BARAKAT AL-TAQWWA FREIGHT (L.L.C)

Dubai – United Arab Emirates

Financial Statements and

Independent Auditor’s Report

For the year ended December 31, 2013

Barakat Al-Taqwwa Freight (L.L.C)
Dubai – United Arab Emirates

Financial Statements and Independent Auditor's Report
For the year ended December 31, 2013

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Company Information: Barakat Al-Taqwwa Freight (L.L.C)

Legal Status:
Limited liability company registered with Department of Economic Development, Dubai, United Arab Emirates

Date of Registration:
July 28, 2008

Activities:
Customs broker, cargo loading and unloading services, cargo packaging, sea cargo services, containers loading and unloading services and shipping lines agents

Managing Director:
Mr. Syed Ibrahim Ismail

Business Address:
P. O. Box: 117821,
Dubai, U.A.E.
Tel : +971 4 2809071
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Banks:
Mashreq Bank
National Bank of Kuwait

Barakat Al-Taqwwa Freight (L.L.C)
Dubai – United Arab Emirates

Director's Report

The Board of Directors has pleasure in presenting their report and the audited financial statements for the year ended December 31, 2013.

Business review:

The Company have achieved revenue of **AED 13,088,760/-** (P.Y: AED 10,650,900/-) with a gross margin of **AED 3,617,337/-** (P.Y: AED 2,078,412/-). The profit for the year is **AED 1,847,231/-** (P.Y: loss of AED 1,076,696/-). Management is making all efforts and is confident of better performance for the upcoming financial year.

Events after the reporting period:

The Company license expired on July 27, 2014 and the same is under process for renewed.

Auditors:

The financial statements have been audited by Jaxa Chartered Accountants, who retire and, being eligible, offer themselves for reappointment.

Acknowledgements:

The Board of Directors would like to express their gratitude and appreciation to shareholders, banks, clients, business partners, regulatory and government authorities and staff whose continued support has been a source of great strength and encouragement.

For the Board of Directors

Muhammed Abed Ali
Shareholder

August xx, 2014

Independent Auditor's Report

To
The Shareholders
Barakat Al-Taqwwa Freight (L.L.C)
Dubai – United Arab Emirates

We have audited the accompanying financial statements of **Barakat Al-Taqwwa Freight (L.L.C) (the "Company")** which comprise the statement of financial position as at December 31, 2013 and statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Company's accounting policies. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

Balance with bank and shareholders' current account balances are not independently confirmed to us.

The financial statements of the Company have been approved only by one of the shareholders Mr. Muhammed Abed Ali, holding 24% of the share capital.

Qualified opinion

Except for the possible effects on the financial statements of the matters referred to in the *Basis for qualified opinion*, in our opinion, the financial statements present fairly, in all material respects, the financial position of **Barakat Al-Taqwwa Freight (L.L.C)** as at December 31, 2013 and its financial performance and cash flows for the year then ended in accordance with Company's accounting policies (as mentioned in note 2).

Report on other legal and regulatory requirements

According to the information available to us, there were no contraventions of the U.A.E. Federal Commercial Companies Law No. 8 of 1984, as amended or the provisions of the memorandum and articles of association of the Company which might have a material effect on the financial position of the Company or on the results of its operations.

Dubai	**JAXA CHARTERED ACCOUNTANTS**
August xx, 2014	**Reg. No. 442**
Ref: DXB/356/ST/314DRT	

Barakat Al-Taqwwa Freight (L.L.C)
Dubai – United Arab Emirates

Statement of Financial Position as at December 31, 2013
(In Arab Emirates Dirhams)

