

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

**Financial Statements
And Independent Auditor's Report
For The Year Ended December 31, 2021**

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

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Independent Auditor's Report

Messrs. Shareholders

Jordan Gulf Freight Services and Agencies Company

Limited Liability Company

Amman - The Hashemite Kingdom of Jordan

Opinion

We have audited the financial statements of Jordan Gulf Freight Services Agencies Company (Limited Liability Company), which comprise the statement of financial position as at December 31, 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements comprising significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Emphasis paragraph

The Company's accumulated losses amounted to JD 368,005 which represents %736 of its capital as of December 31, 2021. According to Article (75) of Jordanian Companies Law No. 22 for year 1997 [Should the company's losses amount to the three quarters of its capital, the company shall be liquidated unless the general Assembly decides in an extraordinary meeting to increase the company's capital to deal with the losses or quench it in accordance with the accredited international accounting and auditing standards, provided that the total of the remaining losses does not exceed half of the Company's capital in both cases].

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Independent Auditor Report for the year ended December 31, 2021

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

Talal Abu - Ghazaleh & Co. International

**Aziz Abdelkader
(License # 867)**

Amman - April 27, 2022

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

Statement of financial position as at December 31, 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Assets		JD	JD
Current Assets			
Cash and cash equivalents	3	10,537	13,824
Trade receivables	4	-	68,886
Other debit balances	5	2,000	32,378
Related parties receivables		-	17,518
Total Current Assets		12,537	132,606
Non-Current Assets			
Property and equipment	6	-	3,321
Total Assets		12,537	135,927
Current Liabilities			
Trade payables		-	48,929
Other credit balances	7	5,870	101,268
Related parties payable	8	274,672	207,180
Total Liabilities		280,542	357,377
Equity			
Capital	9	50,000	50,000
Statutory reserve	10	50,000	50,000
Accumulated losses		(368,005)	(321,450)
Deficit in Equity		(268,005)	(221,450)
Total Liabilities and Equity		12,537	135,927

The accompanying notes constitute an integral part of these financial statements

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

Statement of comprehensive income for the year ended December 31, 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		JD	JD
Revenues		-	1,034,165
Cost of revenues		-	(688,591)
Gross profit		-	345,574
Other revenues, net	11	67,579	67,804
Incurred losses		-	(258,447)
Administrative expenses	12	(113,198)	(361,921)
Loss before tax		(45,619)	(206,990)
Previous years income tax		(936)	-
Loss		(46,555)	(206,990)

The accompanying notes constitute an integral part of these financial statements

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

Statement of changes in equity for the year ended December 31, 2021

	<u>Capital</u>	<u>Statutory reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	JD	JD	JD	JD
Balance as at January 1, 2020	50,000	50,000	(114,460)	(14,460)
Profit	-	-	(206,990)	(206,990)
Balance as at December 31, 2020	50,000	50,000	(321,450)	(221,450)
Loss	-	-	(46,555)	(46,555)
Balance as at December 31, 2021	50,000	50,000	(368,005)	(268,005)

The accompanying notes constitute an integral part of these financial statements

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

Statement of cash flows for the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
	JD	JD
Cash flows from operating activities		
Loss before tax	(45,619)	(206,990)
Adjustments for:		
Expected credit losses	39,446	-
Depreciation	-	3,088
Loss on sale of property and equipment	2,421	-
Incurred losses	-	258,447
Recovery of provision	(70,000)	-
Changes in operating assets and liabilities:		
Trade receivables	29,440	(13,260)
Other debit balances	30,378	47,546
Related parties receivables	17,518	128,247
Trade payables	(48,929)	(50,992)
Other credit balances	(95,398)	(95,864)
Related parties payable	137,492	(114,903)
	(3,251)	(44,681)
Income tax paid	(936)	-
Net cash from operating activities	(4,187)	(44,681)
Cash flows from investing activities		
Proceeds from sale of property and equipment	900	-
Net cash from investing activities	900	-
Net change in cash and cash equivalents	(3,287)	(44,681)
Cash and cash equivalents - beginning of year	13,824	58,505
Cash and cash equivalents - end of year	10,537	13,824

The accompanying notes constitute an integral part of these financial statements

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

Notes to the financial statements

1. Legal status and activities

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

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

2-1 Basis for financial statement preparation

- **Financial statements preparation framework**

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standard Board.

