

VANSHI SHIPPING PTE. LTD.

(Registration number: 200923324H)

REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

(Expressed in United States Dollar)

PRUDENTIAL PUBLIC ACCOUNTING CORPORATION

PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

VANSHI SHIPPING PTE. LTD.
(Registration number: 200923324H)

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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VANSHI SHIPPING PTE. LTD.

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the financial period ended 31 March 2015.

1. DIRECTORS

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

Pranav Sevanti Vora
Subramaniam Bala Kalyanaraman
Arup Roy

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

Neither at the end of the financial period nor at any time during the financial period did there subsist any arrangement whose object was to enable the directors to acquire benefits by means of acquisition of shares or debentures in the company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the company holding office at the end of the financial period had no interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act").

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the end of previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has substantial financial interest except as disclosed in the attached financial statements.

VANSHI SHIPPING PTE. LTD.

REPORT OF THE DIRECTORS

5. **OPTIONS TO TAKE UP UNISSUED SHARES**

During the financial year, no option to take up unissued shares of the company was granted.

6. **OPTIONS EXERCISED**

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

7. **UNISSUED SHARES UNDER OPTIONS**

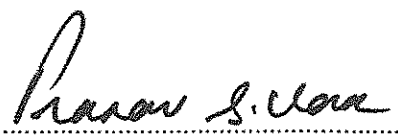
At the end of the financial year, there were no unissued shares of the company under option.

8. **INDEPENDENT AUDITORS**

The independent auditors, Prudential Public Accounting Corporation, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.



.....
Arup Roy
Director



.....
Pranav Sevanti Vora
Director

VANSHI SHIPPING PTE. LTD.


STATEMENT BY DIRECTORS

We, being the directors of the company, do hereby state that in our opinion:-

- (a) the accompanying financial statements of the company set out on pages 6 to 32 are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2015, and of the results, changes in equity and cash flows of the company for the financial year then ended; and
- (b) at the date of this statement, with the continued financial support from its holding company, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due



Arup Roy
Director



Pranav Sevanti Vora
Director

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VANSHI SHIPPING PTE. LTD.**

Report on the financial statements

We have audited the accompanying financial statements of **VANSHI SHIPPING PTE. LTD.** (the "company") which comprise the statement of financial position of the company as at 31 March 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows of the company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for financial statements

Management is responsible for the preparation of financial statements that give a true and fair in accordance with the provision of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards 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 statement of comprehensive income and statement of financial position and to maintain accountability of assets.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 of the financial statements that give a true and fair view 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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VANSHI SHIPPING PTE. LTD. – cont'd**

Opinion

In our opinion, the financial statements of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2015 and of the results, changes in equity and cash flows of the company for the year ended on that date.

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\$31,733,420. 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 holding company will continue to provide financial support to the company to enable to discharge its obligations as and when they fall due.

Report on other legal and regulatory requirements

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 PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE**

14 May 2015

VANSHI SHIPPING PTE. LTD.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
ASSETS			
Non-current assets:			
Motor vessel	(8)	<u>69,162,588</u>	<u>72,097,336</u>
Current assets:			
Bunkers and lubricants	(9)	224,520	190,951
Other receivables	(10)	2,120,908	2,276,780
Other current assets	(11)	16,963	9,392
Bank balances	(12)	<u>48,872</u>	<u>72,553</u>
Total current assets		<u>2,411,263</u>	<u>2,549,676</u>
Total assets		<u>71,573,851</u>	<u>74,647,012</u>
EQUITY AND LIABILITIES			
Equity:			
Share capital	(13)	39,352	39,352
Retained earnings		<u>8,293,545</u>	<u>6,953,915</u>
Total equity		<u>8,332,897</u>	<u>6,993,267</u>
Non-current liabilities:			
Borrowings	(14)	<u>29,096,271</u>	<u>33,177,557</u>
Current liabilities:			
Borrowings	(14)	4,081,286	3,975,989
Trade and other payables	(15)	<u>30,063,397</u>	<u>30,500,199</u>
Total current liabilities		<u>34,144,683</u>	<u>34,476,188</u>
Total liabilities		<u>63,240,954</u>	<u>67,653,745</u>
Total equity and liabilities		<u>71,573,851</u>	<u>74,647,012</u>

