

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD
(Incorporated in the Republic of Singapore)
ACRA Registration Number: 201112207D

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

DIRECTORS

Anuj Kumar
Kalyanasundaram Maran

SECRETARY

Ong Chen Ni Rebecca

REGISTERED OFFICE

1 Raffles Place
#28-02 One Raffles Place
Singapore 048616

BANKER

ICICI Bank Limited
9 Raffles Place
#50-01 Republic Plaza
Singapore 048619

AUDITORS

STAMFORD ASSOCIATES LLP

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JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

The directors present their report together with the audited financial statements of the Company for the financial year ended 31st March 2014.

DIRECTORS

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

Anuj Kumar
Kalyanasundaram Maran (Appointed on 01/04/2013)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter. 50 (the "Act"), particulars of interests of directors who held office at the beginning and end of the financial year in shares of the Company and related corporations are as follows: -

<u>No.of Ordinary Shares</u>	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	<u>At beginning of the financial year</u>	<u>At end of the financial year</u>	<u>At beginning of the financial year</u>	<u>At end of the financial year</u>
Anuj Kumar	-	-	-	-
Kalyanasundaram Maran	-	-	-	-
<u>Immediate Holding Company</u>				
JITF Waterways Limited (No.of ordinary shares)	10,904,001	10,904,001	-	-
<u>Directors having interest in the immediate holding company</u>				
Anuj Kumar	-	-	-	-
Kalyanasundaram Maran	-	-	-	-
<u>Directors having interest in the ultimate holding company</u>				
Anuj Kumar	-	-	-	-
Kalyanasundaram Maran	-	-	-	-

The immediate holding Company is 'JITF Waterways Limited', a company incorporated in India and ultimate holding Company of the Company is 'Jindal Saw Limited', a company incorporated in India. Jindal Saw Limited has acquired 99% shares in JITF Waterways Limited. Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the accompanying financial statements, since the end of previous financial year, no director of the Company 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.

SHARE OPTIONS

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up un-issued shares. Further at the end of financial year, there were no un-issued shares of the Company under option.

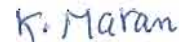
INDEPENDENT AUDITORS

The Independent Auditors, Stamford Associates LLP, Chartered Accountants of Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Directors,



4 ANUJ KUMAR
DIRECTOR



KALYANASUNDARAM MARAN
DIRECTOR

Singapore

Date: 6th September 2014

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

STATEMENT BY THE DIRECTORS


FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

In the opinion of directors of **JITF Shipping & Logistics (Singapore) Pte Ltd**

- a) the accompanying financial statements set out on pages 5 to 30 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2014 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and
- 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.

The Board of Directors has, on the date of this statement, authorized these financial statements for issue.

On behalf of the Board


ANUJ KUMAR
DIRECTOR

K. Maran
KALYANASUNDARAM MARAN
DIRECTOR

Singapore
Date: 6th September 2014



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD**
ACRA Registration Number: 201112207D

Report on the Financial Statements

We have audited the accompanying financial statements of JITF Shipping & Logistics (Singapore) Pte Ltd, which comprise the statement of financial position as at 31st March 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 5 to 30.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that gives a true and fair view in accordance with the provision of the Singapore Companies Act Cap 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income accounts and statement of financial position and to maintain accountability of assets.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis of Qualified Opinion

- a) We could not receive the direct balance confirmation of Trade Debtors amounting to US\$1,202,054/- included in Trade receivables (Note 7). Furthermore we are unable to apply any alternative procedures to assess the recoverability of Trade Receivables.
- b) While we received balance confirmation of long term amount due to holding company amounting to US\$11,835,292 (2013:US\$5,286,299) included in Note 11 to these financial statements, but the interest on loan @ 6.5% p.a amounting to US\$769,293/- is not accrued in the books. Therefore liabilities and net loss is understated to the tune of US\$769,293/- as at the statement of financial position date.
- c) We are unable to verify the existence, correctness, valuation and completeness of provisions amounting to US\$205,430/- included in Other payables (note 10) to these financial statements.

Further, we were unable to carry out alternative procedures for all of the above stated from (a) to (c). Therefore, we are unable to and do not express our opinion on trade receivables, other payables and amount due to holding company and their overall effects on these financial statements.

Qualified Opinion

Except for the effects of matters discussed in the Basis of Qualified Opinion paragraph, in our opinion, the financial statements of the Company and the statement of financial position 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 31st March 2014 and the results, changes in equity and cash flows of the Company for the financial period 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.

