

ADANI SHIPPING PTE. LTD.
(Registration number: 200614235E)

DIRECTORS' STATEMENT AND
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in United States Dollar)

PRUDENTIAL PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

ADANI SHIPPING PTE. LTD.

(Registration number: 200614235E)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ADANI SHIPPING PTE. LTD.

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FOR THE YEAR ENDED 31 MARCH 2017

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ADANI SHIPPING PTE. LTD.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of **ADANI SHIPPING PTE. LTD.** (the "company") for the financial year ended 31 March 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the company for the year then ended;
- (b) at the date of this statement, with the continued financial support from its immediate holding company, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due; and
- (c) no consolidated financial statements have been prepared as the company itself is wholly-owned by another corporation, and the ultimate holding company prepares consolidated financial statements.

2. DIRECTORS

The directors of the company in office at the date of this statement are:

Pranav Sevanti Vora
Arup Roy

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors who held office at the end of the financial year had no interests in the share capital of the company and related corporations as recorded in the register of director's shareholdings kept by the company under Section 164 of the Singapore Companies Act, Chapter 50.

ADANI SHIPPING PTE. LTD.

DIRECTORS' STATEMENT – cont'd

5. SHARE OPTIONS

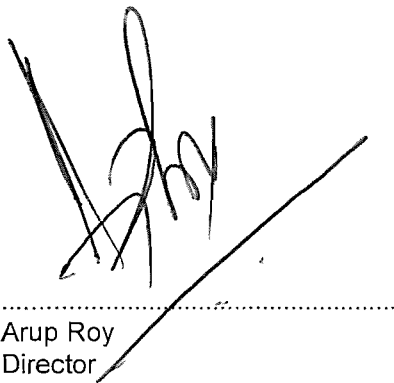
There were no share options granted during the financial year to subscribe for unissued shares of the company.

There were no shares issued during the financial year by virtue of the exercise of an option to take up unissued shares of the company.

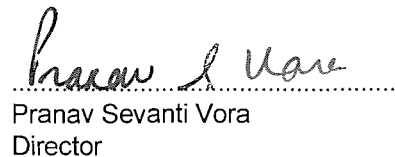
There were no unissued shares of the company under option at the end of the financial year.

6. AUDITOR

Prudential Public Accounting Corporation has expressed its willingness to accept re-appointment as auditor.



.....
Arup Roy
Director



.....
Pranav Sevanti Vora
Director

Date: 23 MAY 2017



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADANI SHIPPING PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ADANI SHIPPING PTE. LTD.** (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2017, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). 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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements. At the end of the reporting period, the company's total current liabilities exceeded its total current assets by **US\$13,681,171** and its total liabilities exceed its total assets by **US\$13,590,467**. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as going concern. However, its immediate holding company will continue to provide financial support to the company to enable to discharge its obligations as and when they fall due. The directors are satisfied that the financial support will be provided when required.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 and 2.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADANI SHIPPING PTE. LTD. - cont'd**

Other Information – cont'd

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 directors' responsibilities include overseeing the Company's financial reporting process.

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 assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADANI SHIPPING PTE. LTD. - cont'd**

Auditor's Responsibilities for the Audit of the Financial Statements – cont'd

- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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.
- (e) 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 the directors 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 Requirement

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Prudential PAC

**PRUDENTIAL PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE**

Date: 23 MAY 2017



ADANI SHIPPING PTE. LTD.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	<u>2017</u> US\$	<u>2016</u> US\$
ASSETS			
Non-current assets:			
Investment in subsidiaries	(8)	<u>90,704</u>	<u>80,704</u>
Total non-current assets		<u>90,704</u>	<u>80,704</u>
Current assets:			
Inventories	(9)	<u>3,683,479</u>	<u>1,486,757</u>
Trade and other receivables	(10)	<u>108,348,534</u>	<u>87,662,938</u>
Bank balances	(11)	<u>455,394</u>	<u>1,718,866</u>
Total current assets		<u>112,487,407</u>	<u>90,868,561</u>
Total assets		<u><u>112,578,111</u></u>	<u><u>90,949,265</u></u>
EQUITY AND LIABILITIES			
Equity:			
Share capital	(12)	<u>645</u>	<u>645</u>
Accumulated losses		<u>(13,591,112)</u>	<u>(7,419,888)</u>
Total equity		<u>(13,590,467)</u>	<u>(7,419,243)</u>
Current liabilities:			
Trade and other payables	(13)	<u>126,168,578</u>	<u>98,368,508</u>
Total current liabilities		<u>126,168,578</u>	<u>98,368,508</u>
Total liabilities		<u>126,168,578</u>	<u>98,368,508</u>
Total equity and liabilities		<u><u>112,578,111</u></u>	<u><u>90,949,265</u></u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