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

VANSHI SHIPPING PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
Revenue	(16)	7,665,000	7,665,000
Cost of services		<u>(5,011,802)</u>	<u>(5,660,787)</u>
Gross profit		2,653,198	2,004,213
Other income	(17)	81,965	144,741
Administrative expenses		(63,525)	(117,802)
Finance costs	(18)	<u>(1,332,008)</u>	<u>(1,480,714)</u>
Profit before income tax		1,339,630	550,438
Income tax expense	(19)	<u>-</u>	<u>-</u>
Profit for the year	(20)	1,339,630	550,438
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,339,630</u>	<u>550,438</u>

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

VANSI SHIPPING PTE. LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	<u>Share Capital</u> US\$	<u>Retained Earnings</u> US\$	<u>Total</u> US\$
Balance as at 31 March 2013	39,352	6,403,477	6,442,829
Total comprehensive income for the year	<u>-</u>	<u>550,438</u>	<u>550,438</u>
Balance as at 31 March 2014	39,352	6,953,915	6,993,267
Total comprehensive income for the year	<u>-</u>	<u>1,339,630</u>	<u>1,339,630</u>
Balance as at 31 March 2015	<u>39,352</u>	<u>8,293,545</u>	<u>8,332,897</u>

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

VANSHI SHIPPING PTE. LTD.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
Cash flows from operating activities			
Profit before income tax		1,339,630	550,438
Adjustment for:			
Depreciation of motor vessel		2,934,748	2,934,749
Interest expense		1,322,478	1,471,892
Operating profit before working capital changes		5,596,856	4,957,079
Bunkers and lubricants		(33,569)	2,379,445
Trade and other receivables		155,872	(382,925)
Other current assets		(7,570)	(5,540)
Trade and other payables		(421,713)	(1,863,300)
Net cash from operating activities		5,289,876	5,084,759
Cash flows from financing activities:			
Repayment of borrowings		(3,975,989)	(3,821,586)
Interest paid		(1,337,566)	(1,377,060)
Net cash used in financing activities		(5,313,555)	(5,198,646)
Net decrease in bank balances		(23,679)	(113,887)
Bank balances at beginning of year		72,553	186,440
Bank balances at end of year	(8)	48,872	72,553

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

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2015

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

1. GENERAL

Vashi Shipping Pte. Ltd. (the "company") (Registration number: 200923324H) is a private limited company, which is 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 are to carry on business as shipping agencies (freight) and ship owner.

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

The financial statements of the company for the period ended 31 March 2015 were authorised in accordance with the directors' resolution dated 14 May 2015.

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.

VANSHI 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 purposed, 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 2014. 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 date annual periods beginning on or after</u>
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
FRS 19	Amendments to FRS 19: Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 109	Financial Instruments	1 Jan 2018

The directors expect that the adoption of the above standards and interpretations above will have no materials impact on the financial statements in the period of initial application.

(c) Improvements to FRSs Issued in 2014

INT FRS and amendments issued in 2014 that are relevant to the company were issued but not effective are as follows:

<u>Reference</u>	<u>Description</u>	<u>Effective of annual period beginning on or after</u>
FRS 16	Revaluation method – proportionate restatement of accumulated depreciation	1 July 2014
FRS 24	Key management personnel	1 July 2014

VANSHI 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

(c) Improvements to FRSs Issued in 2014 – cont'd

The improvement contains amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments.

The management expects that the adoption of the improvements to FRSs above will have no material impact on the financial statements in the period of initial application.

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\$.

(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. Motor Vessel

(a) Measurement

Motor vessel is initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.4. Motor Vessel – cont'd

(b) Component of costs

The cost of an item of motor vessel includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of motor vessel if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(c) Depreciation

Depreciation is calculated on the straight-line method and to write off the cost of the motor vessel over its estimated useful lives of 25 years.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. Useful lives, residual values and depreciation methods are reviewed annually. Accelerated depreciation is provided when the useful life of the asset become shorter than that initially expected.

(d) Subsequent expenditure

Subsequent expenditure relating to motor vessel that has already been recognised is added to the carrying amount of the asset 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. Other subsequent expenditure is recognised as repair and maintenance expense in profit or loss during the financial period in which it is incurred.

