

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENT AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

INDEX	PAGE
Independent auditor's Report	1 - 2
Statement of financial position	3
Statement of income	4
Statement of cash flows	5
Statement of changes in shareholders' equity	6
Notes to the financial statements	7 - 14

INDEPENDENT AUDITOR'S REPORT

To The Shareholders
ECU Line Saudi Arabia
Jeddah, Saudi Arabia

Opinion

We have audited the accompanying financial statements of **ECU Line Saudi Arabia Limited (the "Company")**, which comprise the of statement of financial position as at December 31, 2017, and the statement of income, statement of cash flows and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and cash flows for the year then ended in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia, as issued by the Saudi organization for Certified Public Accountants ('SOCPA').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Saudi Arabia, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia as issued by the SOCPA and regulations for Companies 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 charge with governance the 'Board of Directors' are responsible for overseeing the company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing ("ISAs") endorsed in the Kingdom of Saudi Arabia 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 ("ISAs") endorsed in the Kingdom of Saudi Arabia, 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 controls.



BAKER TILLY

MKM & CO. Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To The Shareholders

ECU Line Saudi Arabia

Jeddah, Saudi Arabia

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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 controls that we identify during our audit.

Report on Other Legal and Regulatory Requirements

During our audit, we observed a violation that has no significant impact on the financial statements which is represented in the fact that the Company has not appointed us to examine the assertions supposed to be presented to us by the Company's management regarding the compliance with Article 3 of the Bylaws of the Accounting Records Regulations, and accordingly we were not able to issue a report on this assertion.

Baker Tilly MKM & CO
Certified Public Accountant

Ayad O. Al-Seraihi
License no. 405
8 Shaban 1439
April 24, 2018



ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

		(SAUDI RIYALS)	
	Note	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents	3	4,439,665	5,446,239
Accounts receivable, net	4	11,639,075	10,729,147
Due from related parties	6	326,908	216,055
Prepayments and other debit balances	5	8,494,183	9,334,565
Total current assets		24,899,831	25,726,006
Non-current assets			
Property and equipment, Net	7	299,371	379,529
Total non-current assets		299,371	379,529
TOTAL ASSETS		25,199,202	26,105,535
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Deferred revenue	8	1,946,733	1,741,778
Accounts payable		5,171,580	4,609,119
Due to related parties	6	4,789,994	3,951,620
Accruals and other credit balances	9	6,825,107	9,722,222
Zakat and income tax	12	595,057	503,025
Total current liabilities		19,328,471	20,527,764
Non-current liabilities			
End-of-service indemnities	10	1,722,663	1,268,296
Total non-current liabilities		1,722,663	1,268,296
Shareholders' Equity			
Share capital	1	1,350,000	1,350,000
Statutory reserve	11	512,766	512,766
Retained earnings		2,285,302	2,446,709
Total shareholders' equity		4,148,068	4,309,475
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		25,199,202	26,105,535

The accompanying notes form an integral part of these financial statements

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	(SAUDI RIYALS)	
	2017	2016
Revenues	76,997,227	66,907,277
Cost of revenue	(66,649,741)	(57,455,343)
Gross profit	10,347,486	9,451,934
General and administrative expenses	13 (6,767,212)	(6,442,169)
Operating income	3,580,274	3,009,765
Foreign currency exchange	(699,915)	(70,058)
NET INCOME	2,880,359	2,939,707

