

INTERNATIONAL SHIPPING AND LOGISTICS FZE

**Financial statements and independent auditor's report
Year ended 31 March 2017**

INTERNATIONAL SHIPPING AND LOGISTICS FZE

Financial statements and independent auditor's report
Year ended 31 March 2017

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INDEPENDENT AUDITOR'S REPORT

The Shareholder **INTERNATIONAL SHIPPING AND LOGISTICS FZE**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **INTERNATIONAL SHIPPING AND LOGISTICS FZE** ("the establishment"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The establishment's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the establishment in accordance with the accounting principal generally accepted in India, including the Indian Accounting Standards (Ind-AS) prescribed under section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the establishment and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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INDEPENDENT AUDITOR'S REPORT

(continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the establishment's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by establishment's directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity the accounting principles generally accepted in India, of the state of affairs of the establishment as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, based on our audit we report, to the extent applicable that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the establishment so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

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INDEPENDENT AUDITOR'S REPORT

(continued)

- e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the establishment and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the establishment's internal financial control over financial reporting; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the establishment did not have any pending litigations;
 - ii. the establishment did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the establishment.
 - iv. The establishment does not have any holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8 November, 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016 (refer note 8).

PKF

PKF
Dubai
United Arab Emirates
11 April 2017

Annexure – A to the Independent Auditor’s Report

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The establishment has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the management in accordance with a regular program of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the sale deed / completion and possession certificate provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the establishment as at the balance sheet date.
- (ii) The establishment has no inventory. Accordingly, clauses 3(ii) (a), (b) and (c) of the Companies (Auditor’s Report) Order, 2016 are not applicable to the establishment.
- (iii) According to the books and records maintained by the establishment and the information and explanations given to us, the establishment has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties listed under Section 189 of the Act.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) In our opinion and according to the information and explanations given to us, the establishment has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Act, for the services of the establishment.
- (vii) (a) The establishment is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

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Annexure – A to the Independent Auditor’s Report

(continued)

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (b) According to the records of the establishment, the dues outstanding of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (US\$)	Period to which the amount relate	Forum where dispute is pending
The Income Tax Act, 1961	Additional tax demand	2,564	2009-10	Income Tax Officer (Kolkata)
The Income Tax Act, 1961	Additional tax demand	1,370	2010-11	Income Tax Officer (Kolkata)

- (viii) The establishment does not have any dues towards financial institution, bank or debenture holders.
- (ix) According to the information and explanations given to us, the establishment has not raised any money by way of initial public offer and term loans during the year under audit.
- (x) According to the information and explanations given to us, no fraud on or by the establishment has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the establishment, the establishment has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the establishment is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the establishment, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the establishment, the establishment has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

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Annexure – A to the Independent Auditor’s Report

(continued)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (xv) According to the information and explanations given to us and based on our examination of the records of the establishment, the establishment has not entered into non-cash transactions with its directors, or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The establishment is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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Dubai
United Arab Emirates
11 April 2017

Annexure - B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **INTERNATIONAL SHIPPING AND LOGISTICS FZE** ("the establishment") as of 31 March 2017 in conjunction with our audit of the financial statements of the establishment for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The establishment's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the establishment considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to establishment's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the establishment's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

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Annexure - B to the Independent Auditors' Report

(continued)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the establishment's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

An establishment's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. An establishment's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the establishment; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the establishment are being made only in accordance with authorisations of management and directors of the establishment; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the establishment's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the establishment has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the establishment considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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Dubai

