

INDIA STEAMSHIP PTE. LTD.
Registration No. 200614546M
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011
TOGETHER WITH REPORTS OF DIRECTORS AND AUDITORS

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

The directors are pleased to present their report to the member together with the audited financial statements of India Steamship Pte. Ltd. ("the Company") for the financial year ended 31 March 2011.

Directors

The directors of the Company in office at the date of this report are as follows:

Chandra Shekhar Nopany
Arun Sharma
Abhay Baijal
Lee Kuan Jen Sebastian

Arrangements to enable directors to acquire shares or debentures

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

Directors' interests in shares or debentures

The following director of the Company who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company or its related corporations, as stated below:

	Shareholdings registered in the name of director		Shareholdings in which the director is deemed to have an interest as at	
	31 March 2010	31 March 2011	31 March 2010	31 March 2011
Ultimate Holding Company				
Chambal Fertilisers and Chemicals Limited				
Ordinary shares of Rs 10 each				
Chandra Shekhar Nopany	325,775	325,775	3,526,767	15,569,767

Except as disclosed above, no other director who held office at the end of the financial year had an interest in any shares in, or debentures of, the Company or its related corporations either at the beginning of the financial year or at the date of appointment if later or at the end of the financial year.

Directors' contractual benefits

Since the end of previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

DIRECTORS' REPORT (Continued)

Share options

During the financial year, no option to take up unissued shares of the Company was granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under option.

Independent auditors

The independent auditors, Horwath First Trust LLP, who are now practising under the name of Crowe Horwath First Trust LLP with effect from 18 November 2010, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors



ARUN SHARMA
Director



LEE KUAN JEN SEBASTIAN
Director


Singapore
5 May 2011

Statement by Directors

In the opinion of the directors,

- (a) the financial statements set out on pages 6 to 28 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 and of the results, changes in equity and cash flows of the Company for the financial year then ended;
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



ARUN SHARMA
Director



LEE KUAN JEN SEBASTIAN
Director

Singapore
5 May 2011



Crowe Horwath First Trust LLP
Certified Public Accountants
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER
OF INDIA STEAMSHIP PTE. LTD.**

Report on the Financial Statements

We have audited the accompanying financial statements of India Steamship Pte. Ltd. (the "Company") set out on pages 6 to 28, which comprise the balance sheet of the Company as at 31 March 2011, the statement of comprehensive income, the statement of changes in equity and the cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (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 profit and loss accounts and balance sheets 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 as to whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 opinion.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER
OF INDIA STEAMSHIP PTE. LTD. (Continued)**

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 2011, and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

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.

Crowe Horwath First Trust LLP

Crowe Horwath First Trust LLP
Public Accountants and
Certified Public Accountants

Singapore
5 May 2011

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

BALANCE SHEET
AS AT 31 MARCH 2011
(Amounts in USD)

	Note	2011 USD	2010 USD
EQUITY			
Share capital and reserves attributable to equity holder of the Company			
Share capital	3	700,001	700,001
Revenue reserve		3,787,890	4,222,155
TOTAL EQUITY		4,487,891	4,922,156
ASSETS			
Non-current asset			
Equipment	4	83	106
Current assets			
Trade receivables		52,452	-
Other receivables and prepayments	5	615,332	421,141
Cash & cash equivalents	13	4,805,474	5,328,742
		5,473,258	5,749,883
TOTAL ASSETS		5,473,341	5,749,989
LIABILITIES			
Current Liabilities			
Other payables and accruals	6	122,808	125,662
Due to ultimate holding company (trade)		163,383	-
Due to ultimate holding company (non-trade)	7	334,550	317,084
Income tax payable		364,709	385,087
TOTAL LIABILITIES		985,450	827,833
NET ASSETS		4,487,891	4,922,156

The accompanying notes are an integral part of the financial statements.

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011
(Amounts in USD)

	Note	2011 USD	2010 USD
Revenue	8	7,095,701	4,986,135
Other income	9	69,570	63,331
Vessel hire		(3,673,413)	(3,470,965)
Voyage expenses		(3,802,615)	(2,041,048)
Staff cost		(20,012)	(18,654)
Depreciation		(23)	(694)
Management fees		(17,466)	(12,369)
Other expenses		(86,007)	(65,469)
Loss before tax		(434,265)	(559,733)
Income tax expense	12	-	(21,594)
Loss for the year		(434,265)	(581,327)
Other comprehensive income		-	-
Total comprehensive loss for the year		(434,265)	(581,327)

The accompanying notes are an integral part of the financial statements.

