

ECU WORLDWIDE (MALAYSIA) SDN. BHD.  
(461285 K)  
(Incorporated in Malaysia)

**Directors' Report and Audited Financial Statements**  
31 December 2016

**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
**(Incorporated in Malaysia)**

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**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
(Incorporated in Malaysia)

**Directors' report**

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2016.

**Principal activity**

The principal activity of the Company is to carry on business as shipping and forwarding agents. There have been no significant change in the nature of the principal activity during the financial year.

**Results**

**RM**

Net profit for the year	<u>149,199</u>
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There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

**Dividends**

The amount of dividend paid by the Company since 31 December 2015 were as follows :

**RM**

In respect of financial year ended 31 December 2016 :	
Final tax exempt (single-tier) dividend of RM1.82 on 600,000 ordinary shares, declared and paid on 30 December 2016	<u>1,092,000</u>

**Directors**

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Venu Narsimha Rao Ravichettu	
Norhana Binti Maryan	
Lau Lai San	(appointed on 29 November 2016)
Savio Kurian Kannampuzha	(appointed on 29 November 2016)
Tan Mui Wah	(resigned on 29 November 2016)
Sachin Anand	(resigned on 29 November 2016)
Lim Boon Kect	(resigned on 29 November 2016)

**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
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**Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit, (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 5 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**Directors' interests**

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

**Other statutory information**

- (a) Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps :
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render :
  - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Company misleading.

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**Other statutory information (cont'd)**

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist :
  - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors :
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

**Auditors**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated **20 JUN 2017**

Venu Narsimha Rao Ravichettu

Norhana Binti Maryan

**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
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**Statement by directors**

**Pursuant to Section 169(15) of the Companies Act, 1965**

We, Venu Narsimha Rao Ravichettu and Norhana Binti Maryan, being two of the directors of Ecu Worldwide (Malaysia) Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 9 to 29 are drawn up in accordance with Malaysian Private Entities Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of its results and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated **20 JUN 2017**



Venu Narsimha Rao Ravichettu



Norhana Binti Maryan

**Statutory declaration**

**Pursuant to Section 169(16) of the Companies Act, 1965**

I, Venu Narsimha Rao Ravichettu, being the director primarily responsible for the financial management of Ecu Worldwide (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 9 to 29 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared )  
by the abovenamed Venu Narsimha )  
Rao Ravichettu at Johor Bahru in the )  
State of Johor Darul Ta'zim on )

**20 JUN 2017**



Venu Narsimha Rao Ravichettu

Before me,



No. 8, Jalan Dhoby  
80000 Johor Bahru,  
Johor.

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**Independent auditors' report to the member of  
Ecu Worldwide (Malaysia) Sdn. Bhd.  
(Incorporated in Malaysia)**

**Report on the financial statements**

*Opinion*

We have audited the financial statements of Ecu Worldwide (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a significant accounting policies and other explanatory notes, as set out on pages 9 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 1965 in Malaysia.

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence and other ethical responsibilities*

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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**Independent auditors' report to the member of  
Ecu Worldwide (Malaysia) Sdn. Bhd. (cont'd)  
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*Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 approved standards on auditing in Malaysia and 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.



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**Independent auditors' report to the member of  
Ecu Worldwide (Malaysia) Sdn. Bhd. (cont'd)  
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*Auditors' responsibilities for the audit of the financial statements (cont'd)*

As part of an audit in accordance with approved standards on auditing in Malaysia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 the directors.
- Conclude on the appropriateness of the directors' 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 of the Company 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 of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

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**Independent auditors' report to the member of  
Ecu Worldwide (Malaysia) Sdn. Bhd. (cont'd)  
(Incorporated in Malaysia)**

**Report on other legal and regulatory requirements**

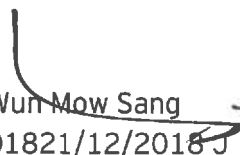
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other matters**

1. As stated in Note 2.2 to the financial statements, Ecu Worldwide (Malaysia) Sdn. Bhd. adopted Malaysian Private Entities Reporting Standard on 1 January 2016 with a transition date of 1 January 2015. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2015 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2016 has, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2016 do not contain misstatements that materially affect the financial position as of 31 December 2016 and financial performance and cash flows for the year then ended.
2. This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young  
AF 0039  
Chartered Accountants