The accompanying notes form an integral part of these financial statements

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	(SAUDI RIYALS)	
	2017	2016
OPERATING ACTIVITIES		
Net income	2,880,359	2,939,707
Adjustments for:		
Depreciation	184,292	293,393
Allowance for doubtful debt	63,532	165,792
End-of-service indemnities	454,367	437,201
Changes in operating assets and liabilities:		
Accounts receivable, net	(973,460)	(2,220,621)
Due from related parties	(110,853)	118,717
Prepayments and other debit balances	840,382	74,703
Deferred revenue	204,955	(4,789,439)
Account payable	562,461	1,288,433
Due to related parties	838,374	2,107,699
Accruals and other credit balances	(2,897,115)	2,300,526
Cash from operations	2,047,294	2,716,111
End-of-service indemnities paid	-	(41,326)
Zakat and tax paid	(503,025)	(435,575)
Net cash from operating activities	1,544,269	2,239,210
INVESTING ACTIVITIES		
Purchase of property and equipment	(104,134)	(47,468)
Net cash (used in) financing activities	(104,134)	(47,468)
FINANCING ACTIVITIES		
Note payable	-	(27,250)
Dividends	(2,446,709)	(1,694,999)
Net cash (used in) investing activities	(2,446,709)	(1,722,249)
Net change in cash and cash equivalents	(1,006,574)	469,493
Cash and cash equivalents, January 1	5,446,239	4,976,746
CASH AND CASH EQUIVALENTS, DECEMBER 31	4,439,665	5,446,239
Non-cash transaction:		
Zakat and tax charged to retained earnings	595,057	492,998

The accompanying notes form an integral part of these financial statements

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

(SAUDI RIYALS)					
	Notes	Share Capital	Statutory Reserve	Retained Earnings	Total
Balance at January 01,2016	1	1,350,000	512,766	1,694,999	3,557,765
Net income for the year 2016		-	-	2,939,707	2,939,707
Zakat and Tax	12	-	-	(492,998)	(492,998)
Dividends	14	-	-	(1,694,999)	(1,694,999)
Balance at December 31,2016		1,350,000	512,766	2,446,709	4,309,475
Net income for the year 2017		-	-	2,880,359	2,880,359
Zakat and Tax	12	-	-	(595,057)	(595,057)
Dividends	14	-	-	(2,446,709)	(2,446,709)
Balance at December 31, 2017		1,350,000	512,766	2,285,302	4,148,068

The accompanying notes form an integral part of these financial statements

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1- ORGANIZATION AND ACTIVITIES

Ecu Line Saudi Arabia ("the Company") is a Saudi limited liability company registered in the Kingdom of Saudi Arabia on 6 Rabi' Alawal 1433 (29 January 2012) under commercial registration number 4030222136. The company has obtained SAGIA license No. 1020321111943 on 4 Dul Qeddah 1432 (2 October 2011).

The Company's capital of SR 1,350,000 is divided into 135,000 shares of SR 10 each.

Name	No. of shares	Value	OWNERSHIP
Najd Trading and General Contracting Company	40,500	405,000	30%
Ecuhold N.V	94,500	945,000	70%
Total	135,000	1,350,000	100%

The principle activity of the company is to provide storage, shipping, handling, loading and unloading services and logistics support.

Branch	C.R. Number	Date
<i>Dammam</i>	<i>2050102137</i>	<i>30 Shawal 1435 (27 August 2014)</i>

The financial statement includes the assets and liabilities of the head office in Jeddah and the Branch mentioned above.

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

The financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. Effective January 1, 2018, the Company's financial statements will be prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA"). Upon adoption of IFRS, the Company will be required to comply with the requirements of IFRS 1 – First time Adoption of International Financial Reporting Standards for the reporting periods commencing January 1, 2018. In preparing the opening financial statements under IFRS, the Company will analyze impacts and incorporate certain adjustments due to the first-time adoption of IFRS. Accordingly, the accompanying financial statements are the last set of financial statements prepared under accounting standards issued by SOCPA.

The following is a summary of significant accounting policies applied by the Company

Basis of preparation

The accompanying financial statements are prepared under the historical cost accounting principle, the accrual basis and going concern concept.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is showing with a net after deducting discounts.

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's services. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of revenue as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of revenue, when required, are made on a consistent basis.

Cash and Cash Equivalent Policy

Cash and cash equivalents include cash and bank balances and short term deposits with original maturities of three months or less.

Accounts receivable

Accounts receivable are stated at original invoice amount net of allowance for doubtful debts. An allowance against doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Property and equipment

Property and equipment, are stated at cost less accumulated depreciation and accumulated impairment, if any. Expenditure on maintenance and repairs is expensed, while expenditure for improvement is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method.

