

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

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010
TOGETHER WITH REPORTS OF DIRECTORS AND AUDITORS

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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 2010.

Directors

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

Chandra Shekhar Nopany
Arun Sharma
Abhay Bajjal
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 2009	31 March 2010	31 March 2009	31 March 2010
Ultimate Holding Company				
Chambal Fertilisers and Chemicals Limited				
Ordinary shares of Rs 10 each				
Chandra Shekhar Nopany	325,775	325,775	3,526,767	3,526,767

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' REPORT (Continued)

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.

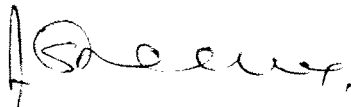
Share options

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, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors



ARUN SHARMA
Director



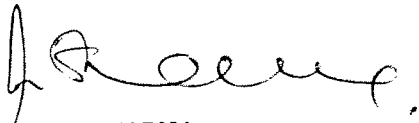
LEE KUAN JEN SEBASTIAN
Director

Singapore
28 April 2010

Statement by Directors

In the opinion of the directors of India Steamship Pte. Ltd., 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 2010 and of the results, changes in equity and cash flows of the Company for the financial year then ended, and 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
28 April 2010

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

We have audited the accompanying financial statements of India Steamship Pte. Ltd. ("the Company") set out on pages 6 to 28, which comprises the balance sheet of the Company as at 31 March 2010, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) 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 profit and loss and balance sheet and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

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:

- (a) the financial statements 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 states of affairs of the Company as at 31 March 2010 and of the results, changes in equity and cash flows for the financial year then ended; and
- (b) 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.

Horwath First Trust LLP

Horwath First Trust LLP
Public Accountants and
Certified Public Accountants

Singapore
28 April 2010

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

BALANCE SHEET
AS AT 31 MARCH 2010
(Amounts in USD)

	Note	2010 USD	2009 USD
EQUITY			
Share capital and reserves attributable to equity holder of the Company			
Share capital	3	700,001	700,001
Revenue reserve		4,222,155	4,803,482
TOTAL EQUITY		4,922,156	5,503,483
ASSETS			
Non-current assets			
Equipment	4	106	800
Current assets			
Inventories	5	-	262,171
Trade receivables		-	450,604
Unbilled receivable		-	148,225
Other receivables and prepayments	6	421,141	1,121,024
Cash & cash equivalents	15	5,328,742	5,387,400
		5,749,883	7,369,424
TOTAL ASSETS		5,749,989	7,370,224
LIABILITIES			
Current Liabilities			
Trade payables		-	291,906
Other payables and accruals	7	125,662	634,456
Due to ultimate holding company (trade)		-	66,535
Due to ultimate holding company (non-trade)	8	317,084	304,715
Income tax payable		385,087	569,129
TOTAL LIABILITIES		827,833	1,866,741
NET ASSETS		4,922,156	5,503,483

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 2010
(Amounts in USD)

	Note	2010 USD	2009 USD
Revenue	9	4,986,135	25,066,043
Other income	10	63,331	11,730
Vessel hire		(3,470,965)	(11,653,686)
Voyage expenses		(2,041,048)	(7,485,967)
Staff cost		(18,654)	(15,126)
Depreciation		(694)	(936)
Management fees		(12,369)	(304,715)
Other expenses		(65,469)	(138,574)
		(559,733)	5,478,769
Financial expenses	12	-	(75,547)
(Loss) / Profit before tax	13	(559,733)	5,403,222
Income tax expense	14	(21,594)	(648,444)
(Loss) / Profit for the year		(581,327)	4,754,778
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(581,327)	4,754,778

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 2010
(Amounts in USD)

	<u>Share capital</u>	<u>Revenue</u>	<u>Total</u>
	USD	Reserve	USD
	USD	USD	USD
Balance as at 31 March 2008	700,001	48,704	748,705
Total comprehensive income for the year	-	4,754,778	4,754,778
Balance as at 31 March 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

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

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2010
(Amounts in USD)