Emphasis of Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company's total liabilities exceeded its total assets as at 31st March 2014 by US\$249,473/- (2013: US\$NIL/-). The Company has suffered losses from operations and shows a net capital deficiency, this raises substantial concern about the entity's ability to continue as a going concern if financial support is not forthcoming and as a result, the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that the assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the Statement of Financial Position. In addition, the Company may have to provide for future liabilities which may arise. Please see note 2.20 also.

Singapore
Date 6th September 2014

STAMFORD ASSOCIATES LLP
Public Accountants &
Chartered Accountants, Singapore



JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD**STATEMENT OF COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

	Note	<u>2014</u> US\$	<u>2013</u> US\$
Revenue	3	6,784,656	10,094,787
Cost of Sales	4	<u>(8,731,385)</u>	<u>(12,368,196)</u>
Gross Profit/(Loss)		(1,946,729)	(2,273,409)
Other income		<u>18,152</u>	<u>9,345</u>
		(1,928,577)	(2,264,064)
Administrative Expenses		(89,854)	(128,192)
Other operating expenses		<u>(2,019,262)</u>	<u>(1,921,488)</u>
(Loss) from operations	5	(4,037,693)	(4,313,744)
Finance Costs	5 (a)	<u>(922,857)</u>	<u>(1,021,987)</u>
(Loss) before income tax		(4,960,550)	(5,335,731)
Income tax expense	6 (b)	-	-
Deferred tax	6 (a)	-	(994,450)
(Loss) from continuing operations		<u>(4,960,550)</u>	<u>(6,330,181)</u>
Other comprehensive income/(loss)		-	-
Total comprehensive (loss)		<u>(4,960,550)</u>	<u>(6,330,181)</u>

The accompanying notes form an integral part of these financial statements

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD**STATEMENT OF FINANCIAL POSITION**

AS AT 31ST MARCH 2014

	Note	<u>2014</u> US\$	<u>2013</u> US\$
CURRENT ASSETS			
Trade receivables	7	1,202,054	868,673
Other receivables	8	318,918	27,597
Prepaid bunker - (Inventory)	15	713,871	250,538
Cash and bank balances	13	1,247,307	1,401,596
		<u>3,482,150</u>	<u>2,548,404</u>
CURRENT LIABILITIES			
Trade payables	9	(1,585,841)	(1,642,045)
Other payables	10	(1,175,088)	(505,712)
Amount due to holding company	11	(580,450)	(624,173)
Term-Loan	12	(3,020,200)	(3,020,200)
Provision for taxation	6 (b)	-	-
		<u>(6,361,579)</u>	<u>(5,792,130)</u>
Net current (liabilities)		(2,879,429)	(3,243,726)
NON-CURRENT ASSETS			
Property, Plant and equipment	14	24,469,268	26,488,530
		<u>24,469,268</u>	<u>26,488,530</u>
NON-CURRENT LIABILITIES			
Term-Loan	12	(9,450,598)	(12,694,005)
Deferred Tax	6 (a)	(553,422)	(553,422)
Amount due to holding company	11	(11,835,292)	(5,286,299)
		<u>(21,839,312)</u>	<u>(18,533,726)</u>
Net (Liabilities) / Assets		<u>(249,473)</u>	<u>4,711,078</u>
SHAREHOLDER'S EQUITY			
Share capital	16	10,904,001	10,904,001
Accumulated (losses)		(11,153,474)	(6,192,923)
Total shareholder's equity		<u>(249,473)</u>	<u>4,711,078</u>

The accompanying notes form an integral part of these financial statements

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD**STATEMENT OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

	<u>Share capital</u> US\$	<u>Share Application Money</u> US\$	<u>Accumulated (Losses)</u> US\$	<u>Total</u> US\$
Balance as at 31 March 2012	3,999,000	700,001	137,257	4,836,258
Share capital issued during the financial period	6,905,001	(700,001)	-	6,205,000
Total Comprehensive (Loss) for the financial period	-	-	(6,330,181)	(6,330,181)
Balance at 31 March 2013	<u>10,904,001</u>	<u>-</u>	<u>(6,192,924)</u>	<u>4,711,077</u>
Share capital issued during the financial year	-	-	-	-
Total Comprehensive (Loss) for the financial year	-	-	(4,960,550)	(4,960,550)
Balance at 31 March 2014	<u>10,904,001</u>	<u>-</u>	<u>(11,153,474)</u>	<u>(249,473)</u>