Wun Mow Sang  
01821/12/2018J  
Chartered Accountant

Johor Bahru, Malaysia  
Date: **20 JUN 2017**

**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
**(Incorporated in Malaysia)**

**Statement of comprehensive income**  
**For the year ended 31 December 2016**

	<b>Note</b>	<b>2016 RM</b>	<b>2015 RM</b>
Revenue	3	30,580,146	23,920,360
Cost of sales	4	<u>(24,985,936)</u>	<u>(19,149,986)</u>
Gross profit		5,594,210	4,770,374
Other operating income		-	3,205
Administrative expenses		(4,982,989)	(3,644,922)
Selling and marketing expenses		<u>(235,955)</u>	<u>(550,333)</u>
Profit from operations	5	375,266	578,324
Finance costs	7	<u>(5,532)</u>	<u>(5,790)</u>
Profit before taxation		369,734	572,534
Taxation	8	<u>(220,535)</u>	<u>(173,495)</u>
Net profit for the year		<u><u>149,199</u></u>	<u><u>399,039</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
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**Statement of financial position**

	Note	2016 RM	2015 RM
<b>Non-current asset</b>			
Property, plant and equipment	9	<u>295,183</u>	<u>356,820</u>
<b>Current assets</b>			
Trade receivables	11	4,735,107	2,663,584
Other receivables	12	1,005,148	558,550
Tax recoverable		10,862	-
Due from related companies	13	1,665,273	1,638,000
Cash and cash equivalents	14	<u>492,962</u>	<u>1,211,322</u>
		<u>7,909,352</u>	<u>6,071,456</u>
<b>Current liabilities</b>			
Hire purchase payables	15	26,665	25,368
Trade payables	16	971,551	1,527,776
Other payables	17	5,836,493	2,410,264
Due to related companies	13	523,297	583,920
Tax payable		-	78,945
		<u>7,358,006</u>	<u>4,626,273</u>
<b>Net current assets</b>		<u>551,346</u>	<u>1,445,183</u>
		<u>846,529</u>	<u>1,802,003</u>
<b>Financed by :</b>			
Share capital	18	600,000	600,000
Retained earnings	20	<u>151,572</u>	<u>1,094,373</u>
Shareholder equity		<u>751,572</u>	<u>1,694,373</u>
<b>Non-current liabilities</b>			
Hire purchase payables	15	49,957	76,630
Deferred tax liabilities	10	<u>45,000</u>	<u>31,000</u>
		<u>94,957</u>	<u>107,630</u>
		<u>846,529</u>	<u>1,802,003</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
**(Incorporated in Malaysia)**

**Statement of changes in equity**  
**For the year ended 31 December 2016**

	Note	Share capital RM	Distributable Retained earnings RM	Total RM
<b>At 1 January 2015</b>		600,000	695,334	1,295,334
Net profit for the year		<u>-</u>	<u>399,039</u>	<u>399,039</u>
<b>At 31 December 2015</b>		600,000	1,094,373	1,694,373
Net profit for the year		-	149,199	149,199
Dividend paid	19	<u>-</u>	<u>(1,092,000)</u>	<u>(1,092,000)</u>
<b>At 31 December 2016</b>		<u>600,000</u>	<u>151,572</u>	<u>751,572</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
**(Incorporated in Malaysia)**

**Statement of cash flows**  
**For the year ended 31 December 2016**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	369,734	572,534
Adjustments for :		
Depreciation	76,668	111,022
Allowance for doubtful debts	3,715	10,000
Interest paid	5,532	5,790
Interest income	-	(3,205)
Unrealised foreign exchange gain	(274,923)	-
Operating profit before working capital changes	180,726	696,141
Increase in receivables	(2,545,394)	(1,986,567)
Increase in payables	2,808,585	1,583,255
Cash generated from operations	443,917	292,829
Taxes paid	(25,135)	(2,260)
Taxes refunded	-	1,152
Interest paid	(5,532)	(5,790)
Interest income	-	3,205
Net cash generated from operating activities	413,250	289,136
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, representing net cash used in investing activities	(14,175)	-
<b>Cash flows from financing activities</b>		
Dividend paid	(1,092,000)	-
Repayments of hire purchase financing	(25,435)	(24,144)
Net cash used in financing activities	(1,117,435)	(24,144)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(718,360)	264,992
<b>Cash and cash equivalents at 1 January</b>	999,262	734,270
<b>Cash and cash equivalents at 31 December (Note 14)</b>	280,902	999,262

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
**(Incorporated in Malaysia)**

**Notes to the financial statements - 31 December 2016**

**1. Corporate information**

The principal activity of the Company is to carry on business as shipping and forwarding agents. There have been no significant change in the nature of the principal activity during the financial year.

