

**Dolphin Offshore Enterprises (Mauritius) Private
Limited**

FINANCIAL STATEMENTS - YEAR ENDED

31 MARCH 2017

Dolphin Offshore Enterprises (Mauritius) Private Limited

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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CORPORATE DATA FOR THE YEAR ENDED 31 MARCH 2017

		Date of appointment
DIRECTORS	: Sonia Lutchmiah	31-Oct-08
	Gyaneshwarnath Gowrea	09-Mar-09
	Navpreet Singh	22-Jan-01
	Satpal Singh	22-Jan-01
	Colin Taylor	01-Jun-11
	Kirpal Singh	06-May-14
 ADMINISTRATOR AND SECRETARY	 : CIM CORPORATE SERVICES LTD Les Cascades Building Edith Cavell Street Port-Louis Mauritius	
 REGISTERED OFFICE	 : c/o CIM CORPORATE SERVICES LTD Les Cascades Building Edith Cavell Street Port-Louis Mauritius	
 BANK	 : SBI International (Mauritius) Ltd 7th Floor, SBI Tower Mindspace Bhumi Park 45 Cybercity Ebène Mauritius	
 AUDITOR	 : BDO & Co 10, Frère Felix de Valois Street Port Louis Mauritius	

COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017

The directors present their commentary together with the audited financial statements of Dolphin Offshore Enterprises (Mauritius) Private Limited (the "Company") for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The Company was incorporated on 3 November 2000 as a Category 1 Global Business Licence Company and its principal activity is shipping activities.

RESULTS AND DIVIDENDS

The results for the year are set out on page 6.

The directors do not recommend dividend for the year under review. (2016: USD 2,000,000).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards (IFRS) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

The auditor, BDO & Co, has been appointed as auditor of the Company for the year ended 31 March 2017 and has indicated its willingness to continue in office and a resolution concerning its re-appointment will be proposed at the Annual Meeting of the shareholder.

Dolphin Offshore Enterprises (Mauritius) Private Limited

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SECRETARY'S CERTIFICATE FOR THE YEAR ENDED 31 MARCH 2017

We certify that, to the best of our knowledge and belief, Dolphin Offshore Enterprises (Mauritius) Private Limited (the "Company") has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 of Mauritius for the year ended 31 March 2017.



CIM CORPORATE SERVICES LTD

Secretary

Les Cascades Building

Edith Cavell Street

Port-Louis

Mauritius

Date: **16 MAY 2017**

CIM CORPORATE SERVICES LTD

33, Edith Cavell Street, Port Louis, 11324, Mauritius

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DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Dolphin Offshore (Mauritius) Private Limited

This report is made solely to the member of Dolphin Offshore Enterprises (Mauritius) Private Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Dolphin Offshore Enterprises (Mauritius) Private Limited (the Company), on pages 5 to 22 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects described in the Basis for Qualified Opinion paragraph, the financial statements on pages 5 to 22 give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Qualified Opinion

Trade and other receivables include an amount of USD 28,199,828 for which we have not been able to obtain sufficient appropriate audit evidence as to its recoverability as at reporting date.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the commentary of directors but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

BDO & Co, a firm of Chartered Accountants in Mauritius, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of Dolphin Offshore (Mauritius) Private Limited

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.



DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of Dolphin Offshore (Mauritius) Private Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

BDO & Co
Chartered Accountants

Kaneya Hawabhay, FCA
Licensed by FRC

Port Louis,
Mauritius.

16 MAY 2017


STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

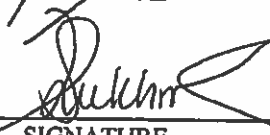
ASSETS	Notes	2017 USD	2016 USD
Non-current assets			
Property, plant and equipment	5	18,258,309	23,404,273
Non-current receivable	6	2,346,992	3,063,738
		<u>20,605,301</u>	<u>26,468,011</u>
Current assets			
Inventories	7	41,073	54,801
Trade and other receivables	8	31,469,125	19,666,325
Cash and cash equivalents		460,540	336,520
Total current assets		<u>31,970,738</u>	<u>20,057,646</u>
Total assets		<u><u>52,576,039</u></u>	<u><u>46,525,657</u></u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	9	25,000	25,000
Retained earnings		47,554,350	41,614,234
Total equity		<u>47,579,350</u>	<u>41,639,234</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	4,751,520	3,988,065
Dividends payable	11	245,169	898,358
Total current liabilities		<u>4,996,689</u>	<u>4,886,423</u>
Total liabilities		<u>4,996,689</u>	<u>4,886,423</u>
Total equity and liabilities		<u><u>52,576,039</u></u>	<u><u>46,525,657</u></u>