United Arab Emirates

11 April 2017

INTERNATIONAL SHIPPING AND LOGISTICS FZE

BALANCE SHEET AS AT 31 MARCH 2017

	Note	2017 US\$	2016 US\$	2015 US\$
I. ASSETS				
(1) Non-current assets				
(a) Fixed assets				
Tangible assets	3	827,536	907,578	979,462
Intangible assets	4	16,943	44,073	71,278
(b) Investment in associate	5	--	3,462,636	3,462,636
(c) Other non-current assets	6	12,116,335	8,435,944	8,949,704
		<u>12,960,814</u>	<u>12,850,231</u>	<u>13,463,080</u>
(2) Current assets				
(a) Trade receivables	7	4,825,803	1,069,776	3,516,282
(b) Cash and cash equivalents	8	17,457,082	17,772,299	16,751,373
(c) Short-term loans and advances	10	700,711	451,128	1,313,890
(d) Other current assets	11	2,153,085	2,262,148	803,063
		<u>25,136,681</u>	<u>21,555,351</u>	<u>22,384,608</u>
TOTAL ASSETS		<u>38,097,495</u>	<u>34,405,582</u>	<u>35,847,688</u>
II. EQUITY AND LIABILITIES				
(1) Shareholder's funds				
(a) Share capital	12	273,748	273,748	273,748
(b) Reserves and surplus		32,862,129	31,043,230	32,768,942
		<u>33,135,877</u>	<u>31,316,978</u>	<u>33,042,690</u>
(2) Non-current liabilities				
Long-term provisions	13	350,673	344,024	442,381
(3) Current liabilities				
(a) Trade payables	15	1,401,441	770,847	1,323,939
(b) Other current liabilities	16	3,204,076	1,969,413	1,034,889
(c) Short-term provisions	17	5,428	4,320	3,789
		<u>4,610,945</u>	<u>2,744,580</u>	<u>2,362,617</u>
TOTAL EQUITY AND LIABILITIES		<u>38,097,495</u>	<u>34,405,582</u>	<u>35,847,688</u>

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 1 to 8.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Authorised for issue by the Board of Directors on 11 April 2017.

For **INTERNATIONAL SHIPPING AND LOGISTICS FZE**


SOUMYA RANJAN PATNAIK
CEO & DIRECTOR

INTERNATIONAL SHIPPING AND LOGISTICS FZE

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 US\$	2016 US\$
I. REVENUE			
Revenue	18	34,330,228	33,158,658
Other income	19	692,131	654,044
Dividend income from associate		1,265,137	--
Profit on sale of investment in associate		577,565	--
TOTAL REVENUE		36,865,061	33,812,702
II. EXPENSES			
Direct costs	20	33,017,064	31,590,311
Employee benefit expenses	21	1,075,309	1,058,837
Depreciation and amortisation expenses	22	116,065	123,808
Other expenses	23	470,602	2,742,861
TOTAL EXPENSES		34,679,040	35,515,817
III. Profit/(loss) before tax (I - II)		2,186,021	(1,703,115)
IV. Tax expense		359,183	37,663
V. Profit/(loss) after tax (III - IV)		1,826,838	(1,740,778)
VI. Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit and loss:</i>			
Actuarial (loss)/ gain on defined employee benefit plan		(7,939)	15,066
VII. Total comprehensive income (V+VI)		1,818,899	(1,725,712)
VIII. Earning per equity share:			
Basic		1,818,899	(1,725,712)

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 8.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital US\$	Reserves and surplus US\$	Total US\$
Balance at 1 April 2015	273,748	32,768,942	33,042,690
Comprehensive income			
- Loss for the year	--	(1,740,778)	(1,740,778)
- Other comprehensive income <i>Items that will not be reclassified subsequently to profit and loss:</i> Actuarial gain on defined employee benefit plan	--	15,066	15,066
Total comprehensive income for the year	--	(1,725,712)	(1,725,712)
Balance at 31 March 2016	273,748	31,043,230	31,316,978
Comprehensive income			
- Profit for the year	--	1,826,838	1,826,838
- Other comprehensive income <i>Items that will not be reclassified subsequently to profit and loss:</i> Actuarial loss on defined employee benefit plan	--	(7,939)	(7,939)
Total comprehensive income for the year	--	1,818,899	1,818,899
Balance at 31 March 2017	273,748	32,862,129	33,135,877