The immediate and ultimate holding companies of the Company are Ecuhold N.V. and Allcargo Belgium NV respectively, which are incorporated in Belgium. Related companies refer to companies within the Allcargo Belgium NV group.

The Company is a private limited company, incorporated and domiciled in Malaysia. The principal place of business is located at No. 40-A & 40-B, Jalan Molek 2/2, Taman Molek, 81100 Johor Bahru, Johor Darul Ta'zim.

The number of employees in the Company at the end of the financial year was 49 (2015 : 48).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 June 2017.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Company has been prepared in compliance with the Malaysian Private Entities Reporting Standard and the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
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## **2. Significant accounting policies (cont'd)**

### **2.2 Transition to the new MPERS Framework**

Prior to the year ended 31 December 2016, the Company adopted Private Entity Reporting Standards ("PERS"). For the current year ended 31 December 2016, the Company has adopted the new Malaysian Private Entities Reporting Standard ("MPERS"). The date of transition to the new MPERS Framework is 1 January 2015.

Adoption of the new MPERS Framework requires that all the Standards in MPERS be applied to the financial statements of the company for the current year ended 31 December 2016, the comparative financial statements for the prior year ended 31 December 2015, and to the opening statement of financial position at the date of transition to MPERS. MPERS provides for some mandatory exceptions to the retrospective application of some Standards.

#### **2.2.1 Mandatory exceptions**

At the date of transition, the Company did not retrospectively change the accounting treatment that it followed under the previous PERS Framework for the following transactions:

- (a) Derecognition of financial assets and financial liabilities - For financial assets and financial liabilities derecognised under the previous PERS Framework before the date of transition, the Company did not recognise them upon adoption of the MPERS Framework. Conversely, for financial assets and liabilities that would have been derecognised under the MPERS Framework, the Company chose to continue to recognise them until they are disposed of or settled.

### **2.3 Early adoption of the Amendments to MPERS**

In October 2015, the MASB issued Amendments to MPERS that are effective for financial statements beginning on or after 1 January 2017, with early application permitted. The Company has opted to early apply the Amendments for the current year ended 31 December 2016.

Except for the requirement to present separately items of other comprehensive income into those that will be reclassified subsequently to profit or loss and those that will not be reclassified subsequent to profit or loss, the early adoption of the Amendments to MPERS has no effect on the financial statements of the Company for the current year ended 31 December 2016 and the comparative year ended 31 December 2015.

### **2.4 Foreign currency**

#### **(a) Functional and presentation currency**

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.



**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
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**2. Significant accounting policies (cont'd)**

**2.4 Foreign currency (cont'd)**

**(b) Foreign currency transactions**

Transactions in foreign currencies of the Company are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value 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 the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year.

**2.5 Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life. The depreciation methods used and the useful lives of the respective classes of property, plant and equipment are as follows:

	<b>Method</b>	<b>Useful life (years)</b>
Furniture and fittings	Straight-line	5 years
Office equipment	Straight-line	3 - 5 years
Renovation	Straight-line	5 years
Motor vehicle	Straight-line	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
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**2. Significant accounting policies (cont'd)**

**2.6 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts and short term deposits with maturity more than 90 days.

**2.7 Financial instruments**

**(a) Initial Recognition and Measurement**

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, an entity in the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. For intra-group loans and advances, and other contractual arrangements, that constitute a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**(b) Derecognition of financial instruments**

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risk and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

**Ecu Worldwide (Malaysia) Sdn. Bhd.**  
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**2. Significant accounting policies (cont'd)**

**2.7 Financial instruments**

**(c) Subsequent measurement of financial assets**

For the purpose of subsequent measurement, the Company classifies financial assets into two categories namely: (i) financial assets at fair value through profit or loss; and (ii) financial assets at amortised cost.

**(d) Subsequent measurement of financial liabilities**

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

**(e) Fair value measurement of financial instruments**

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique.

**(f) Recognition of gains and losses**

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

**(g) Impairment and uncollectibility of financial assets**

The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payment; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

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**2. Significant accounting policies (cont'd)**

**2.7 Financial instruments**

**(g) Impairment and uncollectibility of financial assets (cont'd)**

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable whenever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experiences of loss ratio in each class, taking into consideration current market conditions.