(e) Disposal

On disposal of motor vessel, the difference between the net disposals proceeds and its carrying amount is taken to profit or loss.

2.5. Bunker and Lubricants

Bunkers and lubricant comprise of marine diesel oil and lubricants held for vessel operations. Consumables are stated at cost less any damages. Cost is determined on a first-in, first-out basis and comprises all costs of purchases and other related charges incurred in bringing to the present location and condition.

2.6. Impairment of Non-financial Assets

At each end of the 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.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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 (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.

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

2.7. 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 the 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.

(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.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.8. Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, of a qualifying asset. Capitalisation of borrowing cost commences, when the activities to prepare the asset for its intended use and expenditure and borrowing costs are being incurred. Borrowings costs are capitalised until the assets are ready for their intended use.

2.9. 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 company'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 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.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.9. 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.

(c) Good and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.10. 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 reporting entity;
- (ii) has significant influence over the reporting entity; 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 the group and the company if the following conditions applies:

- (i) the entity and the company are members of the same group which means that each parent, subsidiary and fellow subsidiary;
- (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); or
- (vii) a person identified in (a) (i) has significant influence over the company or is a member of the key management personnel of the company or of a parent of the company.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.10. Related Parties – cont'd

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 of the company.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS24.

2.11. Provision

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.

2.12. 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.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.12. Contingent Liabilities and Contingent Assets – cont'd

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.

2.13. 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.

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.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Assets – cont'd

(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.

(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 period, 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.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Assets – cont'd

(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 company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company 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.

(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.

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowing is recognised profit or loss over the period of the borrowings using the effective interest 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 the profit and loss.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

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.

4.1 Critical Judgments in Applying the Company's Accounting Policies

(a) 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

(a) Impairment of motor vessel

The company reviews the carrying amount of the motor vessel at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of motor vessel, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, require the company to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the company's financial condition and results of operations.

The carrying amount of the motor vessel at 31 March 2015 is **US\$69,162,588** (2014: US\$72,097,336).

(b) Depreciation of motor vessel

Motor vessel is depreciated on a straight-line basis over the estimated useful lives after taking into account the estimated residual value. The company reviews the estimated useful lives of the motor vessel regularly based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use of the assets and the company's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the company's result.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

4.2 Key Sources of Estimation Uncertainties – cont'd

(c) Impairment of financial assets

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.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

5.1. Categories of Financial Assets and Liabilities

Following table sets out the financial instruments at the end of the reporting period:

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Financial assets:</u>		
Trade and other receivables	2,120,908	2,160,707
Bank balances	<u>48,872</u>	<u>75,553</u>
	<u>2,169,780</u>	<u>2,236,260</u>
<u>Financial liabilities:</u>		
Borrowings	33,177,557	37,153,546
Trade and other payables	<u>30,063,397</u>	<u>28,764,000</u>
	<u>63,240,954</u>	<u>65,917,546</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.

VANSHI 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

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.

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

(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 and bank balances.

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 creditworthy customers and counter parties with high credit rating to mitigate any significant credit risk. 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.

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are with creditworthy debtors with good credit record with the company. Bank balances 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 holding company has agreed to provide unconditional financial support to enable it to discharge its obligations as and when they fall due.

VANSHI 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

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 instruments based on the earlier of the contractual date or when the company is expected to pay.

<u>2015</u>	<u>One year or less</u> US\$	<u>Two to five years</u> US\$	<u>Over five years</u> US\$	<u>Total</u> US\$
<u>Financial liabilities:</u>				
Borrowings	5,263,067	21,046,514	11,722,611	38,032,192
Trade and other payables	29,563,486	-	-	29,563,486
Total undiscounted financial liabilities	<u>34,826,553</u>	<u>21,046,514</u>	<u>11,722,611</u>	<u>67,595,678</u>
 <u>2014</u>	 <u>One year or less</u> US\$	 <u>Two to five years</u> US\$	 <u>Over five years</u> US\$	 <u>Total</u> US\$
<u>Financial liabilities:</u>				
Borrowings	5,302,618	26,315,698	11,723,235	43,341,551
Trade and other payables	28,964,000	-	-	28,964,000
Total undiscounted financial liabilities	<u>34,266,618</u>	<u>26,315,698</u>	<u>11,723,235</u>	<u>72,305,551</u>

(c) Market risk

Market risk exposures are measured using sensitivity analysis indicated below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rates. The company's exposure to interest rate risk arises primarily from its borrowings.