ADANI SHIPPING PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	<u>Note</u>	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
Revenue	(14)	260,475,851	218,815,404
Direct expenses		<u>(265,896,976)</u>	<u>(220,928,001)</u>
Gross loss		(5,421,125)	(2,112,597)
Other income		76	-
Administrative expenses		(704,024)	(611,136)
Finance costs	(15)	<u>(46,151)</u>	<u>(46,768)</u>
Loss before income tax		(6,171,224)	(2,770,501)
Income tax expense	(16)	<u>-</u>	<u>2,774</u>
Loss for the year	(17)	(6,171,224)	(2,767,727)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(6,171,224)</u>	<u>(2,767,727)</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

ADANI SHIPPING PTE. LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share Capital US\$	Accumulated Losses US\$	Total US\$
Balance as at 1 April 2015	645	(4,652,161)	(4,651,516)
Total comprehensive loss for the year	-	(2,767,727)	(2,767,727)
Balance as at 31 March 2016	645	(7,419,888)	(7,419,243)
Total comprehensive loss for the year	-	(6,171,224)	(6,171,224)
Balance as at 31 March 2017	645	(13,591,112)	(13,590,467)

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

ADANI SHIPPING PTE. LTD.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	<u>Note</u>	<u>2017</u> US\$	<u>2016</u> US\$
Cash flows from operating activities			
Loss before income tax and working capital change		(6,171,224)	(2,770,501)
Inventories		(2,196,722)	1,390,818
Trade and other receivables		(20,685,596)	(7,195,855)
Trade and other payables		27,800,070	8,749,536
Cash (used in)/from operating activities		(1,253,472)	173,998
Income tax refund		-	2,774
Net cash (used in)/from operating activities		(1,253,472)	176,772
Investing activity			
Investment in subsidiary		(10,000)	-
Net cash used in investing activity		(10,000)	-
Net (decrease)/increase in bank balances		(1,263,472)	176,772
Bank balances at beginning of year		1,718,866	1,542,094
Bank balances at end of year		455,394	1,718,866

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Adani Shipping Pte. Ltd. (the "company") (Registration number: 200614235E) is a private limited company incorporated and domiciled in the Republic of Singapore with its registered office at:

80, Raffles Place #33-20
UOB Plaza
Singapore 048624

The principal activities of the company include chartering and owning of ships, barges and boats with crew (freight) and freight water transportation besides investments in shipping companies.

Principal activities of the subsidiaries are described in Note 8 to the financial statements.

The financial statements are prepared on the going concern basis that the immediate holding company will continue to provide unconditional financial support to the company to enable it to discharge its obligations as and when they fall due.

The financial statements of the company for the year ended 31 March 2017 were authorised for issue by the Board of Directors on 23 May 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC").

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.1. Basis of Accounting – cont'd

In addition, for financial reporting purposes, fair value measurements are described in Note 5.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2. Changes in Accounting Policies

(a) Adoption of new and revised FRSs and INT FRSs

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the company has adopted all the new and revised FRSs and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016. The adoption of these standards and interpretations did not have any effect on the financial statements of the company.

