

ALLCARGO LOGISTICS L.L.C

FINANCIAL STATEMENTS

DECEMBER 31, 2017



BAKER TILLY
Chartered Accountants

ALLCARGO LOGISTICS L.L.C
Dubai - United Arab Emirates

Financial statements for the year ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALLCARGO LOGISTICS L.L.C

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Allcargo Logistics L.L.C ("the Company"), which comprise the statement of financial position as at December 31, 2017, the related statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates ("UAE") and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 3 to the financial statements which states that the Company incurred a net loss of AED 677,616 for the year ended December 31, 2017 (2016: AED 995,409) and had accumulated losses and negative equity of AED 2,968,564 and AED 2,668,564 respectively as at December 31, 2017, albeit AED 2,817,936 is a long-term payable to related parties. This raises a material uncertainty that the Company may not be able to continue as a going concern. However, these financial statements have been prepared on a going concern basis as the shareholders have committed to provide future funding, as and when required. Therefore, these financial statements do not include any adjustments relating to the recorded assets, liabilities that might be necessary should the Company be unable to continue as a going concern. Our opinion is not qualified in this respect.

Other Matter

The financial statements of the Company for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 24, 2017.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and in compliance with applicable provisions of UAE Federal Law No. (2) of 2015 ("the Federal Law"), and for such internal controls 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.

The management is responsible for overseeing the Company's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF ALLCARGO LOGISTICS L.L.C**

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 ISA 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 ISA, 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;
- 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 controls;
- 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; and
- 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 management, 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.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine if there are any matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We have determined that there are no key audit matters to communicate in our report.

**INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF ALLCARGO LOGISTICS L.L.C**

Report on Legal and Regulatory Requirements

As required by the Federal Law, we report that:

- 1) we have obtained all the information and explanations necessary for the purpose of our audit;
- 2) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Federal Law, and the Memorandum of Association of the Company;
- 3) the Company has maintained proper books of account; and
- 4) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2017 any of the applicable provisions of the Federal Law or of its Memorandum of Association which would materially affect its activities or its financial position as at December 31, 2017.

Baker Tilly MKM

**Baker Tilly MKM
Chartered Accountants**



Mago JB Singh
FCA, CPA, CMA, CFC, CIBA, CRMA, M.Sc. (Ind. Eng.), MBA
Partner, ELA Number 493

April 11, 2018

Dubai, United Arab Emirates

ALLCARGO LOGISTICS L.L.C
Dubai - United Arab Emirates

Statement of financial position
As at December 31, 2017

	Note	2017 AED	2016 AED
ASSETS			
Current assets			
Cash and cash equivalents	6	43,231	99,364
Trade receivables		-	28,522
Other receivables	7	114,514	538,329
		<u>157,745</u>	<u>666,215</u>
Non-current assets			
Property and equipment	8	70	3,576
TOTAL ASSETS		<u>157,815</u>	<u>669,791</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	9	8,443	197,977
		<u>8,443</u>	<u>197,977</u>
Non-current liabilities			
Loans from related parties	10	2,817,936	2,410,272
Employees' end-of-service benefits	11	-	52,490
		<u>2,817,936</u>	<u>2,462,762</u>
Total liabilities		<u>2,826,379</u>	<u>2,660,739</u>
Equity			
Share capital	2	300,000	300,000
Accumulated losses		<u>(2,968,564)</u>	<u>(2,290,948)</u>
Shareholders' equity		<u>(2,668,564)</u>	<u>(1,990,948)</u>
TOTAL LIABILITIES AND EQUITY		<u>157,815</u>	<u>669,791</u>

The accompanying notes 1 to 16 form an integral part of the financial statements.

The financial statements were authorized for issue on April 11, 2018 by:


Amjad Shaikh
Finance Manager



ALLCARGO LOGISTICS L.L.C
Dubai - United Arab Emirates

Statement of profit or loss and other comprehensive income
For the year ended December 31, 2017

	Note	2017 AED	2016 AED
Revenue		125,461	458,407
Direct costs	12	(42,154)	(438,921)
Gross profit		<u>83,307</u>	<u>19,486</u>
Other income		37,517	71,132
General and administrative expenses	13	(728,368)	(1,031,073)
Finance costs	10	(70,072)	(54,954)
(Loss) for the year		<u>(677,616)</u>	<u>(995,409)</u>
Other comprehensive income		-	-
Total comprehensive (loss) for the year		<u>(677,616)</u>	<u>(995,409)</u>

The accompanying notes 1 to 16 form an integral part of the financial statements.