The company has bank balances that are minimal interest-bearing and are at variable rate and therefore the exposure to cash flow interest rate risk is minimal.

The company has borrowings that are at variable rate and therefore is exposed to cash flow interest rate risk.

The company's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity management section of this note.

VANSHI 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

(c) Market risk – cont'd

Interest rate risk – cont'd

Sensitivity analysis for interest rate risk

At the end of the reporting period, if US\$ interest rates had been 50 (2014: 50) basis points lower/higher with all other variables held constant, the company's profit before tax would have been **US\$371,577** (2014: US\$372,856) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, higher/lower interest income from floating rate deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

Foreign currency 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 trades mainly in United States dollar. Foreign exchange 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 foreign currency sensitivity analysis is prepared as the majority of the financial assets and financial liabilities are denominated in United States dollar.

(d) Fair value of financial assets and financial liabilities

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained through discounted cash flow models as appropriate.

The company does not anticipate that the carrying amounts recorded at the end of the reporting period would significantly differ from the values that would eventually be received or settled. The carrying amounts of trade receivables, bank balances and trade and other payable approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The carrying value and fair value of the company's borrowings are as follows:

	<u>Carrying value</u>		<u>Fair value</u>	
	<u>2015</u> US\$	<u>2014</u> US\$	<u>2015</u> US\$	<u>2014</u> US\$
Borrowings	<u>33,177,557</u>	<u>37,153,546</u>	<u>33,177,557</u>	<u>37,153,546</u>

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

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.

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 as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity and net debt. The company's overall strategy remains unchanged during the year.

	<u>2015</u> US\$	<u>2014</u> US\$
Borrowings	33,177,557	37,153,546
Trade and other payables	30,063,397	30,300,199
Less: Bank balances	<u>(48,872)</u>	<u>(72,553)</u>
Net debt	63,192,082	67,381,192
Total equity	<u>8,332,897</u>	<u>6,993,267</u>
Total capital	<u>71,524,979</u>	<u>74,374,459</u>
Gearing ratio	<u>88%</u>	<u>91%</u>

6. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Adani Shipping Pte. Ltd., incorporated in the Republic of Singapore. The ultimate holding company is Adani Enterprises Ltd, a company 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.

In addition to the information disclosed elsewhere in the financial statements, 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:

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. RELATED PARTY TRANSACTIONS – cont'd

Significant transactions with related parties are as follows

	<u>2015</u> US\$	<u>2014</u> US\$
Immediate holding company		
- Chartered hire income	7,665,000	7,665,000
Other related party		
- Technical management fee	120,000	108,000
- Vessel management fee	-	60,000

8. MOTOR VESSEL

	<u>Motor vessel</u> US\$
<u>Cost</u>	
At 01.04.2013/01.04.2014 and 31.03.2014/31.03.2015	81,520,820
<u>Accumulated depreciation</u>	
At 01.04.2013	6,488,735
Charged for the year	2,934,749
At 31.03.2014/01.04.2014	9,423,484
Charged for the year	2,934,748
At 31.03.2015	12,358,232
<u>Carrying amount</u>	
At 31.03.2014	72,097,336
At 31.03.2015	69,162,588

The residual value (estimated scrap value at the end of the motor vessels' useful live) of the motor vessel were estimated at US\$8,091,971 as of 31 March 2015. The company has calculated the residual value of the motor vessel taking into consideration of the scrap cost. The company has applied uniformly the steel scrap value of US\$311 per ton of its motor vessel. The company believes that the assumptions used to determine the scrap rate, through subjective in part because of the cyclical nature of future demand for scrap steel, are reasonable and appropriate.

VANSI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. MOTOR VESSEL – Cont'd

During the year, the company carried out a review of the recoverable amount of the motor vessel. As a result, there were no allowances for impairment or revisions to the useful lives required for the motor vessel.

The motor vessel has been mortgaged to a bank as security for long-term loan availed to the company (Note 14).