	Note	2013	2012
Assets			
Non-current assets			
Property and equipments	4	**104,892**	210,574
Total non-current assets		**104,892**	210,574
Current assets			
Accounts receivable	5	**2,506,593**	699,414
Other receivables	6	**165,389**	553,919
Due from related parties	7	**34,752**	129,527
Cash and bank balances	8	**199,982**	999,112
Total current assets		**2,906,716**	2,381,972
Total assets		**3,011,608**	2,592,546
Equity and Liabilities			
Equity			
Share capital	1	**313,030**	313,030
Statutory reserve		**150,000**	102,886
Retained earnings/(accumulated deficit)		**1,184,305**	(615,812)
Shareholders' current account		**(543,150)**	(471,582)
Total equity		**1,104,185**	(671,478)
Non-current liabilities			
Provision for employees' end of service benefits	9	**121,567**	173,712
Bank credit lines – non-current portion	10	**-**	832,292
Total non-current liabilities		**121,567**	1,006,004
Current liabilities			
Bank credit lines – current portion	10	**257,386**	512,500
Finance lease – current portion	11	**-**	8,167
Accounts payable	12	**1,215,878**	1,181,413
Other payables	13	**312,592**	555,940
Total current liabilities		**1,785,856**	2,258,020
Total liabilities		**1,907,423**	3,264,024
Total liabilities and equity		**3,011,608**	2,592,546

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 3 to 4.

The financial statements on pages 5 to 23 were approved by the shareholders on August xx, 2014 and signed on their behalf by:

Muhammed Abed Ali
Shareholder

Barakat Al-Taqwwa Freight (L.L.C)
Dubai – United Arab Emirates

Statement of Comprehensive Income
For the year ended December 31, 2013
(In Arab Emirates Dirhams)

	Note	**2013**	2012
Revenue	14	**13,088,760**	10,650,900
Cost of revenue	15	**(9,471,423)**	(8,572,488)
Gross profit		**3,617,337**	2,078,412
Other income	16	**481,337**	448,887
General and administrative expenses	17	**(2,108,249)**	(3,349,186)
Finance costs	18	**(143,194)**	(254,809)
Profit/(loss) for the year		**1,847,231**	(1,076,696)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,847,231**	(1,076,696)

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 3 to 4.

Muhammed Abed Ali
Shareholder

Barakat Al-Taqwwa Freight (L.L.C)
Dubai – United Arab Emirates

Statement of Changes in Shareholders' Equity
For the year ended December 31, 2013
(In Arab Emirates Dirhams)

	Share capital	**Statutory reserve**	**Retained earnings/ (accumulated deficit)**	**Shareholders' current account**	**Total**
Balance as at December 31, 2011	300,000	102,886	460,884	1,617,985	2,481,755
Capital introduced	13,030	-	-	-	13,030
Loss for the year	-	-	(1,076,696)	-	(1,076,696)
Net movements during the year	-	-	-	(2,089,567)	(2,089,567)
Balance as at December 31, 2012	**313,030**	**102,886**	**(615,812)**	**(471,582)**	**(671,478)**
Profit for the year	-	-	1,847,231	-	1,847,231
Transfer for the year	-	47,114	(47,114)	-	-
Net movements during the year	-	-	-	(71,568)	(71,568)
Balance as at December 31, 2013	**313,030**	**150,000**	**1,184,305**	**(543,150)**	**1,104,185**

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 3 to 4.

Barakat Al-Taqwwa Freight (L.L.C)
Dubai – United Arab Emirates

Statement of Cash Flows
For the year ended December 31, 2013
(In Arab Emirates Dirhams)

