ECU LINE SAUDI ARABIA
(JOINT VENTURE LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2016

Crowe Horwath™

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CPA's & Consultants
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ECU LINE SAUDI ARABIA
(JOINT VENTURE LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2016

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AUDITORS' REPORT

To the shareholders
ECU Line Saudi Arabia
Jeddah, Saudi Arabia

Scope of Audit

We have audited the statement of financial position of ECU LINE SAUDI ARABIA. (Saudi JOINT VENTURE LIMITED LIABILITY COMPANY) (the "Company") as of December 31, 2016, and the related statements of income, changes in equity and cash flows for the year then ended, and notes 1 to 16 which form an integral part of these financial statements as prepared by the Company in accordance with Article 175 of the Regulations for Companies and presented to us with all the necessary information and explanations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia appropriate to the nature of the Company and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these financial statements.

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AUDITORS' REPORT (Continued)

To the shareholders
ECU Line Saudi Arabia
Jeddah, Saudi Arabia

Report on Other Legal and Regulatory Requirements

The company maintains proper accounting records and the accompanying financial statements are in agreement therewith.

AlAzem & Alsudairy CPA's & Consultants
Member Crowe Horwath International.

Abduallah Moha'd AlAzem
Certified Public Accountant
License No. 335

16 Rajab 1438
April 13, 2017

License No 323/11/148
Al Azem & Al Sudairy
Certified Public Accountants

ECU LINE SAUDI ARABIA
(JOINT VENTURE LIMITED LIABILITY COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
(Expressed in Saudi Riyals)

	Note	2016	2015
ASSETS			
Current assets			
Cash and cash equivalents	3	**5,446,239**	4,976,746
Accounts receivable, net	4	**10,729,147**	8,674,318
Due from related parties	5	**216,055**	334,772
Prepayments and other receivables	6	**9,334,565**	9,409,268
Total current assets		**25,726,006**	23,395,104
Non-current assets			
Property, plant and equipment, net	7	**379,529**	625,454
Total non-current assets		**379,529**	625,454
TOTAL ASSETS		**26,105,535**	24,020,558
LIABILITIES AND EQUITY			
Current liabilities			
Deferred revenue	8	**1,741,778**	6,531,217
Accounts payable		**4,609,119**	3,320,686
Notes payable	9	**-**	27,250
Due to related parties	5	**3,951,620**	1,843,921
Accruals and other liabilities	10	**9,722,222**	7,421,696
Provision for zakat and tax	13	**503,025**	445,602
Total current liabilities		**20,527,764**	19,590,372
Non-current liabilities			
End of service indemnities	11	**1,268,296**	872,421
Total non-current liabilities		**1,268,296**	872,421
Equity			
Share capital	1	**1,350,000**	1,350,000
Statutory reserve	12	**512,766**	512,766
Retained earnings		**2,446,709**	1,694,999
Total equity		**4,309,475**	3,557,765
TOTAL LIABILITIES AND EQUITY		**26,105,535**	24,020,558

The accompanying notes from (1) to (16) are an integral part of these financial statements
and should be read with them and with the independent auditor's report

ECU LINE SAUDI ARABIA
(JOINT VENTURE LIMITED LIABILITY COMPANY)

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2016
(Expressed in Saudi Riyals)

	Note	**2016**	2015
Contract revenue		**66,907,277**	59,774,658
Contract costs		**(57,455,343)**	(51,778,165)
Gross profit		**9,451,934**	7,996,493
General and administrative expenses	14	**(6,512,227)**	(5,639,147)
Operating income		**2,939,707**	2,357,346
Other income		**-**	21,100
NET INCOME		**2,939,707**	2,378,446

The accompanying notes from (1) to (16) are an integral part of these financial statements
and should be read with them and with the independent auditor's report

ECU LINE SAUDI ARABIA
(JOINT VENTURE LIMITED LIABILITY COMPANY)

STATEMENT OF SHAREHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2016
(Expressed in Saudi Riyals)

		2016			2015
	Note	Najd Trading and General Contracting Company	Ecu hold N.V	Total	Total
Share capital:					
January 1	1	**405,000**	**945,000**	**1,350,000**	1,350,000
December 31		**405,000**	**945,000**	**1,350,000**	1,350,000
Statutory reserve:					
January 1	12	**153,830**	**358,936**	**512,766**	274,921
Charged for the year		**-**	**-**	**-**	237,845
December 31		**153,830**	**358,936**	**512,766**	512,766
Retained earnings:					
January 1		**508,500**	**1,186,499**	**1,694,999**	1,244,653
Net profit for the year		**881,912**	**2,057,795**	**2,939,707**	2,378,446
Transferred to statutory reserve		**-**	**-**	**-**	(237,845)
Zakat and income tax	13	**(44,476)**	**(448,522)**	**(492,998)**	(445,602)
Dividends distribution		**(508,500)**	**(1,186,499)**	**(1,694,999)**	(1,244,653)
December 31		**837,436**	**1,609,273**	**2,446,709**	1,694,999
Total equity		**1,396,266**	**2,913,209**	**4,309,475**	3,557,765