The accompanying notes form an integral part of these financial statements

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD**STATEMENT OF CASH FLOW**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

	Note(s)	<u>2014</u> US\$	<u>2013</u> US\$
<u>Cash Flows From Operating Activities:</u>			
(Loss) before tax		(4,960,550)	(5,335,730)
Adjustments for:			
- Depreciation of vessels	14	2,019,262	1,921,488
- Interest expense	5 (a)	<u>891,808</u>	<u>215,257</u>
Operating cash flow before working capital changes		(2,049,480)	(3,198,985)
Changes in working capital			
- Trade and Other Receivables	7, 8	(624,702)	437,132
- Prepaid Bunker	15	(463,333)	(54,780)
- Trade and Other Payables	9, 10	204,805	1,429,485
- Amount due to holding company	11	6,505,270	5,399,592
Cash generated from operations		<u>3,572,560</u>	<u>4,012,444</u>
- Tax paid	6 (b)	-	-
Net cash generated from operating activities		<u><u>3,572,560</u></u>	<u><u>4,012,444</u></u>
<u>Cash Flows From Investing Activities:</u>			
- Purchase of plant and equipment	14	-	(14,791,945)
Net cash (used in) investing activities		<u><u>-</u></u>	<u><u>(14,791,945)</u></u>
<u>Cash Flows From Financing Activities:</u>			
- Share capital issued	16	-	6,205,000
- DSRA Account (Pledged)	13	-	(427,216)
- Repayment of / proceeds from term loan	12	(3,243,408)	5,293,304
- Interest paid	5 (a)	(483,441)	(215,257)
Net cash (used in)/generated from financing activities		<u><u>(3,726,849)</u></u>	<u><u>10,855,831</u></u>
Net (decrease)/increase in cash and cash equivalents		(154,289)	76,330
Cash and cash equivalents at beginning of the year		561,892	485,562
Cash and cash equivalents at end of the year	13	<u><u>407,603</u></u>	<u><u>561,892</u></u>

The accompanying notes form an integral part of these financial statements

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

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

1. General

The Company (Registration No.201112207D) is incorporated and domiciled in the Republic of Singapore. The registered office of the Company is at #28-02 One Raffles Place, Singapore 048616.

The principal activity of the Company is to engage in the shipping business as a common carrier feeder operator. There have been no significant changes in the nature of this activity during the financial year.

The Company's immediate holding company is 'JITF Waterways Limited', a company incorporated in India and ultimate holding company of the Company is 'Jindal Saw Limited', a company incorporated in the Republic of India.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

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

Interpretations and amendments to published standards effective in 2013

On 1 April 2013, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. 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 adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

Amendment to FRS 1 Presentation of Items of Other Comprehensive Income

The Company has also adopted the amendment to FRS 1 Presentation of Items of Other Comprehensive Income on 1 April 2013. The amendment is applicable for annual periods beginning on or after 1 July 2012 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two Companies, based on whether or not they may be recycled to profit or loss in the future.

Amendment to FRS 107 Disclosure-Offsetting Financial Assets and Financial Liabilities

This amendment includes new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This amendment does not have any impact on the accounting policies of the Company. The Company has incorporated the additional required disclosures into the financial statements.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

2. Significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

FRS 113 Fair Value Measurement

FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRSs.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Company. The Company has incorporated the additional disclosures required by FRS 113 into the financial statements.

2.2 Revenue recognition

Revenue comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Company.

The Company assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

(a) *Revenue from hiring out container vessels on a time charter basis*

Charter hire income is recognised on an accrual basis over the lives of the time charter agreements.

(b) *Rendering of service*

Revenue from services is recognized when the services are rendered. Where services are provided in stages, revenue is recognized using the percentage of-completion method based on the actual service provided as a proportion of the total services to be performed.

(c) Interest income

Interest income from bank current account balances is accrued on a time apportioned basis, based on the principal outstanding at the rate applicable.

2.3 Government grants

Grants from the government are recognized as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

2. Significant accounting policies (cont'd)

2.4 Property, Plant and Equipment

(i) Measurement

(a) Property, Plant and Equipment

All other items of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation & Amortisation

Depreciation of property, plant and equipment is calculated on the straight-line basis to write off the cost less residual value of the assets over their estimated useful lives as follows:

	<u>Useful lives</u>
Vessels:	
Jindal Tarini	13 years
Jindal Varuna	15 years
Jindal Varad	15 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

(iii) Subsequent expenditure

Subsequent expenditure plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iv) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within 'Other (losses)/gains – net'. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2.5 Financial Assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through income or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through income or loss is irrevocable.