**2.8 Provisions**

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

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**2. Significant accounting policies (cont'd)**

**2.9 Taxes**

**(a) Current income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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**2. Significant accounting policies (cont'd)**

**2.9 Taxes (cont'd)**

**(c) Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**2.10 Employee benefits**

**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined contribution plans**

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

**2.11 Share capital, other equity instruments and distributions**

The Company classifies and presents an issued financial instrument (or its component parts), on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

**(a) Share capital**

Ordinary shares issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

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**2.11 Share capital, other equity instruments and distributions (cont'd)**

**(b) Distributions**

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend, in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, including a distribution in specie, the Company measures the dividend payable at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Company reviews and adjusts the carrying amount of the dividend payable to reflect changes in the fair value of the assets to be distributed, with any changes recognised in equity as adjustments to the amount of the distribution. Upon settlement, the difference between the carrying amount of the dividend payable and the carrying amount of the assets distributed is recognised as a gain or loss in profit or loss.

**2.12 Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

**(i) Revenue from services**

Revenue from freight and forwarding services are recognised on completion of the services rendered.

**(ii) Interest income**

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

**3. Revenue**

Revenue represents invoiced value of freight and forwarding services which are recognised on completion of the services rendered and agency fees received.

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**4. Cost of sales**

Cost of sales represents cost of freight and forwarding services rendered and agency fees charged.

**5. Profit before taxation**

Profit before taxation is stated after charging/(crediting) :

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Allowance for doubtful debts	3,715	10,000
Auditors' remuneration	30,000	30,000
Depreciation (Note 9)	76,668	111,022
Director's remuneration	106,224	114,070
Interest income	-	(3,205)
Interest paid	5,532	5,790
Realised foreign exchange gain	(107,686)	(118,956)
Rental expenses	198,837	185,760
Staff costs (Note 6)	<u>2,967,429</u>	<u>2,192,535</u>

**6. Staff costs**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Salary	2,249,295	1,824,545
Bonus	436,419	136,907
EPF	256,824	208,493
SOCSSO	24,891	22,590
	<u>2,967,429</u>	<u>2,192,535</u>

**7. Finance costs**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Hire purchase interest	<u>5,532</u>	<u>5,790</u>



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**8. Taxation**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Income tax:		
Malaysian income tax	128,000	81,000
Underprovision in prior years	78,535	-
	<u>206,535</u>	<u>81,000</u>
Deferred tax (Note 10):		
Relating to origination and reversal of temporary differences	-	7,000
Relating to reduction in Malaysian income tax rate	-	(1,000)
Underprovision in prior years	14,000	86,495
	<u>14,000</u>	<u>92,495</u>
Tax expense for the year	<u>220,535</u>	<u>173,495</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>369,734</u>	<u>572,534</u>
Taxation at Malaysian statutory tax rate of 24% (2015 : 25%)	88,736	143,134
Effect on opening deferred tax of reduction in Malaysian income tax rate in Malaysian income tax rate	-	(1,000)
Effect of expenses not deductible for tax purpose	39,264	42,439
Utilisation of previously unrecognised tax losses	-	(97,597)
Underprovision of deferred tax in prior years	14,000	86,519
Underprovision of income tax expense in prior years	78,535	-
	<u>220,535</u>	<u>173,495</u>

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**9. Property, plant and equipment**

	<b>Furniture and fittings RM</b>	<b>Office equipment RM</b>	<b>Motor vehicle RM</b>	<b>Renovation RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 January 2016	221,184	626,700	165,000	170,117	1,183,001
Additions	-	14,175	-	-	14,175
Adjustments	856	-	-	-	856
At 31 December 2016	222,040	640,875	165,000	170,117	1,198,032
<b>Accumulated depreciation</b>					
At 1 January 2016	147,937	536,618	42,132	99,494	826,181
Depreciation charge for the year (Note 5)	14,627	23,342	24,574	14,125	76,668
At 31 December 2016	162,564	559,960	66,706	113,619	902,849
<b>Net book value</b>					
At 31 December 2016	59,476	80,915	98,294	56,498	295,183
At 31 December 2015	73,247	90,082	122,868	70,623	356,820
Depreciation charge for 2015 (Note 5)	21,384	33,788	33,000	22,850	111,022

Included in property, plant and equipment of the Company are cost of fully depreciated property, plant and equipment which are still in use amounting to RM675,055 (2015 : RM673,211).