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 8.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	2017 US\$	2016 US\$
Cash flows from operating activities		
Profit/(loss) for the year before tax	2,186,021	(1,703,115)
Adjustments for:		
Depreciation on tangible assets	88,935	96,603
Amortisation of intangible assets	27,130	27,205
Provision for bad and doubtful debts	--	2,260,301
Dividend income from associate	(1,265,137)	--
Profit on sale of investment in associate	(577,565)	--
Excess provision written back	(62,523)	(141,795)
Profit/(loss) on disposal of tangible assets (net)	--	(6,241)
Interest income	(549,657)	(491,938)
Operating (loss)/profit before changes in operating assets and liabilities	(152,796)	41,020
(Increase)/decrease in trade receivables	(3,756,027)	186,205
(Increase)/decrease in short-term loans and advances	(249,583)	862,762
Decrease in other non-current assets	--	4,653
Increase in other current assets	(340,915)	(857,078)
Increase/(decrease) in trade payables	630,594	(411,297)
Decrease in long-term provisions	(1,290)	(83,291)
Increase in other current liabilities	1,297,186	934,524
Increase in short-term provisions (net)	1,108	531
Cash (used in)/ generated from operations	(2,571,723)	678,029
Taxes paid	(359,183)	(37,663)
Net cash (used in)/ from operating activities	(2,930,906)	640,366
Cash flows from investing activities		
Payment for tangible assets	(8,893)	(24,719)
Proceeds from sale of investment in associate	4,040,201	--
Dividend income from associate	1,265,137	--
Proceeds from disposal of tangible assets	--	6,241
Increase in fixed deposits (net)	(3,499,255)	(2,618,512)
Interest received	954,886	182,063
Net cash from / (used in) investing activities	2,752,076	(2,454,927)
Net decrease in cash and cash equivalents	(178,830)	(1,814,561)
Cash and cash equivalents at beginning of year	2,032,860	3,847,421
Cash and cash equivalents at end of year (note 8)	1,854,030	2,032,860

Note:

The above Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard 7 (Ind-AS 7) 'Statement of Cash Flows'.

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 8.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **INTERNATIONAL SHIPPING AND LOGISTICS FZE (the "establishment")** was incorporated on 1 February 2004 in the Jebel Ali Free Zone pursuant to Law No. 9 of 1992 of late H.H. Sheikh Maktoum Bin Rashid Al Maktoum, the former Ruler of Dubai. The establishment is a wholly owned subsidiary of T.M. International Logistics Limited, India (the "parent"), which is a joint venture between Tata Steel Limited, India, IQ Martrade Holding and Management GmbH, Dusseldorf, Germany and NYK Holding (Europe) B.V. Netherland. Prior to this, the parent company was a joint venture between Tata Steel Limited, India and IQ Martrade Holding and Management GmbH, Dusseldorf, Germany. The registered office is located at P.O. Box 18490, Dubai, UAE.
- b) The establishment's principal activity is chartering of vessels and transporting marine cargo on behalf of its customers.
- c) In the year 2011, the establishment has registered a branch in Dubai Multi Commodity Centre Authority (DMCC), which operates under the name "International Shipping and Logistics FZE". These financial statements include the assets, liabilities and operating results of the branch.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention on accrual basis and are in compliance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The establishment has adopted all the Ind-AS standards and the adoptions were carried out in accordance with Ind-AS 101-First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The significant accounting policies adopted are as follows:

- a) **Presentation currency**
Although the currency of country of domicile is UAE Dirham, these financial statements are presented in US\$, which is considered to be the functional currency of the establishment.
- b) **Tangible assets**
Tangible assets are stated at cost less accumulated depreciation and impairment losses. The cost is depreciated over their estimated useful lives using the straight-line method applying the rates, which are specified in the Companies Act, 2013 of India or based on estimated useful life whichever is higher. The details of estimated life for each category of assets are as under:

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Type of asset	Estimated life
Freehold buildings	30 years
Furniture and fixtures	5 years
Office equipment	5 years
Computers	4 years
Vehicles	5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the establishment and such cost can be measured reliably. Such cost includes the cost of replacing part of the tangible assets. When significant parts of tangible assets are required to be replaced at intervals, the establishment recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to statement of profit and loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other income/expenses' in statement of profit and loss.

c) **Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The amount in respect of accounting software is amortised over a period of 4 years.