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and should be read with them and with the independent auditor's report

ECU LINE SAUDI ARABIA
(JOINT VENTURE LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(Expressed in Saudi Riyals)

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**2,939,707**	2,378,446
Adjustments for:		
Depreciation of property, plant and equipment	**293,393**	341,866
Amortization	**-**	124,276
Bad debts provision	**165,792**	81,800
End-of-service indemnities	**437,201**	314,434
Changes in operating assets and liabilities:		
Accounts receivable, net	**(2,220,621)**	(5,644,210)
Due from related parties	**118,717**	(122,335)
Prepayments and other receivables	**74,703**	(3,472,633)
Deferred revenue	**(4,789,439)**	6,017,330
Accounts payable	**1,288,433**	1,980,728
Due to related parties	**2,107,699**	410,862
Accrued expenses and other liabilities	**2,300,526**	(806,466)
Cash from operations	**2,716,111**	1,604,098
End-of-service indemnities paid during the year	**(41,326)**	(22,798)
Zakat and tax paid during the year	**(435,575)**	(365,199)
Net cash provided by operating activities	**2,239,210**	1,216,101
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(47,468)**	(463,790)
Net cash used in investing activities	**(47,468)**	(463,790)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable	**(27,250)**	(77,400)
Loans from partners	**-**	(415,519)
Dividends distribution	**(1,694,999)**	(1,244,653)
Net cash used in financing activities	**(1,722,249)**	(1,737,572)
Net change in cash and cash equivalents	**469,493**	(985,261)
Cash and cash equivalents, January 1	**4,976,746**	5,962,007
CASH AND CASH EQUIVALENTS, DECEMBER 31	**5,446,239**	4,976,746
Non-cash transactions:		
Zakat and income tax charged to retained earnings	**492,998**	445,602

The accompanying notes from (1) to (16) are an integral part of these financial statements and should be read with them and with the independent auditor's report

1. ORGANIZATION AND ACTIVITIES

ECU LINE SAUDI ARABIA (the "Company") is a Saudi (Joint Venture Limited Liability Company) organized in accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and it obtained its Commercial Registration No. 4030222136 on 6 Rabi'I, 1433 (January 29, 2012).

The Company's share capital which amounted to SR 1,350,000 was divided into 135,000 share of SR 10 each and was owned by the following shareholders:

	No. of shares	Value
Najd Trading and General Contracting Company	**40,500**	**405,000**
Ecuhold N.V	**94,500**	**945,000**
	135,000	**1,350,000**

The principal activities of the Company is implementation of providing storage, shipping, handling, loading and unloading services and logistics support, and related works under SAGIA license No 1020321111943 dated 4 Dul Qeddah 1432 (October 2, 2011).

The accompanying financial statements include the following branches:

Branch	Commercial Registration No	Date of Commercial Registration No	Place of incorporation
ECU line Saudi Arabia	2050102137	30 Shawal 1435 (August 27, 2014)	Dammam
ECU line Saudi Arabia	2050102137	30 Shawal 1435 (August 27, 2014)	Riyadh

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia appropriate to the nature of the Company.

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

Revenue recognition

Revenue are recognized upon rendering the services to customer.

Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's products. 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 sales/contract costs as required under accounting standards generally accepted in the Kingdom of

Saudi Arabia. Allocations between general and administrative expenses and cost of sales/contract costs, when required, are made on a consistent basis.

Property, plant and equipment

Land is recorded at cost less impairment if any.

Property, plant and equipment other than land are stated at cost less accumulated depreciation and impairment if any. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

Furniture and fixtures	25.0%
Office equipment	33.3%
Forklift	25.0%
Motor vehicles	25.0%

Impairment of non-current assets

The carrying amounts of the Company's non-current assets are periodically reviewed 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 assets is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

A non-current asset is considered impaired if its carrying amount is higher than its recoverable amount. To determine impairment, the Company compares the non-current asset's carrying amount with the undiscounted estimated cash flow from the asset's use. If the carrying amount exceeds the undiscounted cash flow from the asset, the Company estimates the present value of the estimated future cash flows from the asset. The excess of the carrying amount over the present value of the estimated future cash flows from the assets is considered an impairment loss.