(i) Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through income or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through income or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Company investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

2. Significant accounting policies (cont'd)

2.5 Financial Assets (cont'd)

(a) Classification (cont'd)

(ii) 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 are presented as current assets, except for those maturing later than 12 months after the statement of financial position date which are presented as non current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

(iii) Financial assets, available-for-sale

Financial assets, available-for-sale, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the statement of financial position date.

(iv) Financial assets, held-to-maturity

Financial assets, held-to-maturity, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of comprehensive income.

Any amount in the fair value reserve relating to that asset is transferred to the statement of comprehensive income. Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through income or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through statement of comprehensive income are recognised immediately in the statement of comprehensive income.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

2. Significant accounting policies (cont'd)

2.5 Financial Assets (cont'd)

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method. Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in the income statement when the changes arise. Interest and dividend income on financial assets, available-for-sale are recognised separately in the statement of comprehensive income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the income statement and the other changes are recognized in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables / financial assets, held to maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income. The allowance for impairment loss account is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired. The cumulative loss that was recognised in the fair value reserve is transferred to the statement of comprehensive income. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in the statement of comprehensive income on debt securities. The impairment losses recognised in the income statement on equity securities are not reversed through the income statement.

(f) Offsetting financial instruments

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

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

2. Significant accounting policies (cont'd)

2.6 Financial Liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognised on the statement of financial position when, and only when, The Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income and expenditures statement when the liabilities are derecognised as well as through the amortization process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

2.7 Financial guarantees

Financial guarantees are initially recognized at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortized to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortized amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

2.8 Impairment of non- financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized in the income and expenditure statement if the carrying amount of an asset or its cash generating unit exceeds its revocable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

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

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the revocable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized. Reversal of impairment loss is recorded in income and expenditure statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.9 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

2. Significant accounting policies (cont'd)

2.9 Borrowings (cont'd)

(a) Borrowings

Borrowings are initially recognized at fair value (net of transaction costs) and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(b) Redeemable preference shares

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognized as finance expenses.

2.10 Income taxes

Income tax for the year comprises current and deferred tax. Income tax is recognized in the income and expenditure statement except to the extent that it related to its items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized, using the Statement of Financial Position method, providing for all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax is not recognized for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the Statement of Financial Position date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each Statement of Financial Position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.12 Related parties

Parties is considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.13 Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, which is probable of resulting in a future outflow of economic benefits that can be measured reliably.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

2. Significant accounting policies (cont'd)

2.14 Trade and Other Receivables

Trade receivables and other receivables are classified and accounted for as loans and receivables under *FRS 39 Financial Instruments: Recognition and Measurement (FRS 39)*. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognised in the income and expenditure statement.

2.15 Employee Benefits

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) *Termination benefits*

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

2.17 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

2.16 Leases

(i) *Finance leases*

Leases of assets in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through finance leases are capitalized at the inception of the lease at the lower of its fair value and the present value of the minimum lease payments.

Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between the finance charges and reducing of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income and expenditure statement.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

2. Significant accounting policies (cont'd)

2.16 Leases (cont'd)

(ii) Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income and expenditure statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.17 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognized in profit or loss.

However, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations are recognized in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other losses – net". Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.18 Prepaid Bunker Expenses

Prepaid bunker expenses comprising consumables expenses such as fuel oil and gas oil are valued at cost. It is charged to the income statement as and when consumed in the following Financial year.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2.20 Going concern

The Company had net liabilities of US\$249,473/- (2013: US\$NIL/-) as at 31st March 2014. The financial statements have been prepared under the going concern basis with assumption that the holding company of the company will continue to render financial support to the Company to meet out all its commitments until the end of next financial year.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

3. Revenue

	<u>2014</u> US\$	<u>2013</u> US\$
Cargo Freight Income - Time Charter	648,593	-
Charter Income	2,352,694	3,084,983
Freight Charges income	3,783,369	7,009,804
	<u>6,784,656</u>	<u>10,094,787</u>

Revenue represents the invoiced value net of discount for time charter hire of vessels in the financial year and recognized at the point of raising of invoice when the time charter hire is due and payable to the company.