An assessment of amortisation method and useful lives is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

d) **Investment in associate**

Investments where the establishment has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the share capital of the investee company, are treated as associate and accounted for at cost less impairment losses. During the year, the establishment sold the entire Investment in the associate.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

e) **Staff end-of-service benefits**

The establishment provides gratuity and leave encashment benefits to its employees. Gratuity and leave encashment liabilities are not funded. The present value of these defined benefit obligations is ascertained by an independent actuarial valuation as per the requirement of Ind-AS 19- Employee Benefits. The liability recognised in the balance sheet is the present value of the defined benefit obligations on the balance sheet date, together with adjustments for unrecognised past service costs. All actuarial gains and losses are recognised in the other comprehensive income in full in the period in which they occur.

f) **Revenue**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the establishment and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

Time charter

Revenue under time charter is recognised based on the terms of the time charter agreement.

Voyage charter

Revenue and expenses relating to incomplete voyages are carried forward as voyage in progress and profits are recognised on completion of the voyages. Losses on contracts are assessed on an individual basis and provision is made for the full amount of the anticipated losses.

Demurrage income

Demurrage income, which is included in time/voyage chartering, represents payments by the customers to the establishment when loading or discharging time exceeds the stipulated time in the time/voyage charter, and is recognised when services have been performed and there exists no significant uncertainty as to its measurability and collectability.

g) **Voyages-in-progress/Income received in advance**

Expenses relating to incomplete voyages are carried forward as voyages-in-progress. Revenue relating to voyages-in-progress is carried forward in the balance sheet as income received in advance.

h) **Foreign currency transactions**

Transactions in foreign currencies are translated into US\$ at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into US\$ at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to the statement of profit and loss.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

i) **Provision**

Provision is recognised when the establishment has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

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

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

j) **Taxes on income**

Income tax is calculated on the taxable income for the period as applicable in respect of income from jointly controlled operations determined in accordance with the provision of the Indian Income Tax Act, 1961.

k) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Loans and receivables

Trade and other receivables

Trade and other receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Other current financial assets

Other current financial assets which comprise deposits under encumbrance and deposits with a maturity date of more than three months from the date of deposit are classified as loans and receivables and stated at amortised cost using the effective interest method.

Financial liabilities

At amortised cost

Trade and other payables

Trade and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Equity

Equity instruments issued by the establishment are recorded at the value of proceeds received towards interest in share capital of the establishment.

Impairment of financial assets

All financial assets are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

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 the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

l) Derivative financial instruments

Derivative financial instruments to hedge foreign exchange risk exposures forward contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of the hedge relationship the establishment documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the establishment documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the market risk in an unrecognised firm commitment.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

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The effective portion of the significant gain or loss on the hedging instrument is recognised directly in other comprehensive income as cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to profit or loss.

The establishment designates derivative financial instruments pertaining to foreign currency forward contracts as non-hedging. Gains or losses arising from changes in the fair value of the non-hedging instruments, if significant are taken to profit or loss.

m) **Significant judgments and key assumptions**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of tangible assets, intangible assets and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to the Statement of Profit and Loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amount being recovered.

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Doubtful debt provisions

Management regularly undertakes a review of the amounts of receivables owed to the establishment either from third parties (refer note 7) or from related parties (refer note 9) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of tangible assets, intangible assets and all financial assets other than receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Post-retirement benefits

The establishment computes the provision for the liability to staff end-of-service benefits stated at US\$ 341,363 (previous year US\$ 277,580) assuming that all employees were to leave as of the reporting date. The amount of provision is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actuarial developments in the future. These include determination of discount rate; future salary increase and mortality rate. Due to the complexity of valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3. TANGIBLE ASSETS