The financial statements have been approved for issue by the Board of Directors on: 16 MAY 2017
and signed on its behalf by:

Gyaneshwarnath Gowrea
NAME OF DIRECTOR

Sonia Lutchmiah
NAME OF DIRECTOR


SIGNATURE


SIGNATURE

The notes on pages 9 to 22 form an integral part of these financial statements.
Independent Auditor's report on pages 4 to 4(b).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	<u>Notes</u>	<u>2017</u> USD	<u>2016</u> USD
INCOME			
Revenue		18,220,402	18,440,116
Profit on disposal of property, plant & equipment		-	465,201
Interest income		3,181,835	1,350,899
		<u>21,402,237</u>	<u>20,256,216</u>
EXPENSES			
Operating expenses	12	2,930,258	4,031,670
Depreciation	5	2,180,950	2,606,753
Impairment losses	13	9,734,375	-
General and administrative expenses	14	405,073	234,738
Audit fees		24,840	25,875
Bank charges		4,826	5,233
Secretarial fees		3,200	3,200
Licence fees		1,750	1,750
		<u>15,285,272</u>	<u>6,909,219</u>
Profit before finance costs		6,116,965	13,346,997
Finance costs	15	(8,925)	(494)
PROFIT BEFORE TAXATION		6,108,040	13,346,503
Taxation	16	(167,924)	(70,471)
PROFIT FOR THE YEAR		5,940,116	13,276,032
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>5,940,116</u>	<u>13,276,032</u>

The notes on pages 9 to 22 form an integral part of these financial statements.
Independent Auditor's report on pages 4 to 4(b).

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	USD	USD
<i>Operating activities</i>		
Profit before taxation	6,108,040	13,346,503
Adjustments for:		
Depreciation on property, plant and equipment	2,180,950	2,606,752
Impairment losses	9,734,375	-
Interest income	(3,181,835)	(1,350,899)
Profit on disposal of property, plant & equipment	-	(465,201)
<i>Changes in working capital:</i>		
Inventories	13,728	73,420
Trade and other receivables	(15,925,206)	(10,193,104)
Trade and other payables	763,455	(169,440)
Cash (used in)/generated from operations	(306,493)	3,848,031
Interest received	259	1,351
Withholding tax	(156,209)	(70,471)
Net cash (used in)/generated from operating activities	(462,443)	3,778,911
<i>Investing activities</i>		
Refund on work in progress	1,255,250	-
Purchase of property, plant and equipment	(15,598)	(962,490)
Net cash generated from/(used in) investing activities	1,239,652	(962,490)
<i>Financing activity</i>		
Dividends paid	(653,189)	(3,101,642)
Net increase/(decrease) in cash and cash equivalents	124,020	(285,221)
<i>Movement in cash and cash equivalents</i>		
At 1 April	336,520	621,741
Net increase/(decrease) in cash and cash equivalents	124,020	(285,221)
At 31 March	460,540	336,520

The notes on pages 9 to 22 form an integral part of these financial statements.
Independent Auditor's report on pages 4 to 4(b).

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

	<u>Note</u>	<u>Stated capital</u> USD	<u>Retained earnings</u> USD	<u>Total equity</u> USD
Balance at 1 April 2016		25,000	41,614,234	41,639,234
Total comprehensive income for the year:				
- Profit for the year		-	5,940,116	5,940,116
Balance at 31 March 2017		25,000	47,554,350	47,579,350
Balance at 1 April 2015		25,000	30,338,202	30,363,202
Total comprehensive income for the year:				
- Profit for the year		-	13,276,032	13,276,032
Dividends	11	-	(2,000,000)	(2,000,000)
Balance at 31 March 2016		25,000	41,614,234	41,639,234

The notes on pages 9 to 22 form an integral part of these financial statements.
Independent Auditor's report on pages 4 to 4(b).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2017

1. REPORTING ENTITY

Dolphin Offshore Enterprises (Mauritius) Private Limited Limited (the "Company") was incorporated on 3 November 2000 as a private company with limited liability by shares and is domiciled in the Republic of Mauritius. The address of the Company's registered office is c/o CIM Corporate Services Ltd, Les Cascades Building, Edith Cavell Street, Port-Louis, Mauritius. The Company is engaged in shipping activities.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act 2001. Where necessary, comparative figures have been amended to conform with change in presentation in the current year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Standards, Amendments to published Standards and Interpretations effective in the reporting

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Company's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (continued)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Company's financial statements.