- **Measurement bases used in preparing the financial statements**

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

- **Functional and presentation currency**

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

2-2 Using of estimates

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

2-3 Standards and Interpretations issued that became effective

Standard number or interpretation	Description	Effective date
Amendments to IFRS 16 Covid-19-related Rent Concessions.	<p>As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments.</p> <p>In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.</p> <p>Main Changes :</p> <ul style="list-style-type: none"> -Permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021); -Require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. 	June 1, 2020 / April 1, 2021
Interest Rate Benchmark Reform Phase 2 Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39.	<p>In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16 to address the issues that arise during the reform' of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.</p> <p>The Phase 2 amendments provide the following reliefs:</p> <ul style="list-style-type: none"> -When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. -The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded. 	January 1, 2021

Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
Amendments to IFRS 1 Subsidiary First-time Adoption of International Financial Reporting Standards.	Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.	January 1, 2022
IFRS (17) Insurance Contracts.	<p>IFRS (17) was issued in May 2017 as replacement for IFRS (4) Insurance Contracts.</p> <p>It requires a current measurement model where estimates are remeasured in each reporting period.</p> <p>Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. <p>IFRS (17) requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts</p>	January 1, 2023 (deferred from January 1, 2021).
Amendments to IAS (16) Property, Plant and Equipment.	The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1, 2022.
Reference to the Conceptual Framework (Amendments to IFRS 3).	Minor amendments were made to IFRS 3 to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	January 1, 2022.
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).	The amendments specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	January 1, 2022.

IFRS Standards 2018-2020.	Annual Improvements to IFRS 9, IFRS 16, IFRS 1 and IAS 41.	January 1, 2022.
Classification of Liabilities as Current or Non-Current Amendments to IAS (1).	<p>The amendments to Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date .</p> <p>The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.</p>	January 1, 2023 (deferred from January 1, 2022).
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).	<p>The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, International Accounting Standards Board (IASB) has also developed guidance and examples to explain and demonstrate the application of the “four-step materiality process” described in IFRS Practice Statement 2. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement (2). The amendments are to be applied prospectively</p>	January 1, 2023.
Definition of Accounting Estimates (Amendments to IAS 8).	<p>On February 12, 2021, the International Accounting Standards Board (IASB) published "Definition of Accounting Estimates “.</p> <p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error</p>	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single transaction (Amendments to IAS 12 Income Taxes)	<p>The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and affected entities would be require recognition of additional deferred tax assets and liabilities.</p> <p>That means the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.</p>	January 1, 2023

2-4 Summary of significant accounting policies

– **Financial instruments**

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

– **Financial assets**

– A financial asset is any asset that is:

(a) Cash;

(b) An equity instrument of another entity;

(c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

(d) A contract that will or may be settled in the entity's own equity instruments.

– Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset, but for financial assets at fair value through profit or loss, transaction costs are recognized in profit or loss.

– Financial assets are classified to three categories as follows:

– Amortized cost.

– Fair value through other comprehensive income.

– Fair value through profit or loss.

Derecognition of financial assets

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

– The contractual rights to the cash flow from the financial assets expire, or

– It transfers the contractual rights to receive the cash flows of the financial assets or assume a contractual obligation to pay the cash flows entirely to a third party.

Financial liabilities

– A financial liability is any liability that is:

(a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or

(b) A contract that will or may be settled in the entity's own equity instruments.

– Financial liabilities are initially recognized at fair value less transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

– After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.

– Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

Trade payables and accruals

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

– **Offsetting financial instruments**

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

Cash and cash equivalents

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

Trade receivables

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

Impairment of financial assets

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

– Related parties

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

– Property and equipment

- Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment.

- The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

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

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

Impairment of non-financial assets

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

Revenue recognition

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

Lease Contracts

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

– **Income tax**

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

– **Foreign currencies**

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

– **Contingent liabilities**

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

3. Cash and cash equivalents

	<u>2021</u>	<u>2020</u>
	JD	JD
Current accounts at banks - foreign currencies	5,318	1,307
Current account at a bank - JD	5,219	12,517
Total	<u>10,537</u>	<u>13,824</u>

4. Trade receivables

	<u>2021</u>	<u>2020</u>
	JD	JD
Trade receivables (*)	70,508	123,509
Checks on hand	39,446	42,521
Deduct: allowance for expected credit losses (**)	<u>(109,954)</u>	<u>(97,144)</u>
Net	<u>-</u>	<u>68,886</u>

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

	<u>2021</u>	<u>2020</u>
	JD	JD
1 - 60 days	-	10,088
61 - 180 days	-	17,605
180 - 360 days	-	789
Above 361	70,508	95,027
Total	<u>70,508</u>	<u>123,509</u>

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

	<u>2021</u>	<u>2020</u>
	JD	JD
Balance-beginning of year	97,144	159,512
Disposal during the year	(26,636)	(62,368)
Provided during the year	39,446	-
Balance-end of year	<u>109,954</u>	<u>97,144</u>

5. Other debit balances

	<u>2021</u>	<u>2020</u>
	JD	JD
Prepaid expenses	1,600	4,406
Petty cash	400	400
Employees receivable	-	22,568
Guarantees deposit	-	2,250
Social security deposits	-	1,715
Refundable deposits	-	624
Other	-	415
Total	<u>2,000</u>	<u>32,378</u>

6. Property and equipment

2021	Furniture	Computers and softwares	Total
Cost	JD	JD	JD
Beginning of year balance	65,491	38,701	104,192
Disposals	(65,491)	(38,701)	(104,192)
End of year balance	-	-	-
Accumulated depreciation			
Beginning of year balance	64,067	36,804	100,871
Disposals	(64,067)	(36,804)	(100,871)
End of year balance	-	-	-
Net	-	-	-
2020			
Cost			
Beginning of year balance	65,491	38,701	104,192
End of year balance	65,491	38,701	104,192
Accumulated depreciation			
Beginning of year balance	62,969	34,814	97,783
Depreciation	1,098	1,990	3,088
End of year balance	64,067	36,804	100,871
Net	1,424	1,897	3,321

7. Other credit balances

	2021	2020
	JD	JD
Accrued expenses	4,925	31,268
Income tax deposits	945	-
Litigation provision	-	70,000
Total	5,870	101,268

- Final settlement has not been reached with Income Tax Department for year 2020.