(b) FRSs and INT FRSs issued not yet effective

At the date of authorisation of these financial statements, the following FRS, INT FRS and amendments that are relevant to the company were issued but not effective:

<u>Reference</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 7	Disclosure Initiative (Amendments)	1 January 2017
FRS 12	Recognition of Deferred Tax Assets for Unrealised (Amendment)	1 January 2017
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contract with Customers	1 January 2018
FRS 115	Clarifications to FRS 115: Revenue from Contract with Customers (Amendment)	1 January 2018

The company expect that the adoption of the above standards, interpretations and improvements, if applicable, will have no material impact on the financial statements in the period of initial application, except as described below:

i) FRS 7: Statement of Cash Flows: Disclosure Initiative (Amendments)

The amendments required an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendment applies prospectively to annual periods beginning on or after 1 January 2017, with earlier application permitted.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2. Changes in Accounting Policies – cont'd

i) FRS 7: Statement of Cash Flows: Disclosure Initiative (Amendments) – cont'd

Management do not anticipate the application of these amendments will have a material impact on the company's financial statements.

ii) FRS 109: Financial Instruments

FRS 109 introduces new requirement for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the company to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The company will be assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

iii) FRS 115: Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The company will be assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2.3. Functional and Foreign Currency

(a) Functional and presentation currency

The company's functional currency is the United States dollar ("US\$"), which reflects the economic substance of the underlying events and circumstances of the company. Although the company is domiciled in Singapore, most of the company's transactions are denominated in US\$ and the selling prices for the company's products are sensitive to movements in the foreign exchange rate with the US\$.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.3. Functional and Foreign Currency – cont'd

(b) Foreign currency transactions

Transactions in foreign currencies have been translated into US\$ at the foreign exchange rates ruling at the date of transactions. Monetary assets and liabilities in foreign currencies at the end of the reporting period have been converted to US\$ at the rates of exchange approximating those ruling at the end of the reporting period. Non-monetary assets and liabilities measured at cost in foreign currencies are translated to US\$ using the foreign exchange rate at the dates of the transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation difference on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are recognised as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in reserve in equity. All realised and unrealised foreign exchange gains and losses are recognised in profit or loss.

2.4. Investment in Subsidiaries

Subsidiary is an entity controlled by the company. Control exists when the company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Investment in subsidiaries is stated at cost less any impairment loss.

Consolidated financial statements have not been presented as the company itself is a wholly owned subsidiary of another entity; and the ultimate holding company Adani Enterprises Ltd, whose registered office is at Adani House, Nr Mithakhali Circle, Navrangpura, Ahmedabad 380 009, Gujarat, India produces the consolidated financial statements available for public use.

2.5. Impairment of Non-financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its non-financial 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. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised 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.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5. Impairment of Non-financial Assets – cont'd

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised 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.

2.6. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the company's activities. Amounts disclosed as revenue are net of discounts and sales related taxes.

The company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below:

(a) Rendering of services

Revenue and operating costs on freight operations are recognised as income and expenses respectively, by reference to the percentage of completion of the voyage as at the end of reporting period. Unearned revenue is recognised as deferred income.

Revenue from rendering of sea freight forwarding services is recognised based on the completion of voyage.

Time charter revenue is recognised evenly over the lives of the time charter agreements and is stated net of withholding taxes and commission paid. Voyage freight is recognised evenly over the duration of each voyage.

Commission income from the rendering of services, which are of a short term duration is recognised when the services are rendered.

(b) Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company.

2.7. Employee Benefits

(a) Defined contribution plan

Payments to defined contribution plan (including state - managed retirement benefit schemes such as Singapore Central Provident Funds) are charged as an expense as they fall due.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.7. Employee Benefits – cont'd

(b) Employee leaves entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. No provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the end of the reporting period as it is a policy of the company to forfeit annual leave that has been unutilised at the end of the reporting period.

2.8. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax law) that have been enacted in countries where the company and subsidiaries operate by the end of the reporting period.

(b) Deferred tax

Deferred tax is provided, using the balance sheet liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.8. Income Taxes – cont'd

(b) Deferred tax – cont'd

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.9. Related Parties

A related party is a person or an entity related to the company and is further defined as follows:

(a) A person or a close member of that person's family is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or of a parent of the company.

(b) An entity is related to a company if any of the following conditions apply:

- (i) the entity and the company are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
- (ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity; or
- (viii) the entity, or any member of the company of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity.

