2,419,886
Net (decrease) / increase in cash and cash equivalents	(521,018)	314,339
Cash and cash equivalents, beginning of the year	620,382	306,043
Cash and cash equivalents, end of the year	99,364	620,382
Cash and cash equivalents		
Cash in hand	5,000	4,490
Cash at bank	94,364	615,892
	99,364	620,382

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

The report of the auditor is set out on pages 3 and 4.



1 Legal status and business activities

- 1.1 Allcargo Logistics L.L.C., Dubai – United Arab Emirates (the "Entity") was registered on October 19, 2014 as a Limited Liability Company (LLC) and operates in the United Arab Emirates under a commercial license issued by the Department of Economic Development, Government of Dubai.
- 1.2 The principal activities of the entity consist of ship charter, barges & tugs charter, customs broker, cargo loading & unloading services, cargo packaging, sea cargo services, air cargo services and container, loading & unloading services.
- 1.3 The registered office of the Entity is located at Office No. 401-23, 4th Floor, Building No. 7, Bay Square, Business Bay, P.O. Box 28430, Dubai, United Arab Emirates.
- 1.4 The management and control are vested with Mr. Vikram Balkrishna Shetty, Director, national of United State of America.
- 1.5 These financial statements incorporate the operating results of the commercial license no. 719116 .
- 1.6 The entity is registered as a limited Liability company in accordance with the UAE Federal Law No. (8) of 1984 (as amended) ("Companies Law"). The UAE Federal Law No. (2) of 2015 which came into effect on July 1, 2015 replaced the existing Companies Law. The entity is currently assessing the impact of the new law and expects to be fully compliant on or before the end of grace period on June 30, 2017.

2 New and amended standards

2.1 New and revised IFRSs applied with no material effect on the financial statements

The Entity has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2016. The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Annual Improvements to IFRSs 2012-2014 cycles:

- IFRS 5 " Non-current Assets Held for Sale and Discontinued Operations ": Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 "Financial Instruments: Disclosures": Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. Further with consequential amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.
- IAS 19 "Employee Benefits": Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).
- IAS 34 "Interim Financial Reporting": Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

Amendments to IFRS 11 "Joint Arrangements" clarify accounting for acquisitions of an Interests in Joint Operations where the activities of the operation constitute a business.

Amendments to IAS 16 "Property, Plant and Equipmentment" and IAS 38 "Intangible Assets" clarify that revenue-based method of depreciation or amortisation is generally not appropriate.

Amendments to IAS 16 "Property, Plant and Equipmentment" and IAS 41 "Agriculture" require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.



2 New and amended standards (continued)

2.1 New and revised IFRSs applied with no material effect on the financial statements (continued)

Disclosure Initiative-Amendments to IAS 1 "Presentation of Financial Statements" makes the following changes:

- **Materiality:** The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- **Disaggregation and subtotals:** The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- **Notes:** The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

Amendments to IAS 27 "Separate Financial Statements" which allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost or as financial asset in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements. The amendments introduce the equity method as a third option.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures ": Clarifies the exception from preparing consolidated financial statements available to intermediate parent entities which are subsidiaries of investments entities.

2.2 New and revised standards and amendments in issue but were not mandatory for annual reporting periods ending December 31, 2016.

New and revised standards and amendments

Amendments in Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows) that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

IFRS 9 "Financial Instruments": Issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements).

Effective for annual periods beginning on or after

January 1, 2017

January 1, 2018



2 New and amended standards (continued)

2.2 New and revised standards and amendments in issue but were not mandatory for annual reporting periods ending December 31, 2016. (continued)

	<u>Effective for annual periods beginning on or after</u>
IFRS 15 "Revenue from Contracts with Customers": IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations when it becomes effective.	January 1, 2018
IFRS 16 "Leases": The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations. Earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.	January 1, 2019

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of UAE Laws. These financial statements are presented in United Arab Emirates Dirham (AED) which is the Entity functional and presentation currency.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or

The principal accounting policies applied in these financial statements are set out below.

3.3 Current/Non current classification

The Entity presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

3 Significant accounting policies (continued)

3.3 Current/Non current classification (continued)

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Entity classifies all other liabilities as non-current.

3.4 Foreign currency

The transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. The non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition. Cost also includes transfers from equity of any gains or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property, plant and equipment (other than freehold land and properties under construction), using the straight-line method over its useful lives as follows:

	Years
Computer and accessories	3
Furniture and fixtures	4

When part of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.



3 Significant accounting policies (continued)

3.6 Impairment of tangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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).

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

3.7 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

3.8 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in the current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Entity's loans and receivables comprise "trade and other receivables", "cash and cash equivalents", due from related parties", " in the statement of financial position. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.