The estimated useful lives of the principal classes of assets are as follows:

	Percentage %
Furniture, fixtures	25%
Office equipment	33.3%
Forklift	25%
Vehicles	25%

Impairment

At each statement of financial position date, the Company reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and if it is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods/services when risks and rewards attributable to goods are transferred to the Company or services are received, whether or not billed to the Company.

Provisions

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

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian Labor Law, are provided in the financial statements based on the employees' length of service.

Zakat and income tax

The Company is subject to the Regulations of the General Authority of Zakat and Income Tax in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accruals basis. The zakat charge is computed on the zakat base. Income tax is computed on adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

Dividends

Dividends are recognized as a liability at the time of their approval by the shareholders.

Leasing

Company as a lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Company as a lessee

Rentals payable under operating leases are charged to income on a straight line basis over the term of the operating lease.

Key sources of estimation uncertainty

In the application of the Company's accounting policies, as described in note 2, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Allowance for doubtful debts

An allowance for doubtful debts is determined based on a combination of factors to ensure that receivables are not overstated due to un-collectability. Factors involved in this determination include aging and customers' financial conditions. In relation to related parties, management believes these are generally fully recoverable based on the relationship with these parties.

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Useful lives of property, and equipment

Estimated useful lives of property and equipment are determined for calculating depreciation, taking into account the expected usage of assets and physical wear and tear. Residual values and estimated useful lives are reviewed annually.

3-CASH AND CASH EQUIVALENTS :

	(SAUDI RIYALS)	
	2017	2016
Cash on hand	204,046	110,734
Cash at bank	4,235,619	5,335,505
	4,439,665	5,446,239

4-ACCOUNT RECEIVABLE, NET :

	(SAUDI RIYALS)	
	2017	2016
Trade receivables	12,228,041	11,254,581
Allowance for doubtful debts	(588,966)	(525,434)
	11,639,075	10,729,147

The movement of allowance for doubtful debts during the year is as follows:

	(SAUDI RIYALS)	
	2017	2016
January 1	525,434	359,642
Provision during the year	63,532	165,792
	588,966	525,434

5-PREPAYMENTS AND OTHER DEBIT BALANCES :

	(SAUDI RIYALS)	
	2017	2016
Advance payment to supplier	2,644,469	1,437,986
Refundable deposits	1,112,664	1,070,900
Deferred expenses	1,190,718	5,289,464
Prepaid expenses	1,522,923	833,782
Unbilled revenue	1,257,116	146,062
Employee receivables	394,867	176,078
Other	371,426	380,293
	8,494,183	9,334,565

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

6-RELATED PARTY TRANSACTION :

During the year, the Company mainly transacted with the following related parties:

<u>Name</u>	<u>Relationship</u>
Najd Trading and General Contracting Company	Shareholder
ECU Line worldwide (group of companies)	Associates

The significant transactions and the related approximate amounts are as follows:

	<u>(SAUDI RIYALS)</u>	
	<u>2017</u>	<u>2016</u>
Trade	3,516,748	6,606,590
Management fees	163,683	168,535
Ocean Freight	5,247,366	3,957,649

Due from related parties consist of the following:

	<u>(SAUDI RIYALS)</u>	
	<u>2017</u>	<u>2016</u>
Najd Trading and General Contracting Company	148,683	-
Ecuhold	40,001	40,937
Ecu Line NV	-	154,928
Others	138,224	20,190
	326,908	216,055

Due to related parties consist of the following:

	<u>(SAUDI RIYALS)</u>	
	<u>2017</u>	<u>2016</u>
Ecu Line middle east LLC	2,157,251	1,611,900
Prism global LTD	1,747,479	800,336
Ecu logistics NV	246,010	722,642
Ecu worldwide NZ limited	-	244,626
FCL marine agencies BV	-	146,100
Others	639,254	426,016
	4,789,994	3,951,620

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

7-PROPERTY PLANT AND EQUIPMENT :

