

**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, 2020**

**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, 2020, 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, 2020, 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 321,450 which represents %643 of its capital as of December 31, 2020. 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.

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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 21, 2021

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

Statement of financial position as at December 31, 2020

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Assets		JD	JD
Current Assets			
Cash and cash equivalents	3	13,824	58,505
Trade receivables	4	68,886	314,073
Other debit balances	5	32,378	79,924
Related parties receivables	6	17,518	145,765
Total Current Assets		132,606	598,267
Non-Current Assets			
Property and equipment	7	3,321	6,409
Total Assets		135,927	604,676
Current Liabilities			
Trade payables		48,929	99,921
Other credit balances	8	101,268	197,132
Related parties payable	6	207,180	322,083
Total Liabilities		357,377	619,136
Equity			
Capital	9	50,000	50,000
Statutory reserve	10	50,000	50,000
Accumulated losses		(321,450)	(114,460)
Deficit in Equity		(221,450)	(14,460)
Total Liabilities and Equity		135,927	604,676

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, 2020

	Notes	2020	2019
		JD	JD
Revenues		1,034,165	1,573,022
Cost of revenues		<u>(688,591)</u>	<u>(1,101,495)</u>
Gross profit		345,574	471,527
Other revenues	11	67,804	677
Incurring losses	11	(258,447)	-
Administrative expenses	12	<u>(361,921)</u>	<u>(471,311)</u>
(Loss) profit		<u>(206,990)</u>	<u>893</u>

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, 2020

	<u>Capital</u>	<u>Statutory reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	JD	JD	JD	JD
Balance as at January 1, 2019	50,000	50,000	(115,353)	(15,353)
Profit	-	-	893	893
Balance as at December 31, 2019	50,000	50,000	(114,460)	(14,460)
Loss	-	-	(206,990)	(206,990)
Balance as at December 31, 2020	<u>50,000</u>	<u>50,000</u>	<u>(321,450)</u>	<u>(221,450)</u>

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, 2020

	2020	2019
	JD	JD
Cash flows from operating activities		
(Loss) profit	(206,990)	893
Adjustments for:		
Expected credit losses	-	48,197
Depreciation	3,088	2,892
Incurred losses	258,447	-
Changes in operating assets and liabilities:		
Trade receivables	(13,260)	430,812
Other debit balances	47,546	(32,748)
Related parties receivables	128,247	(137,390)
Trade payables	(50,992)	(233,008)
Other credit balances	(95,864)	(133,884)
Related parties payable	(114,903)	(22,547)
	<u>(44,681)</u>	<u>(76,783)</u>
Income tax paid	-	(5,318)
Net cash from operating activities	<u>(44,681)</u>	<u>(82,101)</u>
Cash and cash equivalents - beginning of year	58,505	140,606
Cash and cash equivalents - end of year	<u>13,824</u>	<u>58,505</u>

The accompanying notes constitute an integral part of these financial statements

Jordan Gulf Freight Services and Agencies Company
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Notes to the financial statements for the year ended December 31, 2020

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 Application of new and modified International Financial Reporting Standards

New and modified standards adopted by the entity

Standard number or interpretation	Description	Effective date
Amendments to IAS (1) and IAS (8) Defining material	Amendments provide a new definition states that, ' information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.	January 1, 2020
Amendments to IFRS (3) Definition of works	The amendments clarifies that businesses are considered business if they contain at least substantive inputs and process that contribute significantly to the ability to create outputs, and that businesses can exist without the need for output.	January 1, 2020
Conceptual framework for the financial report (modified)	The conceptual framework contains definitions for which all requirements of international financial reporting standards are based (definition of asset, liability, income, expenditure, objectives of general purpose financial statements...). The modified framework improves these definitions.	January 1, 2020
Amendments to IFRS (9), IAS (39) and IFRS (7) to replace the reference interest rate	These amendments provide some exemptions relating to the reformulation of the interbank interest rate standard, the exemptions relate to hedge accounting, and the reformulation of the interbank interest rate should not generally cause the termination of the hedge accounting.	January 1, 2020
Amendments to IFRS (16) Related rent concessions COVID-19	The International Financial Report Standard (16) has been amended to address rent concessions resulting from the COVID-19 epidemic, which meet the following characteristics: A. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; B. The reduction in lease payment that affects only payments originally due on or before June 30, 2021. C. There is no substantive change to the other terms and conditions of the lease.	June 1, 2020

Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
Amendments to IFRS (1) 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 or after
Amendments to IFRS (3) Business Combinations	Reference to the Conceptual Framework: The amendment updates a reference in IFRS (3) to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	January 1, 2022 or after
Amendments to IFRS (4), IFRS (7), IFRS (9), IFRS (16) and IAS (39)	Interest Rate Reform - Phase (2) - Amendments provide temporary exemptions to address the effects of financial reports when an interest rate offered between banks is replaced (IBOR) At a near risk-free alternative interest rate (RFR), adjustments include a practical means that requires contractual or cash flow changes directly required by reform, to be treated as variables in the variable interest rate, equivalent to movement in the market interest rate. Allowing this practical method to be used is the condition that the transition from IBOR to RFR takes place on an economically equivalent basis with no transfer of value.	January 1, 2021 or after
Amendments to IFRS (9) Improvements to IFRS Standards 2018-2020	The amendments clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability	January 1, 2021 or after
Amendments to IFRS (10) and IAS (28)	The amendments address the conflict between IFRS (10) and IAS (28) in dealing with the loss of control over a subsidiary sold or contributed to an associate company or joint venture.	Undetermined date
IFRS (17) Insurance Contracts	IFRS (17) replaces IFRS (4), which requires measuring insurance liabilities at the present value of the consideration and provides a more consistent approach to measurement and presentation of all insurance contracts.	January 1, 2022 or after
Amendments to IAS (1) Presentation of Financial Statements	Amendment related to the classification of Liabilities as Current or Non-current.	January 1, 2023 or after

Standard number or interpretation	Description	Effective date
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 or after
Amendments to IAS (37) Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts— Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.	January 1, 2022 or after

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 of when there is no reasonable expectation of recovering the contractual cash flows. The entity write of the gross carrying amount of the financial asset is 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>2020</u>	<u>2019</u>
	JD	JD
Current account at a bank - JD	12,517	58,505
Current accounts at banks - forgein currencies	1,307	-
Total	<u>13,824</u>	<u>58,505</u>

4. Trade receivables

	<u>2020</u>	<u>2019</u>
	JD	JD
Trade receivables (*)	123,509	366,063
Checks on hand	42,521	107,522
Deduct: allowance for expected credit losses (**)	<u>(97,144)</u>	<u>(159,512)</u>
Net	<u>68,886</u>	<u>314,073</u>

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

	<u>2020</u>	<u>2019</u>
	JD	JD
1 - 60 days	10,088	42,095
61 - 180 days	17,605	17,861
180 - 360 days	789	21,669
Above 361	<u>95,027</u>	<u>284,438</u>
Total	<u>123,509</u>	<u>366,063</u>

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

	<u>2020</u>	<u>2019</u>
	JD	JD
Balance-beginning of year	159,512	111,315
Disposal during the year	(62,368)	-
Provided during the year	<u>-</u>	<u>48,197</u>
Balance-end of year	<u>97,144</u>	<u>159,512</u>

5. Other debit balances

	<u>2020</u>	<u>2019</u>
	JD	JD
Employees receivable	22,568	48,448
Prepaid expenses	4,406	26,852
Guarantees deposit	2,250	3,500
Social security deposits	1,715	-
Refundable deposits	624	624
Other	415	-
Petty cash	<u>400</u>	<u>500</u>
Total	<u>32,378</u>	<u>79,924</u>

6. Related parties

- 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 receivable consist the following:

	2020	2019
	JD	JD
Ecu Line Italia S.R.L	4,363	3,170
Ecu Line De Panama S.A	3,451	-
Ecu Line Egypt	2,456	1,353
Ecu Line Germany	1,886	2,729
Ecu Line Chile S.A	1,257	-
Ecu Line Mexico	1,153	2,915
Ecu Line Canada	806	446
Ecu Line Manzanillo	452	-
Ecu Line UK Southampton	425	3,507
Ecu Line Turkey	273	10,632
Ecu Line Spain	244	395
Ecu Rotterdam	240	-
Ecu Line Malaysia (Johr Bahru)	237	467
Ecu Line South africa	182	-
Ecu Line Cambodia	89	-
Ecu Line France	4	4,895
Allcargo Movers (INDIA) LTD	-	108,017
Ecu Line Guangzhou	-	624
Ecu Line Poland.	-	498
Ecu Line Middle East LLC	-	271
Ecu Line Lebanon	-	250
Ecu Line Tunisie	-	249
Ecu Worldwide New Zealand LTD	-	178
Ecu Line Qatar	-	129
Ecu Line Antwerp	-	5,040
Net	17,518	145,765