3 Significant accounting policies (continued)

3.8 Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

Due from related parties

Due from/loans to related parties are measured at amortised cost.

Impairment of financial assets

Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.



3 Significant accounting policies (continued)

3.9 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and payables, net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables and due to related parties.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trades payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Due to related parties

Amounts due to/loan from related parties are stated at amortised cost.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.11 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3 Significant accounting policies (continued)

3.12 Revenue recognition (continued)

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract, when the outcome of the transaction and related revenue and cost can be measured reliably, and that economic benefit flows to the Entity.

3.13 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Under normal circumstances, in recognising the revenue the management is of the view that in line with the requirement of IAS 18 "Revenue", the risk and reward of ownership is transferred to the buyers of the goods and services and that revenue is reduced for the estimated returns, rebate and other allowances (if any).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowance for doubtful debts

Allowances for doubtful debts are determined using a combination of factors to ensure that trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's inability to meet its financial obligations.

Useful lives of property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Notes to the financial statements for the year ended December 31, 2016
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4 Property, plant and equipment

	Computer and accessories	Furniture and fixtures	Total
Cost			
As at December 31, 2014	14,220	78,702	92,922
Additions during the year	7,659	-	7,659
Disposals during the year	(10,359)	(78,702)	(89,061)
As at December 31, 2015	11,520	-	11,520
As at December 31, 2016	11,520	-	11,520
Accumulated depreciation			
As at December 31, 2014	609	3,204	3,813
Charge for the year	5,832	16,510	22,342
Eliminated on disposal during the year	(2,337)	(19,714)	(22,051)
As at December 31, 2015	4,104	-	4,104
Charge for the year	3,840	-	3,840
As at December 31, 2016	7,944	-	7,944
Carrying value as at December 31, 2016	3,576	-	3,576
Carrying value as at December 31, 2015	7,416	-	7,416

5 Pre-operative expenses

	2016	2015
Preoperating expenses	258,792	399,924
Less: Amortise/writtenoff during the year	(258,792)	(141,132)
	-	258,792

Pre-operative expense represents the cost incurred towards the formation of the Entity. The Management has decided to amortise same over period of three years. The above treatment is not as per IAS 38 (Intangible assets)

6 Related parties

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

	2016	2015
a) Loans from related parties		
Allcargo Logistics Limited, Mumbai, India	395,918	386,764
ECU Hold NV, Belgium	2,014,354	2,033,122
	2,410,272	2,419,886

The loan from Allcargo Logistics Limited, Mumbai, India is at 3.50% rate + prevailing LIBOR rate of interest and without any fixed repayment schedule.

The loan from ECU Hold NV, Belgium is at 3% and without any fixed repayment schedule.



Notes to the financial statements for the year ended December 31, 2016
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6 Related parties (continued)

b) Transactions with related parties

The nature of significant related party transactions and the amounts involved were as follows:

	For the year ended December 31,	
	2016	2015
Interest on borrowings	54,954	22,322

c) Key management personnel compensations

The compensation of key management personnel is as follows:

Salaries - Managing Director	480,000	473,333
End of service benefits - Managing Director	28,323	27,996
	508,323	501,329

7 Trade receivables

Trade receivables	28,522	253,088
	28,522	253,088

The average credit period for the trade receivables is 60/90 days (2015: 60/90 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

Ageing of receivables that are neither past due nor impaired:

1 -90 days	28,522	253,088
	28,522	253,088

Geographical analysis:

The geographical analysis of trade receivables are as follow:

Within U.A.E.	28,522	198,366
G.C.C.	-	54,722
	28,522	253,088

8 Advances, deposits and other receivables

Prepayments	88,530	66,909
Deposits	12,886	12,886
Bank margins	75,000	75,000
Advances	361,913	368,677
	538,329	523,472

9 Cash and bank balances

Cash in hand	5,000	4,490
Cash at bank	94,364	615,892
	99,364	620,382



Notes to the financial statements for the year ended December 31, 2016
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10 Share capital

Authorised, issued and paid up capital of the Entity is AED 300,000, divided into 300 shares of AED 1,000 each fully paid.

The details of the shareholding as at reporting date are as follows:

Name of Shareholders	Nationality / Registered	Percentage	No of shares	2016	2015
Abdulhamid Mohammed Abdulrahim Duwaya	Emarati	51%	153	153,000	153,000
M/s. Allcargo Logistics Limited	India	49%	147	147,000	147,000
		100%	300	300,000	300,000

11 Accumulated loss

Balance at the beginning of the year	(1,295,539)	(203,056)
(Loss) for the year	(995,409)	(1,092,483)
Balance at the end of the year	(2,290,948)	(1,295,539)

12 Employees' end of service benefits

Balance at the beginning of the year	51,569	20,498
Add: charge for the year	921	31,071
Balance at the end of the year	52,490	51,569

Amounts required to cover end of service indemnity at the statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting period.