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011
(Amounts in USD)

	Share capital	Revenue Reserve	Total
	USD	USD	USD
Balance as at 1 April 2009	700,001	4,803,482	5,503,483
Total comprehensive loss for the year	-	(581,327)	(581,327)
Balance as at 31 March 2010	700,001	4,222,155	4,922,156
Balance as at 1 April 2010	700,001	4,222,155	4,922,156
Total comprehensive loss for the year	-	(434,265)	(434,265)
Balance as at 31 March 2011	700,001	3,787,890	4,487,891

The accompanying notes are an integral part of the financial statements.

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011
(Amounts in USD)

	Note	2011 USD	2010 USD
Cash flows from operating activities			
Loss before tax		(434,265)	(559,733)
Adjustment for:			
Depreciation of equipment		23	694
Interest income		(69,406)	(49,956)
Operating loss before working capital changes		(503,648)	(608,995)
Inventories		-	262,171
Trade and other receivables		(206,396)	1,298,712
Due to ultimate holding company (trade)		163,383	(66,535)
Trade and other payables		(2,854)	(800,700)
Cash (used in) / generated from operation		(549,515)	63,059
Withholding tax paid		-	(21,594)
Income tax paid		(20,378)	(184,042)
Net cash used in operating activities		(569,893)	(120,983)
Cash flow from investing activities			
Placement of fixed deposits with licensed banks		(2,652)	(460)
Interest income		29,159	49,956
Net cash generated from investing activities		26,507	49,496
Cash flows from financing activities			
Due to ultimate holding company (non-trade)		17,466	12,369
Net cash generated from financing activities		17,466	12,369
Net decrease in cash and bank balances		(525,920)	(59,118)
Cash and cash equivalents at beginning of year		4,831,965	4,891,083
Cash and cash equivalents at end of year	13	4,306,045	4,831,965

The accompanying notes are an integral part of the financial statements.

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011
(Amounts in USD)

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

1. GENERAL INFORMATION

India Steamship Pte. Ltd. (the "Company") is a private limited company domiciled and incorporated in Singapore. The address of the Company's registered office is at 24 Raffles Place, #24-03 Clifford Centre, Singapore 048621.

The Company is a wholly owned subsidiary of Chambal Fertilisers and Chemicals Limited, a limited company domiciled in India and listed on the Bombay Stock Exchange.

The principal activity of the Company is to carry on the business of ship owning and chartering and to provide ship management services. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements for the financial year ended 31 March 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 5 May 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements, which are expressed in United States dollars, 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, Cap 50 and the Singapore Financial Reporting Standards ("FRS").

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity are disclosed in this note.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new and revised standards

On 1 April 2010, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as disclosed below:

Amendment to FRS 7 Cash Flow Statements (effective for annual periods beginning on or after 1 January 2010)

Under the amendment, only expenditures that result in a recognised asset in the balance sheet can be classified as investing activities in the statement of cash flows. Previously, such expenditure could be classified as investing activities in the statement of cash flows.

This change has been applied retrospectively. It had no material effect on the amounts presented in the statement of cash flows for the current year or prior year.

Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
INT FRS 119 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
Revised FRS 24 <i>Related Party Disclosures</i>	1 January 2011
Amendments to INT FRS 114 <i>Prepayments of a Minimum Funding Requirement</i>	1 January 2011
INT FRS 115 <i>Agreements for the Construction of Real Estate</i>	1 January 2011

Except for the revised FRS 24, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Company is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company when implemented in 2012.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment and depreciation

All items of equipment are initially recorded at cost. The cost of the asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of the day-to-day servicing of equipment is recognised in the profit or loss as incurred.

After initial recognition, equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Equipment are depreciated using the straight-line method to write-off the cost of the assets less estimated residual value over their estimated useful lives. The estimated useful lives have been taken as follows:

	<u>Useful lives (Years)</u>
Office equipment	8
Computers and peripherals	3

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The estimated useful life and depreciation method are reviewed and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of equipment.

The gain or loss arising on disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss and the revaluation increase related to those asset, if any, is recognised in other comprehensive income and accumulated in equity.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is calculated as the higher of the asset's value in use and the asset's or cash-generating unit's fair value less costs to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. In determining value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

An impairment loss is recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Financial assets

Financial assets are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or have been transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised and derecognised on trade date basis where the purchase or sale of financial assets are under a contract whose terms require delivery of the assets within the timeframe established by the market concerned.