Related party transactions and outstanding balance disclosed in the financial statement are in accordance with the above definition as per FRS24 - Related Party Disclosures.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.10. Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When changes in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.12. Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

3.2. Financial Assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets in this financial statements are classified into loans and receivables. The classification depends on the nature and purpose of financial assets and determined at the time of initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables and bank balances are classified within loans and receivables on the statement of financial position.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

(ii) Bank balances

Bank balances comprise the total amount of money held in financial institution by the company. Cash and bank balances are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Assets – cont'd

(b) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable are uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss statement. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

(c) Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or its transfers the financial asset 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 recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.3. Equity Instrument and Financial Liabilities

Equity instruments issued by the company and financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of an equity instrument and a financial liability.

(a) Equity instruments

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

Share capital – ordinary shares

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.3. Equity Instrument and Financial Liabilities – cont'd

(b) Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respectively carrying amounts is recognised in profit or loss.

3.4. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

4.1. Critical Accounting Judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates 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.

(a) Income taxes

Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations including capital allowances and deductibility of certain expenses for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES – cont'd

4.1. Critical Accounting Judgements – cont'd

(b) Determination of functional currency

The company measures foreign currency transactions in the functional currency of the company. In determining the functional currencies of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company is determined based on management's assessment of the economic environment in which the company operates and the company's process of determining sales prices.

4.2 Key Sources of Estimation Uncertainties

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:

(a) Impairment of investment in subsidiaries

The company follows the guidance of FRS 36 in determining the recoverability of its investments in subsidiaries. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information.

The carrying amount of investment in subsidiaries at 31 March 2017 is **US\$90,704** (2016: US\$80,704).

(b) Impairment of loans and receivables

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

When there is objective evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the financial assets at the end of the reporting period is disclosed in various notes to the financial statements.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

5.1.1. Categories of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities included in the statement of financial position, the categories and the headings in which they are included are as follows:

	<u>2017</u> US\$	<u>2016</u> US\$
<u>Financial assets</u>		
Loan and receivables:		
- Trade and other receivables	106,500,898	87,410,777
- Bank balances	<u>455,394</u>	<u>1,718,866</u>
	<u>106,956,292</u>	<u>89,129,643</u>
<u>Financial liabilities</u>		
At amortised cost:		
- Trade and other payables	<u>126,168,578</u>	<u>98,368,508</u>

5.2. Financial Risk Management Policies and Objectives

The company is exposed to financial risks arising from its operations and the use of financial instruments. The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The management meet periodically to analyse, formulate and monitor the specific risks such as credit risk, liquidity risk, market risk (including foreign currency risk, interest rate risk, and commodity price risk), and cash flow interest rate risk, and believe that the financial risks associated with these financial instruments are minimal.

There has been no change to the company's exposure to these financial risks or the manner in which it manages measures the risk.

The following sections provide the company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk refers to risk that counterparty will default on its contractual obligations to repay amounts owing to the company resulting in a loss to the company. The company's exposure to credit risk arises primarily from its trade and other receivables. For other financial assets (including fixed deposits, cash and short-term deposits), the company minimises credit risk by dealing with high credit rating counterparties.

The company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The company trades only with recognised and creditworthy counter parties including related parties. The receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good credit record with the company. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings assigned by international credit-rating agencies and no history of default.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

(b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting financial obligations due to shortage of funds. The company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The company is exposed to liquidity risk. However, the immediate holding company has agreed to provide unconditional financial support to enable it to discharge its obligations as and when they fall due.

The following table summarises the company's remaining contractual maturity for its non-derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the company is expected to pay.

		<u>Contractual undiscounted cash flows</u>			
<u>2017</u>	<u>Effective interest rate p.a.</u> %	<u>Carrying amount</u> US\$	<u>One year Or less</u> US\$	<u>Two to five years</u> US\$	<u>Total</u> US\$
<u>Non-derivative Financial liabilities:</u>					
Trade and other payables	-	126,168,578	126,168,578	-	126,168,578
Total undiscounted financial liabilities		126,168,578	126,168,578	-	126,168,578

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(b) Liquidity risk – cont'd

<u>2016</u>	<u>Effective interest rate p.a.</u> %	<u>Carrying amount</u> US\$	<u>Contractual undiscounted cash flows</u>		
			<u>One year Or less</u> US\$	<u>Two to five years</u> US\$	<u>Total</u> US\$
<u>Non-derivative</u>					
<u>Financial liabilities:</u>					
Trade and other payables	-	98,368,508	98,368,508	-	98,368,508
Total undiscounted financial liabilities		98,368,508	98,368,508	-	98,368,508

(c) Foreign currency exchange rate risk

Foreign currency exchange rate risk arose from the change in foreign currency exchange rates that may have an adverse effect on the company in the current reporting period and in the future years.