Equity method in separate financial statements (Amendments to IAS 27). The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Company's financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. The amendment has no impact on the Company's financial statements.

Annual Improvements to IFRSs 2012-2014 cycle

- IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Company's financial statements.
- IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Company's financial statements.
- IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (continued)

Annual Improvements to IFRSs 2012-2014 cycle (continued)

- IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Company's financial statements.
- IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 1). The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The amendment has no impact on the Company's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2017 or later periods, but which the Company has not early adopted.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)

At the reporting date of these financial statements, the following were in issue but not yet

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contract with Customers

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amendments to IAS 7 Statement of Cash Flows

Clarifications to IFRS 15 Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS

Annual Improvements to IFRSs 2014-2016 Cycle

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Transfers of Investment Property (Amendments to IAS 40)

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

(b) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, 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.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The respective depreciation rates applied are as follows:

	%	
Vessels	7	
Office & computer equipment	50	(on the Reducing balance method)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Property, plant and equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of plant and equipment are determined by comparing proceeds with carrying amount and included in the statement of profit or loss and other comprehensive income.

Interest costs on borrowings to finance the construction of qualifying assets during the construction period are capitalised.

(c) Foreign currency**(i) *Functional and presentation currency***

Items included in the financial statements are measured using United States Dollar ("USD"), the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in USD which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(d) Revenue recognition***Charter Hire Income***

Income arising out of the charter of vessels is recognised over the terms of the agreement at the applicable charter rate.

Other revenues earned by the company are recognised on the following bases:

- Interest income is recognised as it accrues unless collectibility is in doubt.

(e) Expenses

Expenses are accounted on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Deferred income taxes**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the end of the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(g) Financial instruments

The Company's accounting policies in respect of the main financial instruments are set out below:

(i) Trade and other receivables

Trade and other receivables are stated at fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

(ii) Trade and other payables

Trade payables are stated at fair value and subsequently measured as amortised cost using the effective interest method.

(iii) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Stated capital

Ordinary shares are classified as equity.

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of financial assets assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(k) Inventories

Inventories comprising of fuel and spares on board the vessels are are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

(l) Long term receivable

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment.

3. FINANCIAL RISK MANAGEMENT

3.1 *Financial risk factors*

The Company's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, currency risk and credit risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk

Prudent liquidity risk management implies 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. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

Currency risk

The Company has trade and other payables denominated in Indian Rupee ("INR"). Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to INR may change in a manner which have an effect on the reported value of the Company's trade payables denominated in Indian Rupee.

Credit risk

The Company's credit risk is primarily attributable to its trade and other receivables. The amount presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on the current economic environment. Management does not expect any losses from non-performance by these debtors. At March 31, 2017 and 2016, the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables amounting to USD 39,660,841 (2016: USD 19,606,189).

3.2 *Capital risk management*

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholder and benefits for other stakeholders, and
- to provide an adequate return to its shareholder.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below.

Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

Impairment of assets

Property, plant and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

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

5. PROPERTY, PLANT AND EQUIPMENT				
	Vessels	Office & Computer equipment	Work in progress	Total
<u>2017</u>	USD	USD	USD	USD
COST				
At 1 April 2016	30,873,122	79,875	3,000,675	33,953,672
Additions	-	15,598	-	15,598
Adjustments (see note below)	-	-	(2,980,612)	(2,980,612)
At 31 March 2017	<u>30,873,122</u>	<u>95,473</u>	<u>20,063</u>	<u>30,988,658</u>
DEPRECIATION				
At 1 April 2016	10,483,963	65,436	-	10,549,399
Charge for the year	2,172,414	8,536	-	2,180,950
At 31 March 2017	<u>12,656,377</u>	<u>73,972</u>	<u>-</u>	<u>12,730,349</u>
NET BOOK VALUE				
At 31 March 2017	<u>18,216,745</u>	<u>21,501</u>	<u>20,063</u>	<u>18,258,309</u>
	Vessels	Office & Computer equipment	Work in progress	Total
<u>2016</u>	USD	USD	USD	USD
COST				
At 1 April 2015	36,987,072	77,034	2,041,026	39,105,132
Additions	-	2,841	959,649	962,490
Disposal	(6,113,950)	-	-	(6,113,950)
At 31 March 2016	<u>30,873,122</u>	<u>79,875</u>	<u>3,000,675</u>	<u>33,953,672</u>
DEPRECIATION				
At 1 April 2015	10,715,537	56,261	-	10,771,798
Charge for the year	2,597,578	9,175	-	2,606,753
Disposal adjustment	(2,829,152)	-	-	(2,829,152)
At 31 March 2016	<u>10,483,963</u>	<u>65,436</u>	<u>-</u>	<u>10,549,399</u>
NET BOOK VALUE				
At 31 March 2016	<u>20,389,159</u>	<u>14,439</u>	<u>3,000,675</u>	<u>23,404,273</u>

Note: The adjustments relate to the cancellation of the vessel construction. As a result, the Company obtained a refund from the bank, reclassified an amount receivable for financing charges and the balance has been impaired.

6. NON-CURRENT RECEIVABLE

During the year ended 31 March 2016, the Company has disposed of its vessel Divine Dolphin for USD 3,750,000 and the proceeds will be settled quarterly over a period of 5 years and carries interest of 4.37% per annum and is analysed as follows:

	2017	2016
	USD	USD
Analysed as follows:		
Non- current	2,346,992	3,063,738
Current	1,403,008	686,262
	<u>3,750,000</u>	<u>3,750,000</u>

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

7. INVENTORIES	2017	2016
	USD	USD
Fuel and oil at cost	10,464	24,192
Critical spares	30,609	30,609
	<u>41,073</u>	<u>54,801</u>
8. TRADE AND OTHER RECEIVABLES	2017	2016
	USD	USD
Trade receivables	24,317,529	16,950,246
Interest receivable	4,515,520	1,705,293
Other receivables	1,173,957	264,388
Sales proceeds receivable from related party (note 6)	1,403,008	686,262
Prepayments	59,111	60,136
	<u>31,469,125</u>	<u>19,666,325</u>

- (a) The carrying amounts of trade and other receivables approximate their fair values and are wholly denominated in USD.
- (b) As of 31 March 2017, trade receivables of USD 23,095,483 (2016: USD 13,029,183) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2017	2016
	USD	USD
3 to 6 months	3,780,000	4,246,659
Over 6 months to 1 year	11,550,554	6,956,776
Over 1 year	7,764,929	1,825,748
	<u>23,095,483</u>	<u>13,029,183</u>

Movement on the provision for impairment are as follows:

	2017	2016
	USD	USD
At 1 April,	-	-
Provision for impairment	8,250,827	-
At 31 March,	<u>8,250,827</u>	<u>-</u>

The other classes within trade and other receivables include past due of USD 263,339 but not impaired.

Trade receivables, net of provision for impairment, consist of an amount of USD 24,752,483 due by Evya. The Company has commenced an arbitration in the London Court of International Arbitration against Evya to enforce its rights and recover the amount due. The Company has already made the claim submissions and applied for an interim award. The Company is also in the process of obtaining an order from the Court to freeze the assets of Evya, to the extent of the debt due. Further actions are being taken by the Mexican lawyers for the redelivery to the Company of the vessel "Vikrant Dolphin" and the recovery of the vessel's crane.