	Freehold buildings	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Cost						
At 1 April 2015	957,239	220,956	74,505	78,451	110,182	1,441,333
Additions	–	821	657	--	23,241	24,719
Disposals	–	(16,504)	--	--	(18,191)	(34,695)
At 31 March 2016	957,239	205,273	75,162	78,451	115,232	1,431,357
Additions	–	--	1,898	6,995	--	8,893
At 31 March 2017	957,239	205,273	77,060	85,446	115,232	1,440,250
Accumulated depreciation and impairment losses						
At 1 April 2015	117,046	144,677	47,548	70,916	81,684	461,871
Depreciation	31,963	36,041	9,345	3,745	15,509	96,603
Adjustment for disposals	–	(16,504)	--	--	(18,191)	(34,695)
At 31 March 2016	149,009	164,214	56,893	74,661	79,002	523,779
Depreciation	31,876	33,864	8,528	3,764	10,903	88,935
At 31 March 2017	180,885	198,078	65,421	78,425	89,905	612,714
Carrying amount						
At 1 April 2015	840,193	76,279	26,957	7,535	28,498	979,462
At 31 March 2016	808,230	41,059	18,269	3,790	36,230	907,578
At 31 March 2017	776,354	7,195	11,639	7,021	25,327	827,536

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4. INTANGIBLE ASSETS		Software US\$		
Cost				
At 1 April 2015, 31 March 2016 and at 31 March 2017		108,522		
Accumulated amortisation				
At 1 April 2015		37,244		
Amortisation		27,205		
At 31 March 2016		64,449		
Amortisation		27,130		
At 31 March 2017		91,579		
Carrying amount				
At 1 April 2015		71,278		
At 31 March 2016		44,073		
At 31 March 2017		16,943		
		2017	2016	2015
		US\$	US\$	US\$
5. INVESTMENT IN ASSOCIATE				
Investment in 14,893,335 unquoted shares of TM Harbour Services Private Limited (a company registered in the State of West Bengal, India), and representing 25.82% in the share capital. ^(a)		--	3,462,636	3,462,636
(a) During the year, the establishment's management sold its entire shareholding in TM Harbour Services Private Limited to Adani Ports & Special Economic Zone Limited for a total consideration of US\$ 4,040,201(INR 27.44 Crores approximately).				
6. OTHER NON-CURRENT ASSETS				
Employee security deposits ^(a)	35,962	35,962	40,068	
Other deposits	10,666	10,666	11,213	
Bank deposits more than 12 months' maturity	11,967,333	8,331,691	8,548,666	
Interest accrued on fixed deposits	102,374	57,625	349,757	
	12,116,335	8,435,944	8,949,704	
(a) These deposits are held with Jabel ali Free Zone Authority.				

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2017 US\$	2016 US\$	2015 US\$
7. TRADE RECEIVABLES			
Current trade receivables:			
Less than six months	4,717,803	1,001,731	1,104,499
More than six months	4,618,389	4,621,370	4,704,807
Gross current trade receivables	<u>9,336,192</u>	<u>5,623,101</u>	<u>5,809,306</u>
Less: Provision for bad and doubtful debts	<u>(4,510,389)</u>	<u>(4,553,325)</u>	<u>(2,293,024)</u>
	<u><u>4,825,803</u></u>	<u><u>1,069,776</u></u>	<u><u>3,516,282</u></u>
Classification of current trade receivables:			
Secured, considered good	1,460,000	--	--
Unsecured, considered good	3,365,803	1,069,776	3,516,282
Doubtful	4,510,389	4,553,325	2,293,024
Total current trade receivables	<u><u>9,336,192</u></u>	<u><u>5,623,101</u></u>	<u><u>5,809,306</u></u>
8. CASH AND CASH EQUIVALENTS			
Cash on hand	1,172	2,977	1,665
Balances with banks:			
In current accounts	1,852,858	1,029,883	1,345,756
Bank deposit less than 3 months' maturity	--	1,000,000	2,500,000
Cash and cash equivalents as per statement of cash flow	<u>1,854,030</u>	<u>2,032,860</u>	<u>3,847,421</u>
Bank deposits (with 3-12 months' maturity)	<u>15,603,052</u>	<u>15,739,439</u>	<u>12,903,952</u>
	<u><u>17,457,082</u></u>	<u><u>17,772,299</u></u>	<u><u>16,751,373</u></u>

The establishment does not have any holdings and dealings in Specified Bank notes as defined in the Notification S.03.3407 (E) dated 8 November 2016, of the Ministry of Finance during the period from 8 November 2016 to 30 December 2016.