4. Cost of Sales

	<u>2014</u> US\$	<u>2013</u> US\$
Bunkering Cost	1,634,292	3,899,419
Charter Hire Charges	526,725	2,502,573
Premium Insurance	454,173	532,425
Port Charges	1,592,213	1,164,752
Miscellaneous Expenses	-	13,747
Brokerage Charges	32,061	124,173
Communication Expenses	65,120	76,874
Crew Related Expenses	2,234,695	1,926,560
Oil & Lubricating Expenses	277,010	293,789
Other Direct Expenses	118,509	-
Repair Charges	1,021,663	1,331,255
Vessel Management Fees	425,940	502,629
Stores	131,827	-
Survey Fees	183,754	-
Travelling Expenses (Direct)	33,403	-
	<u>8,731,385</u>	<u>12,368,196</u>

5. (Loss) from operations

(Loss) from operations is arrived at after charging following *major* expenses :

	<u>2014</u> US\$	<u>2013</u> US\$
Depreciation on Vessels	2,019,262	1,921,488
Professional Charges	66,333	86,143
Subscription & periodicals	8,656	11,974
Professional Charges	76,333	92,352

5a. Finance costs

	<u>2014</u> US\$	<u>2013</u> US\$
Finance Charges	31,049	806,730
Interest on loans	891,808	215,257
	<u>922,857</u>	<u>1,021,987</u>

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

6. Taxation

(a) Deferred Taxation

	<u>2014</u> US\$	<u>2013</u> US\$
Balance at 1 st April	553,422	(441,029)
Current year provision	-	553,422
Under/(Overprovision) of deferred tax	-	441,029
Balance at 31 st March	<u>553,422</u>	<u>553,422</u>

(b) Income Tax

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

	<u>2014</u> US\$	<u>2013</u> US\$
Comprehensive income/(loss) before taxation	<u>(4,960,550)</u>	<u>(5,335,731)</u>
Tax calculated at a tax rate of 17% (2012 :17%)	(843,294)	(907,074)
Tax effect of expenses that are not deductible in determining taxable profit	343,275	326,653
Tax exemptions and rebates	-	-
Tax benefit forfeited	500,019	580,421
Tax charge	<u>-</u>	<u>-</u>

Movements in tax payable

	<u>2014</u> US\$	<u>2013</u> US\$
Balance at beginning of the financial year	-	-
Under/Over provision in prior years	-	-
Income tax paid	-	-
Current year's income tax expense	-	-
Balance at end of the financial year	<u>-</u>	<u>-</u>

7. Trade receivables

	<u>2014</u> US\$	<u>2013</u> US\$
Third parties	1,202,054	868,673
	<u>1,202,054</u>	<u>868,673</u>

Trade receivables relate to trade amounts receivables from third parties. The average credit period is 30 to 180 days. Trade receivables approximates its fair value as on the statement of financial position date and are denominated in US Dollars.

8. Other receivables

	<u>2014</u> US\$	<u>2013</u> US\$
Advance payments to suppliers	234,029	-
Prepayments	45,887	14,311
Security Deposit	-	6,000
Advance to Master	-	7,286
Other debtors	39,002	-
	<u>318,918</u>	<u>27,597</u>

Other receivables approximates its fair value as on the statement of financial position date and are denominated in US Dollars.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

9. Trade payables

	<u>2014</u> US\$	<u>2013</u> US\$
Third parties	1,585,841	1,642,045

The trade payables approximates its fair value as of statement of financial position date. The average credit period of trade payable is 30-180 days. The trade payables are denominated in US Dollars.

10. Other payables

	<u>2014</u> US\$	<u>2013</u> US\$
Accrued Expenses	10,000	6,209
Other Creditors	139,186	57,301
Provisions	205,430	306,820
Advances from customers	179,392	135,382
Accrued interest	408,368	-
Security deposit received	232,712	-
	<u>1,175,088</u>	<u>505,712</u>

Other payables approximates its fair value as on the statement of financial position date and are denominated in US Dollars.

11. Amount due to holding company

	<u>2014</u> US\$	<u>2013</u> US\$
JITF Waterways Limited - Trade (Current)	580,450	624,173
Unsecured Loans (Non-current)	11,835,292	5,286,299
	<u>12,415,742</u>	<u>5,910,472</u>

The trade amounts owing to holding company are unsecured, interest free and are payable on demand.

Unsecured loan owing to holding company carries interest of 6.5% per annum, and is not payable until the end of next financial year. The Company did not provide for interest accrued in the current financial year as holding company agreed to defer the payment of interest.