The company transacts mainly in United States dollar and Singapore dollar. Foreign exchange rate risk exposures are naturally hedged as both trade purchases and sales are denominated in the above currencies. This natural hedge reduces significantly the financial impact of movements in the foreign exchange rates. Management believes that the foreign currency risk is manageable. The company does not use derivative financial instruments to protect against the volatility associated with currency transactions in the ordinary course of business.

No sensitivity analysis for foreign currency exchange rate risk is prepared as the company's exposures to foreign currency risk is immaterial to the financial statements.

(d) Fair value of financial assets and financial liabilities

The carrying amounts of trade and other receivables, bank balances and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

5.3. Capital Management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.3. Capital Management – cont'd

In order to maintain or adjust the capital structure, the company may adjust the dividend payment to equity holders, issue new shares, return capital to the equity holders, and obtain new borrowings or redemption of borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated trade and other payables less bank balances. Total capital is calculated as equity and net debt. The company's overall strategy remains unchanged during the year.

	<u>2017</u> US\$	<u>2016</u> US\$
Trade and other payables	126,168,578	98,368,508
Less: Bank balances	<u>(455,394)</u>	<u>(1,718,866)</u>
Net debt	125,713,184	96,649,642
Total equity	<u>(13,590,467)</u>	<u>(7,419,243)</u>
Total capital	<u>112,122,717</u>	<u>89,230,399</u>
Gearing ratio	<u>N.M</u>	<u>N.M</u>

The company is in compliance with all externally imposed capital requirements.

6. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Adani Global Pte Ltd, a company incorporated in Singapore. The ultimate holding company is Adani Enterprises Ltd, a corporation incorporated in India.

7. RELATED PARTY TRANSACTIONS

Many of the company's transactions and arrangements are between members of the ultimate holding company and the effects of these on the basis determined between the parties are reflected in these financial statements.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. RELATED PARTY TRANSACTIONS – cont'd

The following transactions and arrangements took place between the company and related parties took place at terms agreed between the parties during the financial year:

	<u>2017</u> US\$	<u>2016</u> US\$
Transactions with holding company		
Revenue	200,184,075	168,367,938
Transactions with subsidiaries		
Time charter expenses	37,775,000	36,600,000
Commission income	1,416,562	1,372,500
Purchase of bunker	3,720.226	-

8. INVESTMENT IN SUBSIDIARIES

	<u>2017</u> US\$	<u>2016</u> US\$
<u>Unquoted equity investments at cost</u>		
Rahi Shipping Pte. Ltd.	39,352	39,352
Vanshi Shipping Pte. Ltd	39,352	39,352
Aanya Maritime Inc.	1,000	1,000
Aashna Maritime Inc.	1,000	1,000
Urja Maritime Inc.	10,000	-
	<u>90,704</u>	<u>80,704</u>

Details of the subsidiaries are as follows:

<u>Name of the subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Equity holding</u>	
			<u>2017</u> %	<u>2016</u> %
Rahi Shipping Pte. Ltd.	Shipping agencies and ship owner.	Republic of Singapore	100	100
Vanshi Shipping Pte. Ltd	Shipping agencies and ship owner.	Republic of Singapore	100	100
Aanya Maritime Inc.	Shipping agencies and ship owner.	Republic of Panama	100	100
Aashna Maritime Inc	Shipping agencies and ship owner.	Republic of Panama	100	100
Urja Maritime Inc	Shipping agencies and ship owner.	Republic of Panama	100	100

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. INVESTMENT IN SUBSIDIARIES – cont'd

Consolidated financial statements of the company and its subsidiaries are not prepared as the company itself is a wholly owned subsidiary of another corporation. The ultimate holding company, Adani Enterprises Ltd prepares consolidated financial statements which are available for public use at the registered address at Adani House, Nr Mithakhali Circle, Navrangpura, Ahmedabad 380 009, Gujarat, India.