	2013	2012
Cash flows from operating activities		
Profit/(loss) for the year	**1,847,231**	(1,076,696)
Adjustments for:		
Depreciation (Note: 4)	**56,802**	272,753
Finance costs	**143,194**	254,809
Profit on disposal of property and equipments	**(28,533)**	(381,870)
Provision for employees' end of service benefits	**37,574**	75,333
Operating cash flows before movements in working capital	**2,056,268**	(855,671)
Accounts receivable	**(1,807,179)**	1,548,202
Other receivables	**388,530**	(375,922)
Due from related parties	**94,775**	1,634,760
Accounts payable	**34,465**	(119,732)
Other payables	**(243,348)**	18,346
Operating cash flows after movements in working capital	**523,511**	1,849,983
Employees' end of service benefits paid	**(89,719)**	-
Net cash generated from operating activities	**433,792**	1,849,983
Cash flows from investing activities		
Acquisition of property and equipments	**(1,079)**	(72,328)
Proceeds from disposal of property and equipments	**78,492**	558,034
Net cash generated from investing activities	**77,413**	485,706
Cash flows from financing activities		
Capital introduced	**-**	13,030
Net movements in shareholders' current account	**(71,568)**	(2,089,567)
Bank credit lines – net	**(1,087,406)**	457,292
Finance lease – net	**(8,167)**	(120,859)
Finance costs	**(143,194)**	(254,809)
Net cash used in financing activities	**(1,310,335)**	(1,994,913)
Net (decrease)/increase in cash and cash equivalents	**(799,130)**	340,776
Cash and cash equivalents at the beginning of the year	**999,112**	658,336
Cash and cash equivalents at the end of the year	**199,982**	999,112

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 3 to 4.

1. Legal status and operations

Barakat Al-Taqwwa Freight (L.L.C) (the "Company"), a limited liability company, is registered with Department of Economic Development, Dubai, United Arab Emirates under the license no: 614379 issued on July 28, 2008.

The registered address of the Company is P. O. Box: 117821, Dubai, United Arab Emirates.

Authorized, issued and fully paid share capital of the Company is **AED 300,000/-** divided into 300 shares of AED 1,000/- each.

The details of the shareholders as at December 31, 2013 are as follows:

Sl. No.	Name	Nationality	Shares	Amount AED	%
1	Mr. Thani Abed Thani Saif Almarri	U.A.E	153	153,000	51
2	Mr. Syed Ibrahim Ismail	Indian	75	75,000	25
3	Mr. Muhammed Abed Ali	Indian	72	72,000	24
	Total		**300**	**300,000**	**100**

The Company has two sister concerns *viz*;

a) M/s. Barakat Al-Taqwwa Freight (L.L.C) registered with Ministry of Commerce and Industry , state of Kuwait.

b) M/s. Barakat Al-Taqwwa Company for Transportation and General Trading L.L.C registered with Ministry of Trade Kurdistan Region, Iraq. The share capital is Iraqi Dinar (IQD) 4,000,000/- (AED 13,030/-) divided into 4,000,000/- shares of IQD 1/- each.

Activities

The Company has a license for customs broker, cargo loading and unloading services, cargo packaging, sea cargo services, containers loading and unloading services and shipping lines agents.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Company's accounting policies and applicable provisions of U.A.E. laws.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2. Significant accounting policies (continued)

2.2 Basis of preparation (continued)

These financial statements are presented in Arab Emirates Dirham (AED), which is the functional currency of the Company.

These financial statements include the transactions of M/s. Barakat Al-Taqwwa Freight (L.L.C), Kuwait and M/s. Barakat Al-Taqwwa Company for Transportation and General Trading L.L.C, Iraq as they fall under the same management.

2.3 Revenue recognition

All revenue is measured at the fair value of the consideration receivable, excluding discounts and rebates.

Income from services is recognized when all the conditions in connection with the service rendered is fulfilled and invoiced for.

<u>Other income</u>

Other income is credited to income at the time of effecting the transaction.

2.4 Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are converted into Arab Emirates Dirham at the rates of exchange prevailing at the end of the reporting period and gain or loss arising thereon was charged to profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated.

2.5 Statutory reserve

In accordance with U.A.E. Federal Commercial Companies Law No. 8 of 1984, as amended, the Company has established a statutory reserve by appropriating 10% of the profit for each year until the reserve reaches 50% of the share capital. This reserve is not available for distribution except in the circumstances stipulated by the law.