9. RELATED PARTIES

The establishment enters into transactions with entities that fall within the definition of a related party as contained in Ind-AS 24: "Related party disclosures". The management considers such transactions to be in the normal course of business.

Related parties with whom transactions were entered and balances appeared comprise the parent company, the ultimate parent company, joint ventures of the parent company, directors, companies under common ownership/management control, associate, fellow subsidiaries and key management personnel.

Parent company	TM International Logistics Limited, India
Ultimate parent company	Tata Steel Limited, India

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Directors	Mr. R.N. Murthy (Chairman) Mr. Guenther Hahn Mr. Sandeep Bhattacharya Mr. Sabyasachi Hajara Capt. S.R. Patnaik
Companies under common ownership/management control	Martrade Gulf Logistics FZC, Dubai Martrade Shipping & Logistics GmbH, Germany Tata Steel Asia (Hongkong) Limited, Hong Kong
Associate (Refer Note 5)	T.M Harbour Services Pvt. Ltd., India
Fellow subsidiaries	TKM Global GmbH, Germany TKM Global Logistic Ltd. TKM Global China Limited, China

At the reporting date, significant balances with related parties were as follows:

	Parent company	Ultimate parent company	Fellow subsidiaries and associate	Directors/ Key management personnel	Total 2017	Total 2016	Total 2015
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Included in trade receivables	--	--	--	--	--	--	--
	--	68,035	--	--	--	68,035	--
	--	68,035	--	--	--	--	68,035
Included in trade payables	27,983	--	33,368	--	61,351	--	--
	7,605	--	435	--	--	8,040	--
	3,605	--	--	--	--	--	3,605
Investment in associate	--	--	--	--	--	--	--
	--	--	3,462,636	--	--	3,462,636	--
	--	--	3,462,636	--	--	--	3,462,636

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in notes 5 and 24.

Significant transactions with related parties during the year were as follows:

	Parent company	Ultimate parent company	Fellow subsidiaries and associate	Directors/ Key management personnel	Total 2017	Total 2016
	US\$	US\$	US\$	US\$	US\$	US\$
Revenue (services rendered)	--	--	115,544	--	115,544	--
	--	910,972	--	--	--	910,972
Direct costs (services received)	--	--	--	--	--	--
	18,742	--	105,592	--	--	124,334
Reimbursement of expenses	146,591	--	6,830	--	153,421	--
	39,863	--	--	--	--	39,863
Reimbursement of services received	--	--	--	--	--	--
	663,929	--	1,833	--	--	665,762

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Parent company	Ultimate parent company	Fellow subsidiaries and associate	Directors/ Key management personnel	Total 2017	Total 2016
	US\$	US\$	US\$	US\$	US\$	US\$
Reimbursement of services rendered	--	--	422	--	422	--
Directors' fees, remuneration and benefits	--	--	--	268,297	268,297	240,472
Dividend income	--	--	1,265,137	--	1,265,137	--

The establishment has entered into transactions and contracts with related parties on an arm's length price basis.

	2017 US\$	2016 US\$	2015 US\$
10. SHORT-TERM LOANS AND ADVANCES			
Advance to agents/ suppliers	---	10,742	529,218
Staff loans and advances	18,367	4,981	20,325
Prepaid expenses	54,189	46,001	50,953
Deposits (other than employee security deposits)	5,626	7,317	10,084
Advances against hire charges/ container leases	303,659	71,598	32,283
Advance tax	88,823	102,754	100,152
Other receivables	230,047	207,735	570,875
	700,711	451,128	1,313,890
11. OTHER CURRENT ASSETS			
Voyages-in-progress	1,917,253	1,576,338	719,260
Interest accrued on fixed deposits	235,832	685,810	83,803
	2,153,085	2,262,148	803,063
12. SHARE CAPITAL			
Issued and paid up:			
1 share of AED 1,000,000 (translated to US\$ at the fixed exchange rate of AED 3.653 = US\$ 1.00)	273,748	273,748	273,748