As at the end of the reporting period, the company carried out a review on the recoverable amount of its investment in subsidiaries. The review revealed no impairment in value was required. The recoverable amount of the relevant investment in each subsidiary has been determined on the basis of its net assets value at the end of the reporting period as in the opinion of the management of the company, the net assets value of these subsidiaries reasonably approximate the fair values less costs to sell.

9. INVENTORIES

	<u>2017</u> US\$	<u>2016</u> US\$
Bunkers	<u>3,683,479</u>	<u>1,486,757</u>

The cost of inventories recognised as an expense and included in “cost of services” amounted to **US\$ 12,870,121** (2016: US\$ 12,261,930).

10. TRADE AND OTHER RECEIVABLES

	<u>2017</u> US\$	<u>2016</u> US\$
Trade receivables:		
- third parties	5,934,581	448,329
- immediate holding company	<u>31,050,639</u>	<u>16,332,516</u>
	36,985,220	16,780,845
Other receivables		
- subsidiaries	62,016,030	62,792,567
- related party	3,992	-
- advance	1,847,636	252,161
- accrued freight revenue	7,476,259	7,792,112
- others	<u>19,397</u>	<u>45,253</u>
	<u>108,348,534</u>	<u>87,662,938</u>

Trade receivables are unsecured, non-interest bearing and they are normally settled on 30 to 90 (2016: 30 to 90) days' credit terms.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

10. TRADE AND OTHER RECEIVABLES – cont'd

The other receivables are unsecured, interest-free and repayable on demand.

	<u>2017</u> US\$	<u>2016</u> US\$
Not past due and not impaired	21,175,280	15,324,641
Past due but not impaired	15,809,940	1,456,204
	<u>36,985,220</u>	<u>16,780,845</u>

The ageing of trade receivables past due but not impaired as at the end of the reporting period is as follows:

	<u>2017</u> US\$	<u>2016</u> US\$
Lesser than 30 days	-	-
30 to 60 days	7,500,387	-
61 to 90 days	8,309,553	-
More than 90 days	-	1,456,204
	<u>15,809,940</u>	<u>1,456,204</u>

Trade and other receivables are denominated in the following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
Singapore dollar	-	598,610
United States dollar	108,348,534	87,064,328
	<u>108,348,534</u>	<u>87,662,938</u>

11. BANK BALANCES

	<u>2017</u> US\$	<u>2016</u> US\$
Cash at banks	455,394	1,718,866

Bank balances are denominated in the following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
Singapore dollar	96,180	113,036
United States dollar	359,214	1,605,830
	<u>455,394</u>	<u>1,718,866</u>

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. SHARE CAPITAL

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>Number of ordinary shares</u>		<u>US\$</u>	<u>US\$</u>
<u>Issued and fully paid up</u>				
Ordinary shares	<u>1,000</u>	<u>1,000</u>	<u>645</u>	<u>645</u>

The ordinary shares, which have no par value carry one vote per share and a right to dividends as and when declared by the company.

13. TRADE AND OTHER PAYABLES

	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
Trade payables:		
- third parties	114,546,651	24,099,109
- subsidiary	759,569	-
- related party	529,308	-
	<u>115,835,528</u>	<u>24,099,109</u>
Other payables:		
- Immediate holding company	-	67,700,000
- Accruals	15,604	79,394
- Advance from customers	1,071,596	-
- Provision for freight costs	<u>9,245,850</u>	<u>6,490,005</u>
	<u>126,168,578</u>	<u>98,368,508</u>

Trade payables are non-interest bearing and are normally settled on 30 to 60 days (2016: 30 to 60 days).

Amounts due to immediate holding company and subsidiaries are unsecured, interest free and repayable on demand.

14. REVENUE

Revenue represents invoiced value of services rendered.