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

Notes to the financial statements for the year ended December 31, 2020

- The related parties payable consist the following:

	<u>2020</u>	<u>2019</u>
	JD	JD
Ecu Hold Inv - Netting cash	189,039	301,421
Ecu Logistics DO Brazil	4,413	5,157
Ecu Line Middle East LLC	3,015	1,271
Econocaribe USA	2,807	384
Ecu Line Hong Kong LTD	2,338	1,861
China Consolidated Company Limited	1,851	1,966
Ecu Line Antwerp	1,716	-
Ecu Line Australia Melbourne	608	-
Ecu Line India	453	-
Ecu Line Shenzhen	384	-
Ecu Line Singapore	367	1,082
Ecu Line China LTD. C/O Shanghai	97	-
Ecu Line Guangzhou	92	-
Ecu Line Indonisai	-	5,562
Ecu Line Italia S.R.L	-	3,213
Ecu Line Marco	-	95
Ecu Rotterdam	-	71
Total	<u><u>207,180</u></u>	<u><u>322,083</u></u>

- Significant transactions with related parties during the year are as follows:

	<u>2020</u>	<u>2019</u>
	JD	JD
Revenues	82,339	422,004
Cost of revenues	233,041	357,748

7. Property and equipment

2020	Furniture	Computers and softwares	Total
	JD	JD	JD
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
2019			
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	61,670	33,221	94,891
Depreciation	1,299	1,593	2,892
End of year balance	62,969	34,814	97,783
Net	2,522	3,887	6,409

8. Other credit balances

	2020	2019
	JD	JD
Litigation provision	70,000	70,000
Accrued expenses	31,268	120,171
Vacations provision	-	6,961
Total	101,268	197,132

- Final settlement has not been reached with Income Tax Department for years 2017, 2018 and 2019.

9. Capital

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

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

	2020	2019
	JD	JD
Recovery of provision	62,368	-
Other	5,436	677
Total	67,804	677

12. Administrative expenses

	2020	2019
	JD	JD
Salaries, wages and related benefits	221,679	281,880
Professional fees	37,231	13,672
Social security	25,449	35,759
Insurance	22,859	15,959
Rent	22,663	25,776
Governmental fees	6,747	12,797
Communication	6,104	9,488
Maintenance	3,225	3,166
Depreciation	3,088	2,892
Subscriptions	2,812	1,759
Bank charges	2,648	3,984
Travel and accommodation	2,532	9,316
Water and electricity	2,079	2,795
Stationery and printings	1,141	1,846
Entertainment	482	772
Miscellaneous	472	453
Currency difference	466	-
Training	150	685
Fuel	94	-
Expected credit losses	-	48,197
Promotion and advertising	-	115
Total	361,921	471,311

13. Legal cases

According to the Company legal counselor's letter, there are cases raised against others amounting to JD 153,779 and there are cases raised against company amounting to JD 194,123 that are still outstanding in courts.

14. Contingent liabilities

The Company has contingent liabilities, at the statement of financial position date, for letters of guarantee amounting to JD 35,000 with a cash deposit of JD 2,250.

15. 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
Related parties receivables	USD	0/708	30,940	21,906
Related parties payable	USD	0/708	16,842	11,924
Related parties receivables	Euro	0/79	123	102
Related parties payable	Euro	0/79	5,026	4,172

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	2020	2019
	JD	JD
Financial assets:		
Cash and cash equivalents	13,824	58,505
Trade receivables	68,886	314,073
Other debit balances	27,972	53,072
Related parties receivables	17,518	145,765
Total	128,200	571,415
Financial liabilities:		
Trade payables	48,929	99,921
Other credit balances	31,268	120,171
Related parties payable	207,180	322,083
Total	287,377	542,175

16. 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.

17. Reclassification

Certain 2019 balances have been reclassified to conform to the adopted classification in 2020.