2. Significant accounting policies (continued)

2.6 Property and equipments

Property and equipments are carried at cost, less accumulated depreciation and identified impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of property and equipments.

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

Depreciation is charged to the profit or loss on a straight line basis over the estimated remaining useful lives of property and equipments. The estimated useful lives are as follows:

Furniture and office equipments	:	5 years
Motor vehicles	:	5 years

The gain or loss arising on the disposal or retirement of an item of property and equipments is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the profit or loss.

2.7 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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 prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Significant accounting policies (continued)

2.8 Financial assets

The Company has the following financial assets: ‘accounts receivable’, ‘other receivables excluding prepayments’, ‘due from related parties’ and ‘cash and bank balances’. The classification depends on the nature of the financial asset and is determined at the time of initial recognition.

Loans and receivables

Accounts receivable are carried at original invoice amount less allowance made for impairment of these receivables. A provision for impairment of accounts receivable is established where there is objective evidence that the Company will not be able to collect all amounts due according to the terms of receivables.

Other receivables are stated at their nominal value. Allowance for impairment is made against loans and receivables when their recovery is in doubt. Loans and receivables are written off only when all possible courses of action to achieve recovery have proved unsuccessful.

Due from related parties

Due from related parties are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and balance with banks in current accounts.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organization;
- the disappearance of an active market for that financial asset because of causes which are financial and non-financial.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial assets such as accounts receivable that are assessed as not to be impaired individually are, in addition, 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 economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For the financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

2.9 Equity instruments and financial liabilities

Equity instruments and financial liabilities of the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

Financial liabilities

Financial liabilities consist of 'provision for employees' end of service benefits', 'bank credit lines', 'finance lease', 'accounts payable' and 'other payables'. Financial liabilities, including bank borrowings are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expenses recognized on an effective yield basis, except for the short-term payables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or has expired.

2. Significant accounting policies (continued)

2.10 Provision for employees' end of service benefits

Provision for employees' end of service benefits is accounted as required by the U.A.E. Labour Law for accumulated period of service at the end of the reporting period and is disclosed as a non – current liability.

2.11 Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3. Critical accounting judgment and key sources of estimation uncertainty

Critical judgments in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in note 2 to the financial statements, 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 below):

<u>Revenue recognition</u>

Management considered the detailed criteria for the recognition of revenue from rendering of services as set out in IAS 18: *Revenue.* Management has judged that revenue has been recognized only when the outcome of the transactions involving the rendering of services can be estimated reliably. In making this judgment, management considers that the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

<u>Employees' end of service benefits</u>

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the Labour Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

Key estimates applied in preparing the financial statements

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

3. Critical accounting judgment and key sources of estimation uncertainty (continued)

Key estimates applied in preparing the financial statements *(continued)*

Property and equipments

The cost of property and equipments is depreciated over the estimated useful life of the assets. The estimated life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Management has not considered any residual value as it is deemed immaterial.

Allowance for doubtful debts

Management has estimated the recoverability of accounts receivable and has considered the allowance required for doubtful debts based on the current economic environment and past default history.

4. Property and equipments

	Furniture and office equipments AED	Motor vehicles AED	Total AED
Cost			
As at December 31, 2011	95,260	989,752	1,085,012
Additions	72,328	-	72,328
Disposal	(11,316)	(749,950)	(761,266)
As at December 31, 2012	**156,272**	**239,802**	**396,074**
Additions	1,079	-	1,079
Disposal	-	(139,000)	(139,000)
As at December 31, 2013	**157,351**	**100,802**	**258,153**
Depreciation			
As at December 31, 2011	28,915	468,934	497,849
For the year	28,833	243,920	272,753
Disposal	(9,531)	(575,571)	(585,102)
As at December 31, 2012	**48,217**	**137,283**	**185,500**
For the year	31,220	25,582	56,802
Disposal	-	(89,041)	(89,041)
As at December 31, 2013	**79,437**	**73,824**	**153,261**
Net book value			
As at December 31, 2013	**77,914**	**26,978**	**104,892**
As at December 31, 2012	108,055	102,519	210,574

4. Property and equipments (continued)

Depreciation amounting to AED NIL (P.Y: 175,442/-) being depreciation on trucks is charged to cost of revenue and the balance of AED 56,802/- (P.Y: 97,311/-) is charged to general and administration expenses.