ALLCARGO LOGISTICS L.L.C
Dubai - United Arab Emirates

Statement of cash flows
For the year ended December 31, 2017

	Note	2017 AED	2016 AED
Cash flows from operating activities			
Total comprehensive (loss) for the year		(677,616)	(995,409)
Adjustments for:			
Depreciation of property and equipment	8	3,506	3,840
Finance costs	10	70,072	54,954
Amortization of intangible assets		-	258,792
Provision for employees' end-of-service benefits	11	-	921
Operating (loss) before working capital changes		(604,038)	(676,902)
Decrease in trade receivables		28,522	224,566
Decrease/(increase) in other receivables		423,815	(14,857)
(Decrease)/increase in trade and other payables		(189,534)	10,743
Cash (used in) operations		(341,235)	(456,450)
Employees' end-of-service benefits paid	11	(52,490)	-
Finance costs paid		(25,015)	-
Net cash (used in) operating activities		(418,740)	(456,450)
Cash flows from financing activities			
Additions to loans from related parties		758,525	9,154
(Repayment of) loans from related parties		(395,918)	(73,722)
Net cash generated from /(used in) financing activities		362,607	(64,568)
Net (decrease) in cash and cash equivalents		(56,133)	(521,018)
Cash and cash equivalents at the beginning of the year	6	99,364	620,382
Cash and cash equivalents at the end of the year	6	43,231	99,364
Non-cash transaction:			
Finance costs charged to related party		45,057	54,954

The accompanying notes 1 to 16 form an integral part of the financial statements.



ALLCARGO LOGISTICS L.L.C
Dubai - United Arab Emirates

Statement of changes in equity
For the year ended December 31, 2017

	Share capital AED	Accumulated losses AED	Total AED
As at January 1, 2016	300,000	(1,295,539)	(995,539)
Total comprehensive (loss) for the year	-	(995,409)	(995,409)
As at December 31, 2016	<u>300,000</u>	<u>(2,290,948)</u>	<u>(1,990,948)</u>
Total comprehensive (loss) for the year	-	(677, 616)	(677, 616)
As at December 31, 2017	<u><u>300,000</u></u>	<u><u>(2,968,564)</u></u>	<u><u>(2,668,564)</u></u>

The accompanying notes 1 to 16 form an integral part of the financial statements.



ALLCARGO LOGISTICS L.L.C
Dubai - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

1. LEGAL STATUS AND BUSINESS ACTIVITIES

- a) Allcargo Logistics L.L.C ("the Company") was incorporated on October 19, 2014 as a Limited Liability Company under Commercial License Number 719116, issued by the Dubai Economy (formerly Dubai Economic Department), Government of Dubai, United Arab Emirates ("U.A.E").
- b) The principal activities of the Company consist of ship chartering, barges & tugs chartering, customs brokerage, cargo loading and unloading services, cargo packaging and sea and air cargo services. The Company stopped providing services in April 2017, however, has now re-commenced operations as of March 2018.
- c) The registered office of the Company is at Office Number 401-23, 4th Floor, Building No. 7, Bay Square, Business Bay, P.O. Box No. 28430, Dubai, U.A.E.
- d) The management of the Company is vested with Mr. Amjad Shaikh (Indian National), the General Manager.

2. SHARE CAPITAL

The authorised, issued and paid up capital of the Company is AED 300,000, divided into 100 shares of AED 3,000 each, fully paid and was held by the shareholders as follows.

Name of the Shareholder	Nationality/country of incorporation	No. of Shares	Amount AED	%
Ecuhold N.V.	U.A.E.	147	147,000	49
Abdulhamid Mohammed Abdulrahim Duwaya - Sponsor	Emirati	153	153,000	51
Total		300	300,000	100

The Company is part of the Allcargo Logistics Group of companies and the ultimate controlling party is Allcargo Global Logistics Ltd.

On September 22, 2017, 147 shares were transferred to Ecuhold NV from Allcargo Logistics Limited (India).

3. GOING CONCERN ASSUMPTION

The financial statements are prepared on a going concern assumption, which assumes that the Company will be able to continue as a going concern for the foreseeable future. For the year ended December 31, 2017, the Company reported a net loss of AED 672,866 (2016: AED 995,409) and had accumulated losses and negative equity of AED 2,963,814 and AED 2,663,814 respectively as at December 31, 2017, albeit AED 2,813,186 is a long-term payable to related parties. In April 2017, the Company ceased its operations, however in March 2018 recommenced operations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently, is set out below:

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the IFRS Interpretations Committee ("the Committee"), and U.A.E Federal Law No. 2 of 2015.

b) Accounting convention

These financial statements have been prepared in accordance with the historical cost convention and accruals basis.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Functional and reporting currency

The functional currency of the Company is United States Dollars ("USD"), as most of its transactions are effected in that currency. The reporting currency of the Company is United Arab Emirates Dirhams ("AED"), as the Company operates from United Arab Emirates and the AED is pegged to the USD.

d) Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year, except for the following new standards and amendments to IFRS that are mandatorily effective for accounting periods beginning on or after January 1, 2017:

Amended standards

- Amendments to IAS 7 Statement of Cash Flows
- Amendments to IAS 12 Income Taxes
- Annual improvements IFRS Standards 2014-2016 Cycle
 - IFRS 12 Disclosures of Interests in Other Entities

Standards, amendments and interpretations in issue but not yet effective

The following new and revised IFRS are not mandatorily effective for the year ended December 31, 2017. However, they are available for early application. Paragraph 30 of IAS 8 requires the Company to consider and disclose the potential impact of new and revised IFRS that have been issued but are not yet effective.