A. Classification

The Company classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

The Company has no financial assets at fair value through profit or loss, held to maturity investments and available-for-sale financial assets at respective balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as trade and other receivables and cash and bank balances on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

B. Subsequent measurement

At subsequent reporting dates, loans and receivables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Impairment on financial assets

Financial assets carried at amortised cost

An impairment loss is recognised in the profit or loss when there is objective evidence that the asset is impaired, and is measure as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalent comprises cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

Provisions

A provision is recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the provision is discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Company if:

- (a) the party, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Company; or has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company;
- (b) the party is an associate; a jointly-controlled entity;
- (c) the party is a member of the key management personnel of the Company or its parent;
- (d) the party is a close member of the family of any individual referred to in (a) and (c);
- (e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to (c) or (d); or
- (f) the party is a post-employment benefit plan for the benefit of the employees of the Company, or of any entity that is a related party of the Company.

Financial liabilities

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in the profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When 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 respective carrying amounts is recognised in the profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing cost are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Company. Contingent liabilities and assets are not recognised on the balance sheet of the Company.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from charter hire is recognised on a straight line basis over the time duration stated in the charter hire agreements.

Revenue from completed voyages freight income is recognised in full while in the case of incomplete voyages, revenue from freight income is recognised based on time proportionate basis. Demurrage income is considered as part of freight income.

Interest income is recognised on a time proportionate basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Employees' benefits

(i) Retirement benefits

The Company makes contribution to defined contribution pension schemes. Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date

Operating lease

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised in the other income.

Income tax

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

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date. Current income taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation

Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates (i.e. functional currency), to be United States dollars. Major operating expenses are primarily influenced by fluctuations in United States dollars.

Transactions and balances

Transactions in foreign currencies are measured in functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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) Key sources of estimation uncertainty

Income taxes

The Company has exposure to income taxes in Singapore and India. Significant judgment is involved in determining the Company's provision for income taxes. There are certain transactions and computations 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 provisions in the period in which such determination is made. The carrying amount of the Company's income tax provision at 31 March 2011 was USD 364,709 (2010: USD 385,087).

Withholding tax

The Company suffered withholding tax on certain charter revenue derived from oversea. The withholding tax is incurred in India. However, based on the tax treaties between India and Singapore, the Company may be allowed to claim foreign tax credit against tax payable but would be restricted to the lower of the Singapore tax payable on the net charter income and the actual amount of withholding tax paid in India. The Company recognises the difference between the withholding tax paid in India and the foreign tax credit allowed as the withholding tax suffered in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgements (Continued)

(a) Key sources of estimation uncertainty (Continued)

Withholding tax (Continued)

In arriving at the foreign tax credit, the management uses judgement to estimate the amount of chargeable income that would be applicable to the non-Singapore flagged ship. This involved judgement and the amount of income and expenses allocated to a Singapore flagged ship, which is eligible for tax exemption under Section 13A of Singapore Income Tax Act. The estimated exempt income and expense is deducted from the profit before tax to arrive at the chargeable income for foreign tax credit computation. Actual results could differ from estimates.

(b) Critical judgements in applying the entity's accounting policies

Revenue recognition

The Company recognises revenue from time charters and voyage charters. The terms of time charters are specific and there are no estimations involved in the revenue recognition.

Under a voyage charter, the Company agrees to provide a vessel for the transport of specific goods between specific ports in return for the payment of an agreed upon freight per ton of cargo or alternatively for a specified amount.

Revenue from voyage charter is recognized on a percentage of completion method, calculated that the revenues and associated voyage costs, such as fuel and port charges are recognized ratably over the estimated duration of the voyage.

The management uses judgement to estimate the total number of days of a voyage of a vessel to compute the amount of revenue and expense to recognise for the voyage in progress at the end of each reporting date using the percentage of completion method on a discharge-to-discharge basis. The management uses assumptions to determine these estimates that are supported by historical trends, more specifically about the operating capability of the vessel (speed and fuel consumption) and about the trading route and port. Actual results could differ from estimates.