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2017 US\$	2016 US\$	2015 US\$
13. LONG-TERM PROVISIONS			
Provision for employee benefits			
Post-retirement benefits	336,162	273,474	240,428
Other long-term employee benefits	14,511	70,550	201,953
	<u>350,673</u>	<u>344,024</u>	<u>442,381</u>
14. POST-RETIREMENT BENEFITS			
The establishment operates post retirement defined benefit plans as follows:			
<i>Unfunded</i>			
Post-Retirement Gratuity			
Details of the gratuity plan are as follows:			
1. Reconciliation of opening and closing balances of obligation			
a. Opening obligation	277,580	243,909	214,345
b. Current service cost	41,883	46,811	54,613
c. Interest cost	13,961	10,676	9,639
d. Actuarial loss/ (gain)	7,939	(15,066)	8,449
e. Benefits paid	--	(8,750)	(43,137)
f. Closing obligation	341,363	277,580	243,909
2. Expense recognised during the year			
a. Current service cost	41,883	46,811	54,613
b. Interest cost	13,961	10,676	9,639
c. Expected return on plan assets	--	--	--
d. Actuarial loss/ (gain)	7,939	(15,066)	8,449
e. Expense recognised in the year	63,783	42,421	72,701
3. Assumptions			
a. Discount rate	5.00%	5.00%	4.50%
b. Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%
4. Information for current and previous financial year			
a. Present value of defined benefit obligation	(341,363)	(277,580)	(243,909)
b. Plan Assets at the end of the year	NA	NA	NA
c. Funded status	(341,363)	(277,580)	(243,909)
d. Experience (loss)/gain adjustment on plan liabilities	7,939	(3,549)	7,428
e. Experience gain/(loss) adjustment on plan assets	NA	NA	NA
f. Actuarial gain/(loss) due to change on assumptions	NA	18,615	(15,877)

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2017 US\$	2016 US\$	2015 US\$
15. TRADE PAYABLES			
Creditors for services	372,981	284,712	423,895
Creditors for expenses	125,376	187,791	378,861
Provision for operating expenses	903,084	298,344	521,183
	<u>1,401,441</u>	<u>770,847</u>	<u>1,323,939</u>
16. OTHER CURRENT LIABILITIES			
Income received in advance	3,167,231 ^r	1,924,768	881,827
Accruals	36,845	44,645	153,062
	<u>3,204,076</u>	<u>1,969,413</u>	<u>1,034,889</u>
17. SHORT-TERM PROVISIONS			
Provision for employee benefits:			
Post-retirement benefits	5,201	4,106	3,481
Other short-term employee benefits	227	214	308
	<u>5,428</u>	<u>4,320</u>	<u>3,789</u>
		2017 US\$	2016 US\$
18. REVENUE			
Time chartering	27,033,936	28,402,965	
Voyage chartering	7,296,292	4,755,693	
	<u>34,330,228</u>	<u>33,158,658</u>	
19. OTHER INCOME			
Interest income on fixed deposits	549,657	491,938	
Excess provision written back	62,523	141,795	
Profit on sale of tangible assets	--	6,241	
Net foreign exchange gain	14,709	--	
Rental income	21,956	13,834	
Bad debts recovered	42,945	--	
Miscellaneous income	341	236	
	<u>692,131</u>	<u>654,044</u>	
20. DIRECT COSTS			
Vessel hire charges	13,253,338	10,017,578	
Bunkering costs	5,055,633	7,805,217	
Other direct costs	14,708,093	13,767,516	
	<u>33,017,064</u>	<u>31,590,311</u>	