5. Accounts receivable

	December 31,	
	2013	2012
	AED	AED
Accounts receivable	**2,506,593**	699,414

Ageing of accounts receivable

	December 31,	
	2013	2012
	AED	AED
0 to 30 days	**952,505**	272,772
31 to 60 days	**802,110**	209,824
61 to 120 days	**426,121**	111,906
Above 120 days	**325,857**	104,912
	2,506,593	699,414

Geographical analysis of accounts receivable

	December 31,	
	2013	2012
	AED	AED
Within United Arab Emirates	**2,366,290**	95,695
Outside United Arab Emirates	**140,303**	603,719
	2,506,593	699,414

In determining the recoverability of accounts receivable, the Company considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period. As at December 31, 2013 three customers comprised 96% of gross accounts receivable. Management believes that this concentration of credit risk is mitigated since the outstanding balances are due mainly from customers with whom there have been good relationships with a track record of regular payment.

6. Other receivables

	December 31,	
	2013	2012
	AED	AED
Deposits	**86,264**	118,274
Advances	**62,282**	403,977
Prepayments	**16,843**	31,668
	165,389	553,919

7. Related parties

The Company, in the ordinary course of business, entered into a variety of transactions at agreed terms and conditions, with companies, entities or individuals that fall within the definition of related party as contained in International Accounting Standard No. 24: *Related Party Disclosures*. Related parties comprise the Company's shareholders, directors and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel.

Due from related parties at the end of the reporting period comprise of:

	December 31,	
	2013	2012
	AED	AED
M/s. Barakat Al – Taqwwa Jordan	**34,752**	34,752
M/s. Barakat Al – Taqwwa Equipment Trading L.L.C	**-**	5,071
M/s. Barakat Al – Taqwwa KSA	**-**	89,704
	34,752	129,527

During the year the Company entered into the following transactions with related parties:

	Year ended December 31,	
	2013	2012
	AED	AED
Net financial transactions	**94,775**	1,634,760

8. Cash and bank balances

	December 31,	
	2013	2012
	AED	AED
Cash in hand	**36,299**	17,861
Cash at bank: in current accounts	**163,683**	981,251
	199,982	999,112

9. Provision for employees' end of service benefits

	December 31, 2013 AED	December 31, 2012 AED
Balance at the beginning of the year	**173,712**	98,379
Charged for the year	**37,574**	75,333
Paid during the year	**(89,719)**	-
	121,567	173,712

10. Bank credit lines

	December 31, 2013 AED	December 31, 2012 AED
Term loan	**257,386**	1,344,792
Due within 2-5 years – non-current portion	**-**	832,292
Due within one year – current portion	**257,386**	512,500

Bank facilities have been granted to the Company against personnel guarantee of Mr. Syed Ibrahim Ismail, one of the shareholders of the Company.

11. Finance lease

	December 31, 2013 AED	December 31, 2012 AED
Total payment due	**-**	9,417
Less: future interest	**-**	(1,250)
	-	8,167
Due within one year – current portion	**-**	8,167

Finance lease comprised of vehicle loans availed from commercial banks and financial institutions. The Company's obligations under finance lease are secured by the lessor's charge over the leased assets.