9. STATED CAPITAL	2017 & 2016
	USD
25,000 ordinary shares of USD 1 each	<u>25,000</u>

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

10. TRADE AND OTHER PAYABLES	2017	2016
	USD	USD
Creditors	581,132	409,053
Amount payable to related parties	679,732	105,000
Accruals	970,656	954,012
Advance from customer	2,520,000	2,520,000
	<u>4,751,520</u>	<u>3,988,065</u>
The carrying amounts of trade and other payables approximate their fair values.		
11. DIVIDENDS	2017	2016
	USD	USD
Balance at 1 April	898,358	2,000,000
Ordinary dividend - USD 80 per share (2016: USD 80 per share)	-	2,000,000
Paid during the year	(653,189)	(3,101,642)
Balance at 31 March	<u>245,169</u>	<u>898,358</u>
12. OPERATING EXPENSES	2017	2016
	USD	USD
Vessel charter and related expenses	683,892	1,023,515
Vessel crew and subcontractor charges	1,002,755	1,566,584
Consumables and equipment related expenses	809,763	1,014,393
Other operating expenses	433,848	427,178
	<u>2,930,258</u>	<u>4,031,670</u>
13. IMPAIRMENT LOSSES	2017	2016
	USD	USD
Work in progress	1,117,843	-
Trade debtors - impaired	365,705	-
Trade debtors - provision for impairment	8,250,827	-
	<u>9,734,375</u>	<u>-</u>
14. GENERAL AND ADMINISTRATIVE EXPENSES	2017	2016
	USD	USD
Wages and salaries	96,877	62,734
Professional fees	110,881	58,352
Travel expenses	75,183	51,376
Other expenses	70,618	39,685
Registration & filing fees	5,250	15,540
Rent	36,426	3,870
Telephone expenses	8,938	2,281
Accounting fees	900	900
	<u>405,073</u>	<u>234,738</u>

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

15. FINANCE COST	2017 USD	2016 USD
Interest expense:-		
- Others	2,070	-
	2,070	-
Foreign exchange loss	6,855	494
	<u>8,925</u>	<u>494</u>

16. TAXATION

The Company is liable to pay income tax on its net income at a rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritius tax payable in respect of its foreign source income thus reducing its maximum effective tax rate to 3%.

There is no capital gain tax in Mauritius.

<u>Current tax expense</u>	2017 USD	2016 USD
(a) Current tax charge on the adjusted profit for the year	-	-
Withholding tax	167,924	70,471
Tax charge for the year	<u>167,924</u>	<u>70,471</u>
(b) <u>Reconciliation of effective current tax charge</u>	2017 USD	2016 USD
Profit before taxation	6,108,040	13,346,503
Tax calculated at 15% (2016: 15%)	916,206	2,001,975
Income not subject to tax	(2,733,099)	(2,836,000)
Non allowable expenses	2,285,913	1,033,429
Tax losses utilised	(469,020)	(199,404)
Withholding tax	167,924	70,471
Current tax charge for the year	<u>167,924</u>	<u>70,471</u>
17. RELATED PARTY TRANSACTIONS	2017 USD	2016 USD
<u>Holding company</u>		
Amount payable	<u>988,919</u>	<u>1,003,358</u>
<u>Fellow subsidiary</u>		
Amount receivable	3,750,000	3,875,689
Interest receivable	122,135	1,366
Interest income	<u>120,769</u>	<u>1,366</u>
<u>Directors</u>		
Amount payable	<u>637,500</u>	<u>637,500</u>

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

17. RELATED PARTY TRANSACTIONS (CONTINUED)

Terms and conditions with related parties:

- (i) Outstanding balances at year-end are unsecured, interest free, except as described in note 6, and settlement occurs in cash.
- (ii) There has been no guarantees received for any outstanding balances.
- (iii) For the year ended 31 March 2017 and 2016, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

18. CURRENCY PROFILE

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	2017		2016	
	Financial assets USD	Financial liabilities USD	Financial assets USD	Financial liabilities USD
United States Dollar	<u>34,217,546</u>	<u>4,751,520</u>	<u>23,006,447</u>	<u>3,988,065</u>

Prepayments of USD 59,111 (2016: USD 60,136) have been excluded from financial assets.

19. HOLDING COMPANY

The Company is a wholly owned subsidiary of Dolphin Offshore Enterprises (India) Limited, a company incorporated in India.

20. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2016: 15%).

Deferred tax assets and liabilities and deferred tax movement in the statement of profit or loss and other comprehensive income are attributable to the following items:

	At 1 April	Movement	At 31 March
	2016		2017
Deferred tax assets	USD	USD	USD
Tax losses	897,534	(897,534)	-
Deferred tax credit	(718,028)	718,028	-
Deferred tax asset not recognised	(179,506)	179,506	-
	<u>-</u>	<u>-</u>	<u>-</u>