15. FINANCE COSTS

	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
Bank charges	<u>46,151</u>	<u>46,768</u>

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

16. INCOME TAX

	<u>2017</u> US\$	<u>2016</u> US\$
Current tax:		
Over provision in prior year	-	2,774

Reconciliation between income tax benefit and accounting loss

The income tax benefit varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2016: 17%) to loss before income tax as a result of the following differences:

	<u>2017</u> US\$	<u>2015</u> US\$
Loss before income tax	(6,171,224)	(2,770,501)
Income tax expense calculated at 17%	(1,049,108)	(470,985)
Tax effects of:		
- unutilised tax losses carried forward	1,049,108	470,985
	-	-
Overprovision of current tax in prior year	-	2,774
	-	2,774

Movement of unutilised tax loss

The company have carry forward tax losses available for offsetting against future taxable income as follow:

	<u>2017</u> US\$	<u>2016</u> US\$
<u>Tax losses</u>		
Amount at beginning of year	7,462,387	4,694,660
Amount in current year	6,171,224	2,767,727
Amount at end of year	13,633,611	7,462,387
Deferred tax benefit on above unrecorded (17%)	2,317,713	1,268,605

The realisation of the future income tax benefits from tax losses carry forward are available for an unlimited period subject to the conditions imposed by law including the retention of majority shareholders as defined. The company has not recognised deferred tax benefit due to the uncertainty of sufficient future taxable profits to offset against the tax losses carry forward.

ADANI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

17. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	<u>2017</u> US\$	<u>2016</u> US\$
Foreign currency exchange adjustment loss	62,470	25,904
Employee benefit expense	610,233	534,471
Cost of defined contribution plans included in employee benefits	24,253	22,193
Cost of hire	202,526,762	163,739,976
Consumption of bunker	12,870,121	12,261,930
Despatch at load/discharge port	10,407,284	7,175,791
Time charter expenses	<u>38,730,744</u>	<u>36,600,000</u>

18. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature have arisen between the end of the reporting period and the date of authorisation for issue of the financial statements which are likely to affect substantially the results of operations of the company for the succeeding reporting period.

ADANI SHIPPING PTE. LTD.

DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2017

	<u>2017</u> US\$	<u>2016</u> US\$
Revenue	260,475,851	218,815,404
Less: Cost of services		
Address commission	1,263,943	795,259
Agency fee and other work expenses	-	11,844
BQS Survey expenses	13,600	10,400
Cost of ship hire	202,526,762	163,739,976
Consumption of bunker	12,870,121	12,261,930
Despatch at load/discharge port	10,407,284	7,175,791
Insurance	15,807	88,178
Manning and crew cost	-	366
Other reimbursement	-	1,150
Security expenses	31,930	206,116
Supervision and analysis	36,785	36,802
Time charter expenses	38,730,744	36,600,000
Vehicle hiring charges	-	189
	<u>(265,896,976)</u>	<u>(220,928,001)</u>
	(5,421,125)	(2,112,597)
Add: Other income		
Sundry balances written back	<u>76</u>	<u>-</u>
	(5,421,049)	(2,112,597)
Less: Expenses		
- Schedule 'A'	<u>(750,175)</u>	<u>(657,904)</u>
Loss before income tax	<u>(6,171,224)</u>	<u>(2,770,501)</u>

This schedule does not form part of the audited statutory financial statements.

ADANI SHIPPING PTE. LTD.

Schedule 'A'

EXPENSES

FOR THE YEAR ENDED 31 MARCH 2017

	<u>2017</u> US\$	<u>2016</u> US\$
Administrative expenses		
Administrative expenses	66	45
Auditor remuneration		
- current year	7,500	6,500
- underprovision in prior year	367	-
Communication expenses	-	411
Entertainment	-	4,669
Foreign currency exchange adjustment loss	62,470	25,904
Legal charges	(2,977)	-
Medical fees	30	-
Office expenses	806	-
Postage and courier	6	25,230
Professional fee	9,015	-
Repair and maintenance – computer and software	4,058	-
Retainership fees	4,200	-
Skill development	1,873	463
Staff CPF	24,253	22,193
Staff Salaries	569,264	498,130
Staff Bonus	12,510	7,839
Staff welfare	2,333	5,846
Travelling	5,789	13,349
Telephone	2,461	557
Finance cost		
Bank charges	46,151	46,768
	<u>750,175</u>	<u>657,904</u>

This schedule does not form part of the audited statutory financial statements.