12. Accounts payable

	December 31, 2013 AED	December 31, 2012 AED
Accounts payable	**1,215,878**	1,181,413

13. Other payables

	December 31, 2013	December 31, 2012
	AED	AED
Staff payables	**142,931**	300,156
Accrued expenses	**130,629**	165,929
Advance from customers	**39,032**	89,855
	312,592	555,940

14. Revenue

	Year ended December 31, 2013	Year ended December 31, 2012
	AED	AED
Transportation income	**13,088,760**	10,650,900

15. Cost of revenue

	Year ended December 31, 2013	Year ended December 31, 2012
	AED	AED
Truck expenses	**7,933,527**	5,147,129
Employee cost	**97,175**	654,710
Depreciation on trucks (Note: 4)	**-**	175,442
Others	**1,440,721**	2,595,207
	9,471,423	8,572,488

16. Other income

	Year ended December 31, 2013	Year ended December 31, 2012
	AED	AED
Creditors written back	**364,576**	-
Profit on disposal of property and equipments	**28,533**	381,870
Miscellaneous income	**88,228**	67,017
	481,337	448,887

17. General and administrative expenses

	Year ended December 31,	
	2013	2012
	AED	AED
Employee cost	**692,660**	1,513,394
Rent	**182,859**	135,743
Business promotion	**416,402**	705,120
Bad debts	**270,278**	347,978
Legal, license and professional fees	**152,653**	150,875
Communication	**105,583**	147,650
Depreciation (Note: 4)	**56,802**	97,311
Travelling and conveyance	**36,816**	43,688
Repairs and maintenance	**30,519**	73,621
Others	**163,677**	133,806
	2,108,249	3,349,186

18. Finance costs

	Year ended December 31,	
	2013	2012
	AED	AED
Interest on finance lease	**143,194**	254,809

19. Contingent liabilities and commitments

Except the ongoing business commitments, which are in the normal course of business, there has been no known contingent liability or capital commitments on the Company as at the end of the reporting period.

20. Financial instruments

Fair value

The fair value of the Company's financial instruments is not materially different from their carrying amounts in the statement of financial position.

Risk management

The main risks arising from the Company's financial instruments are credit risk, currency risk, interest rate risk and liquidity risk.

20. Financial instruments (continued)

Risk management (continued)

a) Credit risk

The Company's exposure to credit risk at the end of the reporting period is indicated by the carrying amounts of its financial assets, net of any applicable allowance for losses. The Company is exposed to credit risk on its financial assets as follows:

	December 31,	
	2013	2012
	AED	AED
Accounts receivable	**2,506,593**	699,414
Deposits	**86,264**	118,274
Advances	**62,282**	403,977
Due from related parties	**34,752**	129,527
Bank balances	**163,683**	981,251

The Company usually undertakes transactions with reputable customers and has established credit limits for its customers on periodic reviews it carries out for this purpose. The Company provides an allowance for impairment at the end of each reporting period that represents its estimate of incurred losses in respect of accounts receivable. Deposits, advances and related party balances are held with reputable parties.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

b) Currency risk

The Company's currency risk relates to the exposure to the fluctuations in the foreign currency rates. There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in AED or USD to which AED is pegged.

c) Interest rate risk

Bank credit lines and finance lease are subject to fixed interest rates at levels generally obtained in the U.A.E. and are therefore exposed to fair value interest rate risk. Reasonably possible changes to the interest rates at the end of the reporting period are unlikely to have a significant impact on profit or equity.

d) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its short term financial liabilities at maturity date.

20. Financial instruments (continued)

Risk management (continued)

a) Liquidity risk (continued)

The Company manages the liquidity risk through risk management framework for the Company's short, medium and long term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent to ensure funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Company's remaining contractual maturity for its short term financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	December 31,	
	2013	2012
	AED	AED
Bank credit lines – current portion	**257,386**	512,500
Finance lease – current portion	**-**	8,167
Accounts payable	**1,215,878**	1,181,413
Other payables	**312,592**	555,940

21. Comparative figures

Certain amounts for the previous year were reclassified to conform to current year presentation.

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Muhammed Abed Ali
Shareholder