	Note	2010 USD	2009 USD
Cash flows from operating activities			
(Loss) / Profit before tax		(559,733)	5,403,222
Adjustment for:			
Depreciation of equipment		694	936
Interest income		(49,956)	(11,730)
Interest expenses		-	75,547
Operating (loss) / profit before working capital changes		(608,995)	5,467,975
Inventories		262,171	257,559
Trade and other receivables		1,298,712	(1,096,658)
Due to ultimate holding company (trade)		(66,535)	107,280
Trade and other payables		(800,700)	25,767
Cash generated from operation		63,059	4,761,923
Withholding tax paid		(21,594)	(452,025)
Income tax paid		(184,042)	-
Net cash (used in) / generated from operating activities		(120,983)	4,309,898
Cash flow from investing activities			
Placement of fixed deposits with licensed banks		(460)	(496,317)
Interest income		49,956	11,730
Net cash generated from / (used in) investing activities		49,496	(484,587)
Cash flows from financing activities			
Loan proceed from ultimate holding company		-	600,000
Due to ultimate holding company (non-trade)		12,369	304,715
Repayment of loan to ultimate holding company		-	(1,700,000)
Interest paid		-	(154,288)
Net cash generated from / (used in) financing activities		12,369	(949,573)
Net (decrease) / increase in cash and bank balances		(59,118)	2,875,738
Cash and cash equivalents at beginning of year		4,891,083	2,015,345
Cash and cash equivalents at end of year	15	4,831,965	4,891,083

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 2010
(Amounts in USD)

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

1. GENERAL INFORMATION

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, #20-05 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 of India Steamship Pte. Ltd. for the financial year ended 31 March 2010 were authorised for issue by the Board of Directors on 28 April 2010.

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.

Adoption of new and revised standards

On 1 April 2009, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The following are the new or revised FRS and INT FRS that are relevant to the Company:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new and revised standards (Continued)

(a) *FRS 1 (revised) Presentation of financial statements*

The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement but entities can choose whether to present one performance statement (the "statement of comprehensive income") or two statements (the income statement and statement of comprehensive income). The Company has chosen to adopt the former alternative. In addition, where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 April 2009 in the current financial year.

(b) *Amendments to FRS 107 Improving disclosures about financial statements*

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Company.

New accounting standards and FRS interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2010 or later periods and which the Company has not early adopted.

	Effective for annual periods beginning on or after
Amendments to FRS 27 <i>Consolidated and Separate Financial Statements</i>	1 July 2009
Amendments FRS 39 <i>Financial Instruments: Recognition and Measurement</i> - Eligible Hedged Items	1 July 2009
Revised FRS 103 <i>Business Combinations</i>	1 July 2009
Amendments to FRS 105 <i>Non-current Assets Held-for-sale and Discontinued Operations</i>	1 July 2009
INT FRS 117 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2009
INT FRS 118 <i>Transfer of Assets to Customers</i>	1 July 2009
Improvements to FRS issued in 2009	
- Amendments to FRS 38 <i>Intangible Assets</i>	1 July 2009
- Amendments to FRS 102 <i>Share-based Payment</i>	1 July 2009
- Amendments to INT FRS 109 <i>Reassessment of Embedded Derivatives</i>	1 July 2009
- Amendments to INT FRS 116 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2009
- Amendments to FRS 1 <i>Presentation of Financial Statements</i>	1 January 2010
- Amendments to FRS 7 <i>Statement of Cash Flows</i>	1 January 2010
- Amendments to FRS 17 <i>Leases</i>	1 January 2010
- Amendments to FRS 36 <i>Impairment of Assets</i>	1 January 2010
- FRS 39 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standards and FRS interpretations (Continued)

The Company's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Company's is set out below:

- (a) Amendments to FRS 39 Financial Instruments: *Recognition and Measurement – Eligible Hedged Items* (effective for annual periods beginning on or after 1 July 2009)

This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

- (b) Amendments to FRS 1 *Presentation of Financial Statements*

The Amendments to FRS 1 clarify that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- (c) Amendments to FRS 39 and INT FRS 109 *Embedded Derivatives*

The Amendments require an entity to designate the entire hybrid (combined) contract as at fair value through profit or loss if an entity is required by this standard to separate an embedded derivative from its host contract, but is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period. Similarly, if an entity is unable to measure separately the embedded derivative that would have to be separated on reclassification of a hybrid (combined) contract out of the fair value through profit or loss category, that reclassification is prohibited. In such circumstances the hybrid (combined) contract remains classified as at fair value through profit or loss in its entirety.

Property, plant and equipment and depreciation

All items of property, plant and 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 property, plant and equipment is recognised in the statement of comprehensive income as incurred.