8. Related parties payable

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

	<u>2021</u>	<u>2020</u>
	JD	JD
Ecu Hold Inv	274,672	189,039
Ecu Logistics DO Brazil	-	4,413
Ecu Line Middle East LLC	-	3,015
Econocaribe USA	-	2,807
Ecu Line Hong Kong LTD	-	2,338
China Consolidated Company Limited	-	1,851
Ecu Line Antwerp	-	1,716
Ecu Line Australia Melbourne	-	608
Ecu Line India	-	453
Ecu Line Shenzhen	-	384
Ecu Line Singapore	-	367
Ecu Line China LTD. C/O Shanghai	-	97
Ecu Line Guangzhou	-	92
Total	<u>274,672</u>	<u>207,180</u>

9. Capital

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

10. Statutory reserve

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

11. Other revenues

	<u>2021</u>	<u>2020</u>
	JD	JD
Recovery of provision	70,000	62,368
Other	-	5,436
Loss on sale of property and equipment	(2,421)	-
Total	<u><u>67,579</u></u>	<u><u>5,436</u></u>

12. Administrative expenses

	<u>2021</u>	<u>2020</u>
	JD	JD
Expected credit losses	39,446	-
Professional fees	37,314	37,231
Salaries, wages and related benefits	14,879	221,679
Rent	8,861	22,663
Compensation	5,000	-
Miscellaneous	2,010	472
Communication	1,669	6,104
Maintenance	1,390	3,225
Social security	974	25,449
Subscriptions	500	2,812
Bank charges	369	2,648
Water and electricity	296	2,079
Insurance	260	22,859
Governmental fees	114	6,747
Travel and accommodation	100	2,532
Currency difference	16	466
Depreciation	-	3,088
Stationery and printings	-	1,141
Hospitality	-	482
Training	-	150
Fuel	-	94
Total	<u><u>113,198</u></u>	<u><u>361,921</u></u>

13. Legal cases

According to the Company legal counselor's letter, there are cases raised against others amounting to JD 153,779 that are still outstanding in courts.

14. Risk management

a) Capital risk:

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

b) Currency risk:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Certain procedures to manage the exchange rate risk exposure are maintained.
- Most of foreign currency transactions are in USD and Euro. The exchange rate of foreign currencies as following:

Description	Currency risk	Exchange	Foreign currency amount	Local currency amount
Current accounts at banks - foreign currencies	USD	0/708	7,511	5,318

c) Interest rate risk:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from borrowings and depositing in banks.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.

d) Other price risk:

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

e) Credit risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Credit policies are maintained to state dealing with only creditworthy parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.

- Ongoing credit evaluation is performed on the financial condition of debtors.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.

f) **Liquidity risk:**

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

Description	2021	2020
	JD	JD
Financial assets:		
Cash and cash equivalents	10,537	13,824
Trade receivables	-	68,886
Other debit balances	400	27,972
Related parties receivables	-	17,518
Total	10,937	128,200
Financial liabilities:		
Trade payables	-	48,929
Other credit balances	5,870	31,268
Related parties payable	274,672	207,180
Total	280,542	287,377

15. Covid-19 effects

As a result of the outbreak of the new Corona Virus (COVID-19) in early 2020, its spread in several geographical areas around the world, including the Hashemite Kingdom of Jordan, and its impact on the world economy, the Jordanian Cabinet's decision of 17 March 2020 imposed a curfew law and suspended all business and economic activities in whole or in part until further notice, part of the Government's precautionary measures to combat the spread of the Corona Virus. Consequently, the majority of business activities in the Hashemite Kingdom of Jordan were affected by this decision. COVID-19 created uncertainty in the global economic environment.

In preparing the financial statements, management conducted an assessment of a company's viability as a continuous enterprise and of other risk management practices to manage potential disruptions to the business's operations and financial performance that may have been caused by an outbreak (COVID-19) by assessing the implications of the business's operations. As a result of the potential effects of the Corona virus, the management of the entity has taken forward information for at least the 12 months following the reporting period, both with regard to the negative effects of the virus on the functioning of the business process and the ability to repay its debts in the event that things return to normal within a reasonable period of time.

The entity examined the potential effects of current economic fluctuations in determining the amounts declared for the financial and non-financial assets of the entity, which represent the best management estimates based on observable information. Markets remain volatile and recorded amounts continue to be sensitive to market fluctuations.

16. Reclassification

Certain 2020 balances have been reclassified to conform to the adopted classification in 2021.