- Amendments to IAS 19 Employee Benefits (January 1, 2019)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (January 1, 2019)
- Amendments to IAS 40 Investment Property (January 1, 2018)
- Amendments to IFRS 2 Share-based Payment (January 1, 2018)
- Amendments to IFRS 4 Insurance Contracts (January 1, 2018) (to be superseded by IFRS 17)
- Amendments to IFRS 7 Financial Statements: Disclosures (January 1, 2018)
- IFRS 9 Financial Instruments (January 1, 2018 & January 1, 2019)
- IFRS 15 Revenue from Contracts with Customers (January 1, 2018)
- IFRS 16 Leases (January 1, 2019)
- IFRS 17 Insurance Contracts (January 1, 2021)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (January 1, 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (January 1, 2019)
- Annual improvements IFRS Standards 2014-2016 Cycle (January 1, 2018)
 - IFRS 1 First-time Adoption of IFRS
 - IAS 28 Investments in Associates and Joint Ventures
- Annual improvements IFRS Standards 2015-2017 Cycle (January 1, 2019)
 - IFRS 3 Business Combinations
 - IFRS 11 Joint Arrangements
 - IAS 12 Income Taxes
 - IAS 23 Borrowing Costs

Management anticipates that all of the above standards, amendments and interpretations will be adopted by the Company to the extent applicable, from their effective dates. Management is currently assessing the impact that IFRS 9, IFRS 15 and IFRS 16 could have on the Company. Otherwise, the adoption of these standards, amendments and interpretations is not expected to have any material impact on the financial statements of the Company in the period of their initial application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company has become a party to the provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable, or any equity instrument excluding investments in subsidiaries, associates or joint ventures. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balance with banks.

g) Related party transactions and balances

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IFRS. Related parties comprise companies and entities under joint or common management or control, their partners and key management personnel, subsidiaries, joint ventures, parent, associates and other related parties.

h) Trade receivables

Trade receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when there is no possibility of recovery.

i) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

j) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in making payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

k) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition and bringing the asset to its working condition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Property and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When a part is replaced, and the new part capitalised, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation of assets is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Computer equipment	3

Depreciation is charged from the date the asset is available for use up to the date the asset is disposed of.

l) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the cash generating unit to which the asset belongs is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

m) Trade payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether claimed by the supplier or not.

n) Other payables

Other payables consist of provisions, that are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

o) Employees' end-of-service benefits

Provision is made for employees' end-of-service benefits in accordance with U.A.E. Labour Law for their periods of service up to the reporting date. The provision for the employees' end-of-service benefits liability is calculated annually based on their basic remuneration and length of service at the reporting date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

q) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, net of returns and trade discounts and is recognised 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 received.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it acts as a principal in respect of all of its revenue arrangements.

Revenue from shipments, customs clearances, loading and offloading services is recognised on completion of orders of customers and agents.

Scrap sales, gains on disposal of property and equipment and miscellaneous receipts are recognised as "other income" on realised amounts.

r) Expenses

Direct costs include all costs directly attributable to the generation of revenue and include costs of import and export documentation, cargo handling charges, loading and unloading charges, commissions paid and others. All other expenses are classified as general and administrative expenses, or finance costs, as appropriate.

s) Foreign currency transactions and translations

Foreign currency transactions are translated into AED using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into AED using the exchange rates prevailing on the reporting date. Gains and losses are taken to the statement of profit or loss and other comprehensive income.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised 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.

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

ALLCARGO LOGISTICS L.L.C
Dubai - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