9. BUNKERS AND LUBRICANTS

	<u>2015</u> US\$	<u>2014</u> US\$
Lubricants	<u>224,520</u>	<u>190,951</u>

The cost of inventories recognised as an expense and included in "cost of services" amounted to US\$157,962 (2014: USD 163,073).

The carrying value of inventories approximates their fair value.

10. OTHER RECEIVABLES

	<u>2015</u> US\$	<u>2014</u> US\$
Other receivables		
- advance payment to customers	-	116,073
- related parties (Note 7)	2,103,564	2,159,768
- others	<u>17,344</u>	<u>939</u>
	<u>2,120,908</u>	<u>2,276,780</u>

11. OTHER CURRENT ASSETS

	<u>2015</u> US\$	<u>2014</u> US\$
Prepayments	<u>16,963</u>	<u>9,392</u>

The carrying amounts of other current assets which approximate their fair values are denominated in United States dollar.

12. BANK BALANCES

	<u>2015</u> US\$	<u>2014</u> US\$
Cash at banks	<u>48,872</u>	<u>72,553</u>

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. BANK BALANCES – cont'd

The carrying amounts of bank balances, which approximate their fair values, are denominated in the following currencies:

	<u>2015</u> US\$	<u>2014</u> US\$
Singapore dollar	23,297	8,500
United States dollar	25,575	64,053
	<u>48,872</u>	<u>72,553</u>

13. SHARE CAPITAL

	<u>2015</u> <u>Number of ordinary shares</u>	<u>2014</u> <u>Number of ordinary shares</u>	<u>2015</u> US\$	<u>2014</u> US\$
<u>Issued and paid up</u>				
Ordinary shares	<u>51,000</u>	<u>51,000</u>	<u>39,352</u>	<u>39,352</u>

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

14. BORROWINGS

	<u>2015</u> US\$	<u>2014</u> US\$
Term loan		
Non-current liabilities	29,096,271	33,177,557
Current liabilities	<u>4,081,286</u>	<u>3,975,989</u>
	<u>33,177,557</u>	<u>37,153,546</u>

On 17 May 2012, the company obtained a term loan amounting to US\$43.75 million from Kowa Marine Pvt Inc. for repayment of a bank loan.

The borrowings are represented by two tranches: (i.e. Tranches A and Tranche B). Tranches A amounting to US\$39.37 million, bears interest at the rate of 3% (2013: 3%) over London Inter-Bank Offer Rate ("Libor") per annum and repayable by 40 instalments over a period of 8 years from June 2012. Tranches B amounting to US\$4.35 million, bears interest at the rate of 8% (2013: 8%) per annum and repayable over a period of 8 years from June 2012.

The loan is secured by the assignment of earnings and insurance policies of the company's vessel M.V. Vanshi and indemnity from the company.

The carrying amount of borrowings approximate their fair value is denominated in United States dollars.

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

15. TRADE AND OTHER PAYABLES

	<u>2015</u> US\$	<u>2014</u> US\$
Trade payables:		
- third parties	269,964	865,379
- related parties	200,000	204,038
	<u>469,964</u>	<u>1,069,417</u>
Advance receipt:		
- immediate holding company	-	176,112
- related party	-	1,360,087
- third party	499,911	-
Other payables		
- immediate holding company	28,930,534	27,520,479
- related parties	-	200,000
- third parties	-	131,153
- accruals	162,988	42,951
	<u>30,063,397</u>	<u>30,500,199</u>

Trade and other payables are non-interest bearing and are normally settled on 30 to 90 days (2014: 30 to 90 days). Trade payables are principally comprise amounts outstanding for trade purchases.

Amount due to holding company and related parties are unsecured, interest free and repayable on demand.

The carrying amount of trade and other payables, which approximate their fair value, are denominated in United States dollar.