An impairment loss is recognized immediately in the statement of income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior years. A reversal of an impairment loss is recognized immediately in the statement of income except that an impairment loss on intangible assets with indefinite useful lives is not reversed in a subsequent period.

Financial assets and financial liabilities

Financial assets comprise cash and cash equivalents, accounts receivable, amounts due from related parties, advances to suppliers and investments. These financial assets except for investments are initially measured at their nominal values as reduced by an appropriate allowance for estimated irrecoverable amounts.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include accounts payable, amounts due to related parties, loans and obligations under capital leases and are initially measured at their nominal values.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.
For certain categories of financial assets, such as accounts receivable, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a financial asset is not considered recoverable, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to the statement of income. Changes in the carrying amount of the allowance account are recognized in the statement of income.

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 statement of financial position 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.

End-of-service indemnities

End-of-service indemnities, as required by Saudi Arabian Labor Law and the country where the Company operate, 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 Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accrual 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.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under capital leases are recognized as assets of the Company at the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease.

Finance costs, which represent the difference between the total leasing commitments and the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the statement of income over the term of the relevant lease in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

As lessor, where the Company classifies its leases as operating leases, the rentals receivable from such leases are credited to the statement of income on a straight line basis.

As lessee, where the Company classifies its leases as operating leases, the rentals payable are charged to the statement of income on a straight line basis.

Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described above, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations), which are dealt with below:

Impairment of property, plant and equipment

Property, plant and equipment are reviewed to look for any indication that the asset may be impaired. If impairment is indicated, the asset's recoverable amount is estimated. Recoverable amount is higher of fair value less costs to sell and value in use.

In the current year, the management believes that there are indicators of impairment with regards to the property, plant & equipment.

Key sources of estimation uncertainty

Allowance for doubtful debts

Allowance for doubtful debts is determined based upon a combination of factors to ensure that the contract receivables are not overstated due to un-collectability. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of the receivables and continuing credit evaluation of the customers' financial conditions, but in relation to related party receivables, management believes those are generally fully recoverable because of the relationship with them. Also, specific allowances for individual accounts are recorded when the Company becomes aware of the customer's inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

Property, plant and equipment

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

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and demand deposits with original maturities of three months or less.

	2016	2015
Cash on hand	**110,734**	140,824
Cash at bank – current account	**5,335,505**	4,835,922
	5,446,239	4,976,746

4. ACCOUNTS RECEIVABLE, NET

	2016	2015
Trade receivables	**11,254,581**	9,033,960
Provision for doubtful debts	**(525,434)**	(359,642)
	10,729,147	8,674,318

Movement of allowance for doubtful debts as the following:

	2016	2015
Opening balance	**359,642**	277,842
Charge during the year	**165,792**	81,800
	525,434	359,642

5. RELATED PARTY TRANSACTIONS

During the year, the Company transacted with the following related parties under terms set and agreed between the Company and those related parties:

Name	Relationship
ECU line world wide	Associate companies

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

	2016	2015
Trading	**6,606,590**	5,335,597

Due from related parties as of December 31 are comprised of the following:

	2016	2015
ECULINE NV	**154,928**	29,124
ECUHOLD	**40,937**	-
Others	**20,190**	305,648
	216,055	334,772

Due to related parties as of December 31 are comprised of the following:

	2016	2015
ECU line middle east LLC	**1,611,900**	1,186,895
PRISM global LTD.	**800,336**	544,919
ECU logistics N.V.	**722,642**	-
ECU worldwide NZ limited	**244,626**	-
FCL marine agencies B.V	**146,100**	-
Others	**426,016**	112,107
	3,951,620	1,843,921

Salaries and Benefits of Executive Management

There is no salaries and benefits for key management during the years 2015 and 2016.

6. PREPAYMENTS AND OTHER RECEIVABLES

	2016	2015
Advanced payments to suppliers	**1,437,986**	1,522,408
Refundable deposits	**1,070,900**	1,087,375
Deferred expenses	**5,289,464**	5,587,148
Employees receivables	**176,078**	189,853
Prepaid expenses	**833,782**	772,660
Other	**526,355**	249,824
	9,334,565	9,409,268

7. PROPERTY, PLANT AND EQUIPMENT, NET

	January 1	Additions	December 31
Cost:			
Furniture and fixtures	**657,459**	**33,864**	**691,323**
Office equipment	**416,496**	**13,604**	**430,100**
Forklift	**267,916**	**-**	**267,916**
Motor vehicles	**282,295**	**-**	**282,295**
Total Cost	**1,624,166**	**47,468**	**1,671,634**
Accumulated depreciation:			
Furniture and fixtures	**322,645**	**96,601**	**419,246**
Office equipment	**363,167**	**63,424**	**426,591**
Forklift	**169,399**	**62,793**	**232,192**
Motor vehicles	**143,501**	**70,575**	**214,076**
Total accumulated depreciation	**998,712**	**293,393**	**1,292,105**
Net Book Value at January 1	**625,454**		
Net Book Value at December 31			**379,529**

8. DEFERRED REVENUE

Deferred revenue amounted to SAR 1,741,778 compare to (2015: SAR 6,531,217) represents amounts billed or collected in accordance with contractual terms in advance of when the work is performed.