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**10. Deferred tax liabilities**

	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
At 1 January	(31,000)	61,495
Recognised in income statement (Note 8)	<u>(14,000)</u>	<u>(92,495)</u>
At 31 December	<u><u>(45,000)</u></u>	<u><u>(31,000)</u></u>

The components and movements of deferred tax liabilities during the financial year are as follows :

	<b>Accelerated capital allowances RM</b>	<b>Unabsorbed tax losses RM</b>	<b>Total RM</b>
<b>2016</b>			
At 1 January 2016	(31,000)	-	(31,000)
Recognised in profit or loss	<u>(14,000)</u>	<u>-</u>	<u>(14,000)</u>
At 31 December 2016	<u><u>(45,000)</u></u>	<u><u>-</u></u>	<u><u>(45,000)</u></u>
<b>2015</b>			
At 1 January 2015	(22,000)	83,495	61,495
Recognised in profit or loss	<u>(9,000)</u>	<u>(83,495)</u>	<u>(92,495)</u>
At 31 December 2015	<u><u>(31,000)</u></u>	<u><u>-</u></u>	<u><u>(31,000)</u></u>

**11. Trade receivables**

	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Trade receivables	4,855,349	2,683,826
Less: Allowance for impairment	<u>(120,242)</u>	<u>(20,242)</u>
	<u><u>4,735,107</u></u>	<u><u>2,663,584</u></u>

The Company's normal trade credit term is 30 to 60 days.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

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**12. Other receivables**

	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Deposits	176,099	153,829
Prepayment	50,511	50,516
Sundry receivables	778,538	354,205
	<u>1,005,148</u>	<u>558,550</u>

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

**13. Due from/(to) related companies**

The amounts due from/(to) related companies, which are mainly trade in nature, are unsecured, interest free and repayable within 30 days from invoice date.

**14. Cash and cash equivalents**

	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Cash on hand and at banks	280,902	999,262
Fixed deposits with a licensed bank with maturity more than 90 days	212,060	212,060
	<u>492,962</u>	<u>1,211,322</u>

Deposits with a licensed bank amounting to RM212,060 (2015 : RM212,060) are pledged to a bank as security for bank guarantee facilities.

The weighted average effective interest rate of deposits as the balance sheet date is 3.15% (2015 : 3.45%) and maturity of 12 months.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Cash and bank balances	<u>280,902</u>	<u>999,262</u>

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**15. Hire purchase payables**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Minimum lease payments:</b>		
Not later than 1 year	29,892	29,892
Later than 1 year and not later than 2 years	29,892	29,892
Later than 2 year and not later than 5 years	22,381	52,265
	<u>82,165</u>	<u>112,049</u>
Less: Future finance charges	(5,543)	(10,051)
Present value of finance lease liabilities	<u>76,622</u>	<u>101,998</u>
 <b>Present value of hire purchase liabilities:</b>		
Not later than 1 year	26,665	25,368
Later than 1 year and not later than 2 years	28,034	26,673
Later than 2 year and not later than 5 years	21,923	49,957
	<u>76,622</u>	<u>101,998</u>
 <b>Analysed as:</b>		
Due within 12 months	26,665	25,368
Due after 12 months	49,957	76,630
	<u>76,622</u>	<u>101,998</u>

The hire purchase liabilities bore interest at the balance sheet date of 2.64% (2015 : 2.64) per annum.

**16. Trade payables**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Third parties	<u>971,551</u>	<u>1,527,776</u>

The normal credit term granted to the Company is 30 - 45 days.

**17. Other payables**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Accruals	5,064,298	1,483,402
Sundry payables	772,195	926,862
	<u>5,836,493</u>	<u>2,410,264</u>

Accruals mainly comprises of accruals on operation costs.

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**18. Share capital**

	Number of shares RM1 each		Amount	
	2016	2015	2016 RM	2015 RM
Authorised :				
At 1 January/31 December	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid :				
At 1 January/31 December	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>

**19. Dividend**

	2016 RM	2015 RM
In respect of the financial year ended 31 December 2016:		
Final tax exempt (single-tier) dividend of RM1.82 on 600,000 ordinary shares, declared and paid on 30 December 2016	<u>1,092,000</u>	<u>-</u>

**20. Retained earnings**

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 and 31 December 2016 under the single tier system.

**21. Commitments**

	2016 RM	2015 RM
<b>Rental of premises and equipments</b>		
Due within 12 months	206,542	240,748
Due within 1 to 2 years	170,887	101,689
Due within 2 to 5 years	<u>12,450</u>	<u>-</u>
	<u>389,879</u>	<u>342,437</u>

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**22. Related party transactions**

The Company's related party transactions in the year ended 31 December 2016 and the corresponding comparative prior year are as follows:

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Services rendered to related companies	6,715,143	4,485,682
Services rendered by related companies	6,751,900	8,069,508
Management fee paid to holding company	<u>809,834</u>	<u>633,428</u>

The directors of the Company are of the opinion that the above transactions have been entered into the normal course of business and have been established on terms and conditions that have been mutually agreed upon.