16. REVENUE

The significant category of revenue recognised during the financial year is as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
Freight hire income	<u>7,665,000</u>	<u>7,665,000</u>

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

17. OTHER INCOME

	<u>2015</u> US\$	<u>2014</u> US\$
Port income	-	60,431
Miscellaneous income	64,891	3,000
Excess Short Provision written back	13,797	7,803
Foreign currency exchange adjustment gain	3,277	1,406
Profit on transfer of bunkers	-	70,881
Others	-	1,220
	<u>81,965</u>	<u>144,741</u>

18. FINANCE COSTS

	<u>2015</u> US\$	<u>2014</u> US\$
Interest on term loan	1,322,748	1,471,830
Other interest	-	62
Bank charges	9,260	8,822
	<u>1,332,008</u>	<u>1,480,714</u>

19. INCOME TAX

	<u>2015</u> US\$	<u>2014</u> US\$
Current year provision:	-	-

Reconciliation between income tax expenses and accounting profit

The income tax benefits is lower than the amount of income tax benefits determined by applying the Singapore Income Tax rate of 17% (2014: 17%) to profit before income tax as a result of the following differences:

	<u>2015</u> US\$	<u>2014</u> US\$
Profit before income tax	<u>1,339,630</u>	<u>550,438</u>
Income tax expense calculated at 17%	227,737	93,575
Tax effects of:		
- non-allowable items	498,907	498,907
- exempt income under Section 13(A)	<u>(726,644)</u>	<u>(592,482)</u>
	<u>-</u>	<u>-</u>

VANSHI SHIPPING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

19. **INCOME TAX – cont'd**

Exemption of shipping income

Profits from operation of Singapore-flagged vessels in international waters are exempt from Singapore income tax under Singapore Income Tax Act Section 13A.

20. **PROFIT FOR THE YEAR**

Profit for the year has been arrived at after charging:

	<u>2015</u> US\$	<u>2014</u> US\$
Depreciation of motor vessel	<u>2,934,748</u>	<u>2,934,749</u>

21. **EVENTS AFTER THE REPORTING PERIOD**

No items, transactions or events of material and unusual nature has arisen in the interval between the end of the reporting period and the date of this report which is likely to affect substantially the results of operations of the company for the succeeding financial year.

VANSHI SHIPPING PTE. LTD.

DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2015

	<u>2015</u> US\$	<u>2014</u> US\$
Revenue	7,665,000	7,665,000
Less: Cost of services		
Address Commission	287,438	287,438
Agency fees	1,724	8,914
Certification and survey expenses	10,486	391
Consumption of bunker	2,546	-
Consumption of lubricants	157,962	163,073
Crew wages	836,447	859,184
Depreciation of motor vessel	2,934,748	2,934,749
Manning cost	154,751	152,797
Port charges	4,675	13,097
Store charges	209,047	206,239
Store charges	1,935	-
Technical management fee	120,000	168,000
Tonnage fee	7,773	7,989
Vessel insurance	216,148	229,100
Vessel administrative expense	42,724	62,682
Vessel repairs and maintenance	23,398	22,647
Voyage hire expenses	-	544,487
	<u>(5,011,802)</u>	<u>(5,660,787)</u>
Gross profit	2,653,198	2,004,213
Add: Other income		
Excess Short Provision written back	13,797	7,803
Foreign currency exchange adjustment gain	3,277	1,405
Miscellaneous income	64,891	3,000
Others	-	1,221
Port income	-	60,431
Profit on transfer of bunkers	-	70,881
	<u>81,965</u>	<u>144,741</u>
	2,735,163	2,148,954
Less: Expenses		
- Schedule 'A'	<u>(1,395,533)</u>	<u>(1,598,516)</u>
Profit before income tax	<u>1,339,630</u>	<u>550,438</u>

VANSHI SHIPPING PTE. LTD.

Schedule 'A'

DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2015

	<u>2015</u> US\$	<u>2014</u> US\$
Administrative expenses		
Auditor's remuneration – current year	4,500	4,500
Advertisement Expenses	-	8,059
Book and periodicals	10,212	3,983
Communication Expenses	10,154	9,272
Courier charges	1,165	2,072
Entertainment Expenses	3,483	3,736
Office Expenses	-	1,344
Legal and professional fee	4,340	3,056
Printing and stationery	-	100
Secretarial fee	-	-
Travelling expenses	29,671	81,680
Finance cost		
Interest on term-loan	1,322,748	1,471,830
Other interest	-	62
Bank charges	9,260	8,822
	<u>1,395,533</u>	<u>1,598,516</u>