9. NOTES PAYABLE

	2016	2015
January 1	**27,250**	77,400
Amortization	**(27,250)**	(50,150)
	-	27,250

10. ACCRUALS AND OTHER LIABILITIES

	2016	2015
Provision for projects	**3,082,055**	3,989,054
Accrued expenses	**765,980**	349,416
Advance payments from customers	**4,071,027**	2,968,684
Other	**1,803,160**	114,542
	9,722,222	7,421,696

11. END-OF-SERVICE INDEMNITIES

The movement in the end-of-service indemnities provision is as follows:

	2016	2015
January 1	**872,421**	580,785
Provision for the year	**437,201**	314,434
Payments during the year	**(41,326)**	(22,798)
December 31	**1,268,296**	872,421

12. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equaled 30% of the share capital. This reserve is not available for dividend distribution. The Company Article of Association has not been amended in accordance with the new Companies Regulations till the date of these financial statements.

13. ZAKAT AND INCOME TAX

The Company's zakat charge is based on the separate financial statements of the Company.

The principal elements of the zakat base of the Company are as follows:

	2016	2015
Non-current assets	**379,529**	625,454
Non-current liabilities	**1,268,296**	872,421
Opening shareholders' equity	**3,557,765**	2,869,574
Net income	**2,939,707**	2,378,446

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

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

	2016	2015
January 1	**445,602**	365,199
Provision for the year	**492,998**	445,602
Payments during the year	**(435,575)**	(365,199)
December 31	**503,025**	445,602

The movement in zakat provision is as follows:

	2016	2015
January 1	**33,698**	28,704
Provision for the year	**44,476**	33,698
Under provision in previous years	**10,027**	-
Payments during the year	**(33,698)**	(28,704)
December 31	**54,503**	33,698

The movement in income tax provision is as follows:

	2016	2015
January 1	**411,904**	336,495
Provision for the year	**448,522**	411,904
Payment during the year	**(411,904)**	(336,495)
December 31	**448,522**	411,904

Outstanding assessments:

The Company finalized its position with the GAZT till the year 2015.

14. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Employees' salaries and benefits	**2,889,059**	2,226,490
Bonus for employees	**595,075**	445,914
Traveling and transportation	**563,477**	351,647
Insurance	**447,821**	413,861
Rents	**336,084**	240,124
Maintenance	**325,594**	96,435
Depreciation	**293,393**	341,866
Management fees	**227,646**	171,785
Telephone and internet	**222,135**	224,676
Government fees	**96,060**	476,992
Amortization	**-**	124,276
Others	**515,883**	525,081
	6,512,227	5,639,147

15. RISK MANAGEMENT

The Company's exposure to the risks and its approach to managing these risks are discussed below.

a) Currency risk

Certain of the Company's payables and debts are denominated in foreign currencies which expose the Company to risk of fluctuation in these currencies. The Company may from time to time enter into forward exchange contracts to manage foreign currency risks and requirements primarily related to the import of certain materials.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. This risk is managed by Company's treasury department by monitoring the maturity profile of the Company's financial assets and liabilities to ensure that adequate liquidity is maintained or made available, as necessary by the majority ultimate shareholder to the Company and ensuring that its major customers.

c) Profit return risk

Profit return risk arises from the possibility that changes in the profit return will affect the value of the assets. The Company is reviewing its business plan continuously to enable it to respond to changing business environments.

d) 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. The Company's principal financial assets are cash, advances to suppliers, accounts receivable, investments and amounts due from related parties.

Credit risk arises from the possibility of asset impairment occurring because counter parties cannot meet their obligations in transactions involving financial instruments. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers. The Company's credit risk is primarily attributable to the amounts due from related parties including retention balances. An allowance for potential doubtful receivables is maintained at a level which, in the judgment of management, is adequate to provide for losses on delinquent receivables.

The amounts presented in the statement of financial position are net of allowance for doubtful receivables, estimated by the Company's management based on prior experience and their assessment of the current economic environment.

16. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.