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2017 US\$	2016 US\$
21. EMPLOYEE BENEFIT EXPENSES		
Directors' fees, remuneration and benefits	253,959	238,864
Staff salaries and benefits	765,506	762,486
Staff end-of-service benefits	55,844	57,487
	<u>1,075,309</u>	<u>1,058,837</u>
22. DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation on tangible assets	88,935	96,603
Amortisation of intangible assets	27,130	27,205
	<u>116,065</u>	<u>123,808</u>
23. OTHER EXPENSES		
Rent	19,107	19,032
Provision for bad and doubtful debts	--	2,260,301
Other expenses	451,495	463,528
	<u>470,602</u>	<u>2,742,861</u>

24. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables			At amortised cost		
	2017 US\$	2016 US\$	2015 US\$	2017 US\$	2016 US\$	2015 US\$
Trade receivables	4,825,803	1,069,776	3,516,282	--	--	--
Cash and cash equivalents	17,457,082	17,772,299	16,751,373	--	--	--
Other non-current assets	12,069,707	8,389,316	8,898,423	--	--	--
Other current assets	235,832	685,810	83,803	--	--	--
Trade payables	--	--	--	1,401,441	770,847	1,323,939
	<u>34,588,424</u>	<u>27,917,201</u>	<u>29,249,881</u>	<u>1,401,441</u>	<u>770,847</u>	<u>1,323,939</u>

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The establishment avails and renders services in local and foreign currencies. Exposure to foreign currency transactions is minimised where possible by denominating such transactions in US Dollars and UAE Dirhams, which has a fixed parity with US Dollars.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the establishment to concentrations of credit risk comprise principally bank accounts and trade and other receivables.

The establishment's bank accounts are placed with high credit quality financial institutions.

Trade and other receivables are stated net of the allowance of doubtful recoveries. At the reporting date, the establishment's maximum exposure to credit risk from such receivables outside UAE is as follows:

	Bank balances (fixed deposits including accrued interest)			Trade and other receivables		
	2017 US\$	2016 US\$	2015 US\$	2017 US\$	2016 US\$	2015 US\$
Indian Sub-continent	--	--	--	2,390,186	68,035	663,729
Middle East countries	27,908,591	25,814,565	24,386,178	4,308,767	2,492,286	2,050,000
Other Asian countries	--	--	--	2,608,199	2,792,041	2,470,473
Europe	--	--	--	29,040	21,639	60,397

Significant concentration of credit risk by industry are as follows:

	2017 US\$	2016 US\$	2015 US\$
Minerals	7,390,777	3,360,727	2,793,885
Construction	1,945,415	2,013,274	2,955,024
Agriculture	--	--	60,397

Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirham which has fixed parity with the US Dollars except for the following:

	2017 US\$	2016 US\$	2015 US\$
Indian Rupees			
Trade receivables	--	249,100	265,990
Trade payables	5,321	5,321	7,036
Other current liabilities	6,659	4,331	955

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Interest rate risk

Fixed deposit accounts are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

Fair values

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the establishment's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

	2017 US\$	2016 US\$
25. AUDITOR'S REMUNERATION		
Audit fees	<u>26,006</u>	<u>26,006</u>
26. VESSEL HIRE COMMITMENTS		
The establishment has entered into non-cancellable vessel charter agreement for which the future minimum hire payments are as follows:		
Not later than one year	<u>1,168,726</u>	<u>253,344</u>
27. VESSEL HIRE INCOME		
The establishment has entered into non-cancellable operating hire agreements for chartering vessels. The total minimum hire income to be received is as follows:		
Not later than one year	<u>1,610,573</u>	<u>498,350</u>
28. CONTINGENT LIABILITIES		
Income-tax demand	<u>3,934</u>	<u>3,934</u>
Represents demand from the Indian income tax authorities for payment of additional tax of US\$ 3,934 pertaining to financial years 2009-10 and 2010-11.		
29. EARNINGS PER SHARE (BASIC)	<u>1,818,899</u>	<u>(1,725,712)</u>
30. COMPARATIVE FIGURES		
Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of current year.		

For **INTERNATIONAL SHIPPING AND LOGISTICS FZE**


SOUMYA RANJAN PATNAIK
CEO & DIRECTOR