3. SHARE CAPITAL

	2011		2010	
	Number of shares	USD	Number of shares	USD
Balance at beginning / end of financial year	700,001	700,001	700,001	700,001

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. EQUIPMENT

	Computer and peripherals	Office equipment	Total
	USD	USD	USD
Cost			
Balance as at 1.4.2009 and 31.3.2010	2,739	187	2,926
Balance as at 31.3.2011	2,739	83	2,822
Accumulated depreciation			
As at 1.4.2009	2,068	58	2,126
Charge for the year	671	23	694
As at 31.3.2010	2,739	81	2,820
Charge for the year		23	23
As at 31.3.2011	2,739	104	2,843
Net carrying amount			
As at 31.3.2011	-	83	83
As at 31.3. 2010	-	106	106
As at 31.3.2009	671	129	800

5. OTHER RECEIVABLES AND PREPAYMENT

	2011 USD	2010 USD
Other receivable	139,484	-
Advances to agents	17,624	2,239
Advances	25,000	-
Accrued Interest	40,247	46,192
Prepayment	20,267	-
Withholding tax recoverable	372,710	372,710
	615,332	421,141

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. OTHER PAYABLES AND ACCRUALS

	2011 USD	2010 USD
Accrued port expenses	602	-
Other accrued expenses	122,206	125,662
	<u>122,808</u>	<u>125,662</u>

7. DUE TO ULTIMATE HOLDING COMPANY (NON-TRADE)

The amount represents management fee payable, which is unsecured, interest free and repayable on demand.

8. REVENUE

	2011 USD	2010 USD
Freight income	6,965,121	4,667,187
Demurrage income	122,603	280,452
Price differential on bunker on delivery	7,977	38,496
	<u>7,095,701</u>	<u>4,986,135</u>

9. OTHER INCOME

	2011 USD	2010 USD
Jobs credit scheme	164	2,680
Interest income on fixed deposits	69,406	49,956
Exchange gain	-	2,394
Provision no longer required written back	-	8,301
	<u>69,570</u>	<u>63,331</u>

10. STAFF COSTS

	2011 USD	2010 USD
Salaries and bonus	18,241	16,881
CPF	1,771	1,773
	<u>20,012</u>	<u>18,654</u>

Staff costs relates to a director's remuneration of USD 20,012 (2010: USD 18,654).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. LOSS BEFORE TAX

This is determined after charging the following:

	2011 USD	2010 USD
Depreciation of equipment	23	694
Directors' remuneration (Key management personnel)	20,012	18,654

12. INCOME TAX EXPENSE

	2011 USD	2010 USD
Current tax expense	-	-
Withholding tax*	-	21,594

The reconciliation of the tax expense and the product of accounting loss multiplied by the applicable rate is as follows:

	2011 USD	2010 USD
Loss before tax	(434,265)	(559,733)
Tax at statutory rate of 17%	(73,825)	(95,155)
Tax effect of expenses not deductible for tax purposes	4	711
Tax effect of income not taxable for tax purpose	-	(456)
Exempt income	-	(5,224)
Deferred tax assets not recognised	73,821	100,124
Withholding tax*	-	21,594

* Withholding tax relates to tax withheld on certain overseas revenue for which no tax relief is available as certain income is tax exempt under Sections 13A of the Singapore Income Tax Act. The taxation charge is computed on the net profit derived from operations, excluding those related to shipping operations which are exempted from taxation by virtue of Section 13A of the Singapore Income Tax Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. INCOME TAX EXPENSE (Continued)

Deferred tax assets have not been recognised in the financial statements

The Company has the following temporary differences available for offset against future taxable profits, subject to agreement by the tax authorities and compliance with the relevant provisions of the Singapore Income Tax Act.

	2011 USD	2010 USD
Estimated unutilised tax losses	954,242	520,001
Deferred tax assets not recognised at tax rate of 17%	162,221	88,400

Deferred tax asset has not been recognised as there is no reasonable certainty of its recovery in future periods.

13. CASH AND CASH EQUIVALENTS

	2011 USD	2010 USD
Fixed deposits	3,057,727	3,496,777
Cash and bank balances	1,747,747	1,831,965
	4,805,474	5,328,742
Less: fixed deposits pledged to a licensed bank	(499,429)	(496,777)
Cash and cash equivalent as stated in the statement of cash flows	4,306,045	4,831,965

The fixed deposits is pledged to a licensed bank for banking facilities extended to the ultimate holding company and bear interest rates ranging from 0.48% to 2.35% (2010: 0.02% to 2.3%) per annum with maturity period of 4 months (2010: 4 months).