13 Trade and other payables

Trade payables	56,718	138,060
Accruals and provisions	66,789	49,174
Advances from customers	67,519	-
Others	6,951	-
	197,977	187,234



Notes to the financial statements for the year ended December 31, 2016
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	For the year ended December 31,	
	2016	2015
14 Revenue		
Rendering of services within UAE	458,407	323,574
	<u>458,407</u>	<u>323,574</u>
15 Direct cost		
Direct cost of import and related activities	407,062	186,442
Direct cost of export and related activities	31,859	124,472
	<u>438,921</u>	<u>310,914</u>
16 Other income		
Other	74,220	134,220
(loss) on sale of property, plant and equipment	-	(67,010)
Foreign currency exchange gain - net	(3,088)	3,109
	<u>71,132</u>	<u>70,319</u>
17 Selling and distribution expenses		
Advertisement	-	3,224
	<u>-</u>	<u>3,224</u>
18 Administrative expenses		
Salaries and related benefits	603,784	757,290
Rent	75,974	85,671
Printing and stationery	-	8,036
Travelling and entertainment	7,877	3,660
Legal, visa and professional fee	47,646	56,125
Telephone and communications	1,237	38,843
Depreciation on property plant and equipment	3,840	22,342
Insurance	27,622	22,532
Amortization on intangible assets	258,792	141,132
Bank charges	4,301	5,737
Other expenses	-	8,548
	<u>1,031,073</u>	<u>1,149,916</u>
19 Finance costs		
Interest on loan from related party	54,954	22,322
	<u>54,954</u>	<u>22,322</u>



Notes to the financial statements for the year ended December 31, 2016
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20 Financial instruments

a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the financial statements.

b) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis

	As at December 31,		As at December 31,	
	2016	2015	2016	2015
<i>Financial assets</i>	Carrying amount		Fair value	
Trade receivables	28,522	253,088	28,522	253,088
Other receivables	12,886	12,886	12,886	12,886
Cash and bank balances	99,364	620,382	99,364	620,382
	<u>140,772</u>	<u>886,356</u>	<u>140,772</u>	<u>886,356</u>
<i>Financial liabilities</i>				
Loans from related parties	2,410,272	2,419,886	2,410,272	2,419,886
Trade and other payables	197,977	187,234	197,977	187,234
	<u>2,608,249</u>	<u>2,607,120</u>	<u>2,608,249</u>	<u>2,607,120</u>

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of cash and bank balances, trade receivables and certain other assets. Financial liabilities consist of trade payables and accruals, due to related parties and certain other liabilities.

As at reporting date financial assets and financial liabilities are approximates their carrying values.

21 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.



21 Financial risk management objectives (continued)

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

a) Foreign currency risk management

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham.

b) Interest rate risk management

As at the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used for reporting interest rate risk internally to key management and represents management's assessment of the reasonable possible change in interest rates.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rest with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Entity has access to interest free loans from its shareholders at its disposal to further reduce liquidity risk.



Notes to the financial statements for the year ended December 31, 2016
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21 Financial risk management objectives (continued)

Liquidity and interest risk tables:

The table below summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements were as follows:

Particulars	Non Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
As at December 31, 2016				
Financial assets				
Trade receivables	-	28,522	-	28,522
Other receivables	-	12,886	-	12,886
Cash and bank balances	99,364	-	-	99,364
	99,364	41,408	-	140,772
Financial liabilities				
Loans from related party	-	-	2,410,272	2,410,272
Trade and other payables	-	197,977	-	197,977
	-	197,977	2,410,272	2,608,249
As at December 31, 2015				
Financial assets				
Trade receivables	-	253,088	-	253,088
Other receivables	-	12,886	-	12,886
Cash and bank balances	620,382	-	-	620,382
	620,382	265,974	-	886,356
Financial liabilities				
Loans from related party	-	-	2,419,886	2,419,886
Trade and other payables	-	187,234	-	187,234
	-	187,234	2,419,886	2,607,120

d) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly and the Entity maintains an allowance for doubtful debts based on expected collectability of all trade receivables.

Trade receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are disclosed in Note 7 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.



22 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

23 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's financial statements as of reporting date.

24 Commitments

Except for the ongoing business obligations which are under normal course of business, there has been no other known commitment on Entity's financial statements as of reporting date.

25 Comparative amounts

Certain amounts for the prior year were reclassified to confirm to current year presentation, however, such reclassification does not have an impact on the previously reported profit or equity.