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

Property, plant and 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. An assessment of the carrying value of property, plant and equipment is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of comprehensive income.

Impairment of non-financial assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its fair value less costs to sell. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the statement of comprehensive income in the period in which it arises, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

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, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the statement of comprehensive income in the period in which it arises, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

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.

(i) 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.

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

(i) Financial assets carried at amortised cost

An impairment loss is recognised in the statement of comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on financial assets (Continued)

(i) Financial assets carried at amortised cost (Continued)

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.

Inventories

Inventories comprise of bunkers which are consumables for operation of ships and are valued at the lower of cost and net realisable value. Cost is determined on weighted average basis.

Cash and cash equivalents

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

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

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.

Provisions

Provisions are 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 and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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 recognised as expenses in the period in which they are incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement of comprehensive income 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.

Job 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.

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 laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and are 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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 statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in 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.

Functional and foreign currencies

Functional and presentation currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The financial statements of the Company are presented in United States dollars, which is the functional currency of the Company.

Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly either in equity or other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly either in equity or other comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgements (Continued)

(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 2010 was USD 385,087 (2009: USD 569,129).

Withholding tax

The Company suffered withholding tax on certain charter revenue derived from oversea. The current year 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgements (Continued)

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

Revenue recognition (Continued)

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 quarter 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

	2010		2009	
	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.

4. EQUIPMENT

	Computer and peripherals	Office equipment	Total
	USD	USD	USD
Cost			
Balance as at 1.4.2008, 31.3.2009 and 31.3.2010	2,739	187	2,926
Accumulated depreciation			
As at 1.4.2008	1,155	35	1,190
Charge for the year	913	23	936
As at 31.3.2009	2,068	58	2,126
Charge for the year	671	23	694
As at 31.3.2010	2,739	81	2,820
Net carrying amount			
As at 31.3.2010	-	106	106
As at 31.3.2009	671	129	800

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. INVENTORIES

	2010	2009
	USD	USD
Bunkers	-	262,171

6. OTHER RECEIVABLES AND PREPAYMENT

	2010	2009
	USD	USD
Advances to agents	2,239	559,420
Underperformance claim	-	188,894
Accrued Interest	46,192	-
Withholding tax recoverable	372,710	372,710
	<u>421,141</u>	<u>1,121,024</u>

7. OTHER PAYABLES AND ACCRUALS

	2010	2009
	USD	USD
Accrued port expenses	-	317,917
Other accrued expenses	125,662	316,539
	<u>125,662</u>	<u>634,456</u>

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

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

9. REVENUE

	2010	2009
	USD	USD
Freight income	4,667,187	23,602,728
Demurrage income	280,452	774,541
Price differential on bunker on delivery	38,496	688,774
	<u>4,986,135</u>	<u>25,066,043</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER INCOME

	2010	2009
	USD	USD
Job Credit Scheme	2,680	-
Interest income on fixed deposits	49,956	11,730
Exchange gain	2,394	-
Provision no longer required written back	8,301	-
	<u>63,331</u>	<u>11,730</u>

11. STAFF COSTS

	2010	2009
	USD	USD
Salaries and bonus	16,881	13,689
CPF	1,773	1,437
	<u>18,654</u>	<u>15,126</u>

Staff costs relates to a director's remuneration of USD 18,654 (2009: USD 15,126).

12. FINANCE EXPENSES

	2010	2009
	USD	USD
Interest on loan payable to ultimate holding company	-	75,547
	<u>-</u>	<u>75,547</u>

13. PROFIT BEFORE TAX

This is determined after charging the following:

	2010	2009
	USD	USD
Depreciation of equipment	694	936
Directors' remuneration (Key management personnel)	18,654	15,126
	<u>19,348</u>	<u>16,062</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. INCOME TAX EXPENSE

	2010	2009
	USD	USD
Current tax expense	-	563,681
Withholding tax*	21,594	79,315
Under provision of tax expense in prior year	-	5,448
	<u>21,594</u>	<u>648,444</u>

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

	2010	2009
	USD	USD
(Loss) / Profit before tax	<u>(559,733)</u>	<u>5,403,222</u>
Tax at statutory rate of 17%	(95,155)	918,548
Tax effect of expenses not deductible for tax purposes	711	17,109
Tax effect of income not taxable for tax purpose	(456)	-
Tax exemption	-	(18,383)
Exempt income	(5,224)	(353,593)
Deferred tax assets not recognised	100,124	-
Withholding tax*	21,594	79,315
Under provision of tax expense in prior year	-	5,448
	<u>21,594</u>	<u>648,444</u>

* 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.