	(SAUDI RIYALS)				
	Machinery & Equipment	Office Equipment	Forklift	Vehicles	Total
Cost:					
January 1, 2017	691,323	430,100	267,916	282,295	1,671,634
Additions	83,269	20,865	-	-	104,134
December 31, 2017	774,592	450,965	267,916	282,295	1,775,768
Depreciation:					
January 1, 2017	419,246	426,591	232,192	214,076	1,292,105
Charge for the year	77,671	2,680	35,723	68,218	184,292
December 31, 2017	496,917	429,271	267,915	282,294	1,476,397
Net book value					
December 31, 2017	277,675	21,694	1	1	299,371
December 31, 2016	272,077	3,509	35,724	68,219	379,529

8-DEFERRED REVENUE :

Deferred revenue amounted to SR 1,946,733 (2016: 1,741,778) which represent the amounts billed or collected in accordance with the contractual terms in advance of when the work is performed.

9-ACCRUALS AND OTHER CREDIT BALANCES

	(SAUDI RIYALS)	
	2017	2016
Provision for projects	1,089,159	3,082,055
Accrued expenses	3,064,215	1,803,160
Advances from customers	1,957,789	4,071,027
Other	713,944	765,980
	6,825,107	9,722,222

10-END OF SERVICE INDEMNITIES :

	(SAUDI RIYALS)	
	2017	2016
January 1	1,268,296	872,421
Provision for the year	454,367	437,201
Payment during the year	-	(41,326)
	1,722,663	1,268,296

11-STATUTORY RESERVE :

In accordance with the Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 30% of the share capital. This reserve is not available for dividend distribution.

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

12-ZAKAT AND INCOME TAX :

The principal elements of the zakat base are as follows:

	(SAUDI RIYALS)	
	2017	2016
Non-current assets	299,371	379,529
Non-current liabilities	1,722,663	1,268,296
Opening shareholders' equity	4,309,475	3,557,765
Net Income before zakat	2,880,359	2,939,707

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in the zakat and income tax provision is as follows:

	(SAUDI RIYALS)	
	2017	2016
January 1	503,025	445,602
Provision for the year	595,057	492,998
Payment during the year	(503,025)	(435,575)
	595,057	503,025

The movement in the zakat provision is as follows:

	(SAUDI RIYALS)	
	2017	2016
January 1	54,503	33,698
Provision for the year	30,257	44,476
Under provision in previous years	-	10,027
Payment during the year	(54,503)	(33,698)
	30,257	54,503

The movement in income tax provision is as follows:

	(SAUDI RIYALS)	
	2017	2016
January 1	448,522	411,904
Provision for the year	564,800	448,522
Payment during the year	(448,522)	(411,904)
	564,800	448,522

Zakat and Tax status

The company has submitted its zakat return for the years up to December 31, 2016 and still under review by GAZT.

ECU LINE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

13-GENERAL AND ADMINISTRATIVE EXPENSES :

	(SAUDI RIYALS)	
	2017	2016
Salaries and related benefits	3,475,279	2,889,059
Bonus for employees	565,470	595,075
Traveling and transportation	569,978	563,477
Insurance	337,557	447,821
Rent	338,498	336,084
Maintenance	204,063	325,594
Depreciation	184,292	293,393
Management fees	163,683	227,646
Telephone and internet	236,389	222,135
Government fees	249,372	96,060
Others	442,631	445,825
	6,767,212	6,442,169

14-DIVIDENDS :

During the year on April 01, 2017, the company has approved and paid a dividend of SR 2,446,709. (2016: SR 1,694,999).

15-FINANCIAL INSTRUMENTS AND RISK MANAGEMENT :

The Company's financial instruments carried on the statement of financial position include cash and cash equivalents, receivables, accounts payable and deferred revenue. The Company is exposed to the following risks and its processes for managing these risks are set out below

Currency risk

Currency risk is the risk that the value of a financial investment will fluctuate due to changes in foreign exchange rates. This risk is managed by regular monitoring of the relevant exchange rates.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets which potentially subject the Company to concentrations of credit risk consist principally of cash at bank and receivables. Cash at bank is placed with reliable financial institutions. Outstanding receivables are monitored by the management.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

16- FAIR VALUE :

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying value.

17-COMPARATIVE FIGURES :

Certain figures for 2016 have been reclassified to conform to the presentation in the current year.