6. CASH AND CASH EQUIVALENTS		2017	2016
		AED	AED
Cash in hand		-	5,000
Cash at bank		43,231	94,364
		<u>43,231</u>	<u>99,364</u>
7. OTHER RECEIVABLES		2017	2016
		AED	AED
Advances, deposits and prepayments		114,514	538,329
		<u>114,514</u>	<u>538,329</u>
8. PROPERTY AND EQUIPMENT			
8.1 Cost	Balance as at 31.12.2016 AED	Additions during the year AED	Balance as at 31.12.2017 AED
Computer equipment	11,520	-	11,520
8.2 Depreciation	Balance as at 31.12.2016 AED	Charge for the year AED	Balance as at 31.12.2017 AED
Computer equipment	7,944	3,506	11,450
8.3 Net book value		2017 AED	2016 AED
Computer equipment		70	3,576
9. TRADE AND OTHER PAYABLES		2017 AED	2016 AED
Trade payables		6,443	56,718
Accruals and other payables		2,000	73,740
Advances from customers		-	67,519
		<u>8,443</u>	<u>197,977</u>
10. RELATED PARTY TRANSACTIONS AND BALANCES			
As at the reporting date, balances with related parties were as follows:			
10.1 Due to related parties	Relationship	2017 AED	2016 AED
Loan from Ecuhold N.V., Belgium	Holding Company of Parent Company	2,817,936	2,014,354
Loan from Allcargo Logistics Limited, India	Group Company	-	395,918
		<u>2,817,936</u>	<u>2,410,272</u>

Loan from Ecuhold N.V., Belgium is at a fixed rate of 2% per annum and without any set terms of repayment or security. However, this loan is not due to be repaid within one year.

Loan from Allcargo Logistics Limited, India was at a fixed rate of 5.30% per annum (2016: 1.97% per annum) and without any set terms of repayment.

Both loans are USD denominated.



ALLCARGO LOGISTICS L.L.C
Dubai - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

10.2	Transactions with related parties during the year were as follows:	2017	2016
		AED	AED
	Interest on related parties' borrowings	<u>70,072</u>	<u>54,954</u>
	Loan repaid during the year	<u>395,918</u>	<u>73,722</u>
	Loan obtained during the year	<u>798,832</u>	<u>9,154</u>
10.3	Key management personnel remuneration		
	The compensation of key management personnel was as follows:	2017	2016
		AED	AED
	Salaries - Managing Director	<u>120,000</u>	<u>480,000</u>
11.	EMPLOYEES' END-OF-SERVICE BENEFITS	2017	2016
		AED	AED
	Balance at the beginning of the year	52,490	51,569
	Provided for during the year	-	921
	Paid during the year	<u>(52,490)</u>	<u>-</u>
	Balance at the end of the year	<u>-</u>	<u>52,490</u>
12.	DIRECT COSTS	2017	2016
		AED	AED
	Import documentation and freight charges	39,266	407,062
	Export documentation and freight charges	<u>2,888</u>	<u>31,859</u>
		<u>42,154</u>	<u>438,921</u>
13.	GENERAL AND ADMINISTRATIVE EXPENSES	2017	2016
		AED	AED
	Legal and professional expenses	435,969	47,646
	Salaries and benefits	199,397	603,784
	Rent	61,603	75,974
	Amortisation	-	258,792
	Other expenses	<u>31,399</u>	<u>44,877</u>
		<u>728,368</u>	<u>1,031,073</u>
14.	COMMITMENTS AND CONTINGENCIES		
14.1	Capital and operating expenditure commitments		
	The Company did not have any significant capital or operating expenditure commitments as at the reporting date.		
14.2	Contingent liabilities		
	The Company did not have any significant contingent liabilities as at the reporting date.		



15. RISK MANAGEMENT

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 Company was not exposed to interest rate risk as there were no interest-bearing assets as at the reporting date, while the interest-bearing liabilities pertained to borrowings from the Parent Company on which the interest rates were fixed.

Credit risk

Credit risk is limited to the carrying values of financial assets in the statement of financial position, and 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 was exposed to credit risk on the following:

	2017 AED	2016 AED
Cash at bank	43,231	94,364
Trade receivables	-	28,522
	<u>43,231</u>	<u>122,886</u>

The Company seeks to limit its credit risk with respect to banks by dealing with reputable banks only.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management requires maintaining sufficient cash and the availability of funding to meet obligations when due.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at December 31, based on contractual payment dates.

	Less than 12 months AED	More than 12 months AED	Total AED
2017			
Trade and other payables	8,443	-	8,443
Due to related parties	-	2,817,936	2,817,936
	<u>8,443</u>	<u>2,817,936</u>	<u>2,826,379</u>
2016			
Trade and other payables	130,458	-	130,458
Due to related parties	-	2,410,272	2,410,272
	<u>130,458</u>	<u>2,410,272</u>	<u>2,540,730</u>

Amounts due to related parties will only be settled if the Company has sufficient resources. Consideration as to how to settle this liability is currently being given at the Parent Company level.

ALLCARGO LOGISTICS L.L.C
Dubai - United Arab Emirates

Notes to the financial statements
For the year ended December 31, 2017

15. RISK MANAGEMENT (continued)

Foreign currency risk

Foreign 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. Foreign currency risk arises mainly from future contractual transactions of receivables and payables that exist due to transactions in foreign currencies.

Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US Dollars (USD). Since the AED is pegged to the USD, there is no currency risk with regard to the USD.

16. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment to, or disclosure in, the financial statements.