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statement, significant transactions with a related party and company, on terms agreed between the parties, were as follows:

	2011 USD	2010 USD
Income		
Shipping freight income and demurrage received / receivable from ultimate holding company ultimate holding company	1,870,336	681,800
Expense		
Management fees payable to ultimate holding company	17,466	12,369
Key management personnel remuneration	20,012	18,654

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date.

	2011 USD	2010 USD
Financial Assets	5,100,548	5,377,173
Financial Liabilities	620,741	442,746

The main risk arising from the Company's financial instruments are financial risk, including credit risk, liquidity risk and foreign exchange risk. The Board reviews and agrees the policies for managing each of these risks and they are summarized below. It is the Company's policy not to trade in derivatives contracts.

(a) Market risk

(i) Foreign exchange risk

As the Company's transactions are primarily denominated in United States dollars, it is subject to minimal foreign exchange exposure. The Company has cash and bank balances denominated in Singapore Dollars and the United States dollars accordingly. The Company's balance sheet can be affected by movements in these exchange rates.

The Company has not entered into any derivative instruments for hedging and trading purposes.

As at 31 March 2011	Singapore Dollar USD	United States Dollar USD	Total USD
<u>Financial assets</u>			
Other receivables	8,714	286,360	294,074
Fixed deposit	-	3,057,728	3,057,728
Cash and bank balances	12,576	1,735,170	1,747,746
	21,290	5,079,258	5,100,548
<u>Financial liabilities</u>			
Other payables	-	122,808	122,808
Other financial liabilities	-	497,933	497,933
	-	620,741	620,741
Net financial assets	21,290	4,458,517	4,479,807
Less: Net financial assets denominated in the Company's functional currency	-	(4,458,517)	(4,458,517)
Foreign currency exposure	21,290	-	21,290

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 March 2010	Singapore Dollar USD	United States Dollar USD	Total USD
<u>Financial assets</u>			
Other receivables	-	48,431	48,431
Fixed deposit	-	3,496,777	3,496,777
Cash and bank balances	9,896	1,822,069	1,831,965
	<u>9,896</u>	<u>5,367,277</u>	<u>5,377,173</u>
<u>Financial liabilities</u>			
Other payables	-	125,662	125,662
Other financial liabilities	-	317,084	317,084
	<u>-</u>	<u>442,746</u>	<u>442,746</u>
Net financial assets	9,896	4,924,531	4,934,427
Less: Net financial assets denominated in the Company's functional currency	-	(4,924,531)	(4,924,531)
Foreign currency exposure	<u>9,896</u>	<u>-</u>	<u>9,896</u>

Foreign exchange risk sensitivity

As the Company transacted mainly in United States dollars, the Company has minimum insignificant exposure in Singapore dollar for the overhead expenses incurred in the office located in Singapore. Consequently, sensitivity analysis in foreign exchange risk is not necessary.

(ii) Interest rate risk

The Company's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Company constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 31 March 2011, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding. The Company does not use derivative financial instruments to hedge its interest risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

The following table sets out the carrying amount, by maturity, of the Company's financial instruments, that are exposed to interest rate risk:

	2011 USD	2010 USD
<i>Within one year – fixed rates</i>		
Fixed deposits	3,057,727	3,496,777

Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Company that are not included in the above table are not subject to interest rate risks.

(b) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	<u>On demand or within 1 year</u> USD
<u>As at 31 March 2011</u>	
Other payables	122,808
Due to ultimate holding company (trade)	163,383
Due to ultimate holding company (non-trade)	334,550
	<u>620,741</u>
<u>As at 31 March 2010</u>	
Other payables	125,662
Due to ultimate holding company (non-trade)	317,084
	<u>442,746</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. In addition, receivable balances are monitored on an ongoing basis such that the Company's exposure to bad debts is not significant.

The Company's major classes of financial assets are cash and cash equivalents which represent the Company's maximum exposure to credit risk in relation to financial assets. Cash and cash equivalents are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of the financial institution to make payment when due.

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 balance sheet. No other financial assets carry a significant exposure to credit risk.

(d) Fair value of financial instruments

(i) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

At balance sheet date, there are no financial instruments in this category.

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and bank balances, other receivables, accrual (including amounts due to holding company) are reasonable approximation of fair values due to the relatively short-term maturity of these financial instruments.

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

At balance sheet date, there are no financial instruments in this category.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management policies and objectives

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of cash at bank and equity comprising issued capital and reserves.

The Board reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Company will balance its overall capital structure, where feasible, through the payment of dividends and new share as well as the issue of new debt.

The Company's overall strategy remains unchanged from 2010.