12. Term Loans

	<u>2014</u> US\$	<u>2013</u> US\$
Due within one year	3,020,200	3,020,200
Due between two to five years	9,450,598	12,694,005
	<u>12,470,798</u>	<u>15,714,205</u>

The loans are secured by first legal mortgage on the Company's vessels namely Jindal Tarini, Jindal Varad and Jindal Varuna; and the earnings from the charter hire and DSRA account deposit to the tune of US\$839,704/- (note 13).

In addition to this, the Holding Company JITF Waterways Limited - Incorporated in India, acted as a guarantor, for the banking facilities of up to US\$16,800,000 (INR100 Crores) granted to the Company, by ICICI Bank Limited, Singapore Branch ("the bank"). The fixed interest rate payable on the bank loan is 6.15% p.a. (ICICI bank loan) and LIBOR plus 5.95% p.a. (Axis bank loan). The term loans are denominated in following currencies:

	<u>2014</u> US\$	<u>2013</u> US\$
US Dollars	4,710,000	5,790,000
Singapore dollars	7,760,798	9,924,205
	<u>12,470,798</u>	<u>15,714,205</u>

The obligations of the Company under the facility and the facility and all interest and other monies in respect thereof shall be secured as follows:

- (i) Exclusive charge on the aforesaid ships with minimum asset cover of 1.20 times.
- (ii) Floating charge over borrower's designated collection account and debt service reserve account.
- (iii) Pledge of equity shares held by the guarantor representing 30% of the issued and paid up share capital of the borrower.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

13. Cash and bank balances

	2014	2013
	US\$	US\$
Cash in hand	1	1
Cash at bank	407,602	561,891
Cash and cash in bank in Cash Flow Statement	407,603	561,892
DSRA Account (Pledged - note 12))	839,704	839,704
	1,247,307	1,401,596

DSRA Account (US\$839,704/-) are pledged to bank as a security against Term Loan (Note 12). The cash & cash equivalents approximates its fair values as at statement of financial position date and denominated in US Dollars.

14. Property, Plant and equipment

	Vessel Jindal Tarini US\$	Vessel Jindal Varuna US\$	Vessel Jindal Varad US\$	Total US\$
<u>Cost</u>				
At 31st March 2012	6,084,288	7,695,440	-	13,779,728
Additions	1,689,797	1,259,924	11,842,224	14,791,945
Disposals	-	-	-	-
At 31st March 2013	7,774,085	8,955,364	11,842,224	28,571,673
Additions	-	-	-	-
Disposals	-	-	-	-
At 31st March 2014	7,774,085	8,955,364	11,842,224	28,571,673
<u>Accumulated depreciation</u>				
At 31st March 2012	77,089	84,566	-	161,655
Depreciation	599,766	598,031	723,691	1,921,488
Disposals	-	-	-	-
At 31st March 2013	676,855	682,597	723,691	2,083,143
Depreciation	618,827	610,955	789,480	2,019,262
Disposals	-	-	-	-
At 31st March 2014	1,295,682	1,293,552	1,513,171	4,102,405
<u>Carrying value</u>				
At 31st March 2014	6,478,403	7,661,812	10,329,053	24,469,268
At 31st March 2013	7,097,230	8,272,767	11,118,533	26,488,530

As at 31st March 2014, vessels with carrying value of US\$24,469,268 (2013:US\$26,488,530) are pledged to a financial institution against term loans granted by financial institutions to the Company (Note 12).

15. Prepaid Bunker (Inventory)

	2014	2013
	US\$	US\$
Prepaid Bunker	713,871	250,538
	713,871	250,538

The balance of Bunkers is for self consumption and not for re-sale.

JITF SHIPPING & LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

16. Share capital

	<u>Issued share capital</u>	
	<u>No. of ordinary shares</u>	<u>Amount US\$</u>
2014		
Beginning of the financial year	10,904,001	10,904,001
Shares issued	-	-
End of the financial year	<u>10,904,001</u>	<u>10,904,001</u>
2013		
Beginning of the financial year	3,999,000	3,999,000
Shares issued	6,905,001	6,905,001
End of the financial year	<u>10,904,001</u>	<u>10,904,001</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and a right to receive dividends as and when declared by the Company.

The Company is not exposed to any externally imposed capital requirements and there are no restrictions to issue shares.