During the financial year, the Singapore Corporate tax rate was reduced from 18% to 17% for the year of assessment 2010 and onwards.

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.

	2010	2009
	\$	\$
Estimated unutilised tax losses	<u>588,963</u>	-
Deferred tax assets not recognised at tax rate of 17%	<u>100,124</u>	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH AND CASH EQUIVALENTS

	2010	2009
	USD	USD
Fixed deposits	3,496,777	496,317
Cash and bank balances	1,831,965	4,891,083
	<u>5,328,742</u>	<u>5,387,400</u>
Less: fixed deposits pledged to a licensed bank	(496,777)	(496,317)
Cash and cash equivalent as stated in the statement of cash flow	<u>4,831,965</u>	<u>4,891,083</u>

The fixed deposits is pledged to a licensed bank for banking facilities extended to the ultimate holding company and bear interest rates ranging from 0.02% to 2.3% (2009: 0.025% to 3.375%) per annum with maturity period of 4 months (2009: 1 month) (Note 17).

16. 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:

	2010	2009
	USD	USD
Income		
Shipping freight income and demurrage received / receivable from ultimate holding company	681,800	9,051,702
Expense		
Management fees payable to ultimate holding company	12,369	304,715
Interest on loan payable to ultimate holding company	-	75,547
Key management personnel remuneration	18,654	15,126
Balance sheet		
Loan advanced from ultimate holding company	-	600,000
Repayment of loan to ultimate holding company	-	(1,700,000)

17. SUBSEQUENT EVENTS

On 9 April 2010, the Company has to pledged an additional fixed deposits amounting to USD1,650,000 for the purpose of enhancement of security for the banking facilities extended to the ultimate holding company (Note 15).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. 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.

	2010 USD	2009 USD
Financial Assets	5,377,173	6,175,123
Financial Liabilities	442,746	1,297,612

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.

(i) Foreign exchange risk

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
	9,896	5,367,277	5,377,173
<u>Financial liabilities</u>			
Other payables	-	125,662	125,662
Other financial liabilities	-	317,084	317,084
	-	442,746	442,746
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	9,896	-	9,896

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk

As at 31 March 2009	Singapore Dollar USD	United States Dollar USD	Total USD
<u>Financial assets</u>			
Due from ultimate holding company (trade)	-	-	-
Trade receivable		450,604	450,604
Unbilled receivable		148,225	148,225
Other receivables	-	188,894	188,894
Fixed Deposit		496,317	496,317
Cash and bank balances	13,518	4,877,565	4,891,083
	<u>13,518</u>	<u>6,161,605</u>	<u>6,175,123</u>
<u>Financial liabilities</u>			
Trade payables	-	291,906	291,906
Other payables	-	634,456	634,456
Due to ultimate holding company	-	371,250	371,250
	<u>-</u>	<u>1,297,612</u>	<u>1,297,612</u>
Net financial assets	13,518	4,863,993	4,877,511
Less: Net financial assets denominated in the Company's functional currency	-	(4,863,993)	(4,863,993)
Foreign currency exposure	<u>13,518</u>	<u>-</u>	<u>13,518</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 obtains additional financing through loan from the ultimate holding company when necessary.

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 2010, 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)

18. FINANCIAL RISK MANAGEMENT (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:

	2010	2009
	USD	USD
<i>Within one year – fixed rates</i>		
Fixed deposits	3,496,777	496,317

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>
<u>As at 31 March 2010</u>	USD
Other payables	125,661
Due to ultimate holding company (non-trade)	317,084
	<u>442,745</u>
<u>As at 31 March 2009</u>	
Trade payables	291,906
Other payables	634,456
Due to ultimate holding company (trade)	66,535
Due to ultimate holding company (non-trade)	304,715
	<u>1,297,612</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. FINANCIAL RISK MANAGEMENT (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 has no trade receivables as at 31 March 2010 whereas in the previous year there were 2 debtors that represented approximately 100% of total trade receivables.

The average credit period is 90 days (2009: 90days).

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.

Fair value

The carrying amounts of the financial assets and financial liabilities reported on the balance sheet approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

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 2009.