17. Staff Costs

	<u>2014</u> <u>US\$</u>	<u>2013</u> <u>US\$</u>
Salaries and bonuses	-	-
Other benefits	-	-
Employer's contribution to defined contribution - -Plans including Central Provident Fund	-	-
	<u>-</u>	<u>-</u>

Director remuneration (key management personnel compensation) is recognised within staff costs as follows:-

	<u>2014</u> <u>US\$</u>	<u>2013</u> <u>US\$</u>
Remuneration and other benefits	-	-
Director fee	-	-
Contribution to defined contribution plans	-	-
	<u>-</u>	<u>-</u>

18. Significant Related party transactions

Other than those items disclosed elsewhere in the financial statements, the following are significant transactions between the Company and related parties during the financial year on terms agreed between the parties concerned:

	<u>2014</u> <u>US\$</u>	<u>2013</u> <u>US\$</u>
Charter hire income from related party - Jindal ITF Ltd.	427,226	-
Vessel management expenses paid to related parties	-	-
Amount due from related party - Jindal ITF Ltd. (Trade)	336,090	-
Amount due to holding company		
- Non-Trade payable (note 11)	580,450	624,173
- Long term loan (note 11)	11,835,292	5,286,299
Key management personnel compensation	<u>-</u>	<u>-</u>

JITF SHIPPING LOGISTICS (SINGAPORE) PTE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

20 Financial risk management (continued)

20.1 Market risk (continued)

(a) Currency risk (continued)

Foreign currency sensitivity

If the relevant foreign currency change against USD by 10%, with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position will be as follows:-

If the foreign currency strengthens by 10% against the functional currency of the Company, statement of comprehensive income and other equity will increase/ (decrease) by:

	<u>Financial assets</u>		<u>Financial liabilities</u>	
	<u>2014</u> US\$	<u>2013</u> US\$	<u>2014</u> US\$	<u>2013</u> US\$
<u>Net of tax @ 17%</u>				
Profit/ (loss)	-	-	(644,146)	(823,709)
Other equity	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(644,146)</u>	<u>(823,709)</u>

If the foreign currency weakens by 10% against the functional currency of the Company, statement of comprehensive income and other equity will increase/ (decrease) by:

	<u>Financial assets</u>		<u>Financial liabilities</u>	
	<u>2014</u> US\$	<u>2013</u> US\$	<u>2014</u> US\$	<u>2013</u> US\$
<u>Net of tax @ 17%</u>				
Profit/ (loss)	-	-	644,146	823,709
Other equity	-	-	-	-
	<u>-</u>	<u>-</u>	<u>644,146</u>	<u>823,709</u>

(b) Interest rate risk

The interest rate risk exposure is mainly on financial liabilities and financial assets. These financial instruments are both at fixed rate and floating rates.

The following table analyses the breakdown of the financial assets and liabilities (excluding derivatives) by the type of interest rate:

	<u>Financial assets</u>		<u>Financial liabilities</u>	
	<u>2014</u> US\$	<u>2013</u> US\$	<u>2014</u> US\$	<u>2013</u> US\$
Fixed rate - (1.86% to 5.25%)	839,704	839,704	12,415,742	5,910,472
Floating rate - (5.95% to 6.15%)	-	-	12,470,798	15,714,205
	<u>839,704</u>	<u>839,704</u>	<u>24,886,540</u>	<u>21,624,677</u>

JITF SHIPPING LOGISTICS (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

20 Financial risk management (continued)

20.1 Market risk (continued)

(b) Interest rate risk (continued)

Interest rate sensitivity

The sensitivity is estimated that an increase/decrease of 100 basis point in interest rate at the reporting date would lead to an increase/reduction in the profit before tax by approximately:-

	Financial assets		Financial liabilities	
	2014	2013	2014	2013
	US\$	US\$	US\$	US\$
Increase of 100 basis point				
<u>Net of tax @ 17%</u>				
Fixed rate	-	-	-	-
Floating rate	-	-	(103,508)	(130,428)
	<u>-</u>	<u>-</u>	<u>(103,508)</u>	<u>(130,428)</u>

A decrease in the basis point in the interest rate would have an equal but opposite effect which is:-

	Financial assets		Financial liabilities	
	2014	2013	2014	2013
	US\$	US\$	US\$	US\$
Decrease of 100 basis point				
<u>Net of tax @ 17%</u>				
Fixed rate	-	-	-	-
Floating rate	-	-	103,508	130,428
	<u>-</u>	<u>-</u>	<u>103,508</u>	<u>130,428</u>

20.2 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored by management.

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

The credit risk for trade receivables based on the information provided to key management is as follows:-

	2014	2013
	US\$	US\$
<u>By geographical areas:</u>		
Singapore	-	-
Others	1,202,054	868,673
	<u>1,202,054</u>	<u>868,673</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

20 Financial risk management (continued)

20.2 Credit risk (continued)

	<u>2014</u>	<u>2013</u>
	US\$	US\$
By types of customers:		
Related parties	336,090	-
Non-related parties	865,964	868,673
	<u>1,202,054</u>	<u>868,673</u>

(a) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

(b) Financial assets ageing:

The age analysis of trade receivables past due but not impaired is as follows:-

	<u>2014</u>
	US\$
Past due < 3 months	436,475
Past due 3 to 6 months	39,604
Past due over 6 months	725,975
	<u>1,202,054</u>

The Company's top three customer revenue during the financial year are as follows:-

	<u>2014</u>
	US\$
Top Customer 1	1,445,916
Top Customer 2	939,376
Top Customer 3	<u>654,562</u>

20.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions at a short notice. At the statement of financial position date, assets held by the Company for managing liquidity risk included cash and short-term deposits.

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date (contractual and undiscounted cash flows):-

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20 Financial risk management (continued)

20.3 Liquidity risk (continued)

	<u>Amount due to holding co.</u>	<u>Term Loans</u>	<u>Trade & other payables</u>	<u>Total</u>
	US\$	US\$	US\$	US\$
Maturity < 1 year	580,450	3,020,200	2,760,929	6,361,579
Maturity 2 - 5 years	11,835,292	9,450,598	-	21,285,890
	<u>12,415,742</u>	<u>12,470,798</u>	<u>2,760,929</u>	<u>27,647,469</u>
Weighted average interest	<u>6.50%</u>	<u>NIL</u>	<u>NIL</u>	
Fixed interest rate	<u>6.50%</u>	<u>NIL</u>	<u>NIL</u>	

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) of the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

20 Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	<u>2013</u>	<u>2012</u>
	US\$	US\$
Net debt	26,400,162	22,370,838
Total equity	(249,473)	4,711,078
Total capital	<u>26,150,689</u>	<u>27,081,916</u>
Gearing ratio	<u>101%</u>	<u>83%</u>

The Borrowers leverage ratio is calculated as total liability of the Company divided by tangible net worth of the Company.

	<u>2013</u>	<u>2012</u>
	US\$	US\$
Total liability	28,200,891	25,940,293
Tangible net worth	<u>(249,473)</u>	<u>20,598,772</u>
Leverage ratio (times)	<u>-</u>	<u>1.26</u>

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20. Financial risk management (continued)

20.5 Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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) (Level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	<u>Level 1</u> US\$	<u>Level 2</u> US\$	<u>Level 3</u> US\$	<u>Total</u> US\$
2014				
Financial assets	-	-	-	-
	-	-	-	-
Financial liabilities	-	-	-	-
Derivative Financial Instruments	-	-	-	-
	-	-	-	-
	<u>Level 1</u> US\$	<u>Level 2</u> US\$	<u>Level 3</u> US\$	<u>Total</u> US\$
2013				
Financial assets	-	-	-	-
	-	-	-	-
Financial liabilities	-	-	-	-
Derivative Financial Instruments	-	-	-	-
	-	-	-	-

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the statement of financial position date. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

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26. Financial risk management (continued)

20.5 Fair value measurements (cont'd)

The following table presents the changes in Level 3 instruments:

	Financial assets		Financial liabilities	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Beginning of financial year	-	-	-	-
Transfers	-	-	-	-
Purchases	-	-	-	-
Fair value gains/ (loss) recognized in:	-	-	-	-
- Hedging reserves	-	-	-	-
- Other comprehensive income	-	-	-	-
- Profit/(loss)	-	-	-	-
End of financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total gains/ (losses) for the period included in P/L for assets & liabilities held at the end of financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

21. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2013 or later periods and which the Company has not early adopted:

FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation— Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess.

The Company will apply FRS 110 from 1 January 2014, but this is not expected to have any significant impact on the financial statements of the Company.

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21. New or revised accounting standards and interpretations (continued)

FRS 111 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)

FRS 111 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently. The Company will apply FRS 111 from 1 January 2014.

FRS 112 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities.

The Company will apply FRS 112 prospectively from 1 January 2014. FRS 112 will not result in any changes to the Company's accounting policies but will require more disclosures in the financial statements.

22. Authorization of the financial statements

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors of JITF Shipping & Logistics (Singapore) Pte Ltd on 6th September 2014.