

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

FINANCIAL STATEMENTS - YEAR ENDED

31 MARCH 2018

Dolphin Offshore Enterprises (Mauritius) Private Limited

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

---

	<b>PAGES</b>
CORPORATE DATA	1
COMMENTARY OF THE DIRECTORS	2
SECRETARY'S CERTIFICATE	3
INDEPENDENT AUDITOR'S REPORT	4 - 4(b)
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 20

CORPORATE DATA FOR THE YEAR ENDED 31 MARCH 2018

		Date of appointment	Date of resignation
<b>DIRECTORS</b>	: Sonia Lutchmiah	31-Oct-08	27-Mar-18
	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	-
	Doomraj Sooneelall	27-Mar-18	-
<b>ADMINISTRATOR AND SECRETARY</b>	: SGG Corporate Services (Mauritius) Ltd (Formerly known as "CIM CORPORATE SERVICES LTD") 33, Edith Cavell Street Port-Louis, 11324 Mauritius		
<b>REGISTERED OFFICE</b>	: (As from 16 October 2017) SGG Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port-Louis, 11324 Mauritius		
	: (up to 15 October 2017) c/o CIM CORPORATE SERVICES LTD Les Cascades Building Edith Cavell Street Port-Louis Mauritius		
<b>BANKS</b>	: SBI International (Mauritius) Ltd 7th Floor, SBI Tower Mindspace Bhumi Park 45 Cybercity Ebène Mauritius		
	: Emirates NBD Head Office, 11th Floor, Emirates NBD Group Headquarters Baniuyas Road, Derira PO Box 777 Abu Dhabi United Arab Emirates		
<b>AUDITOR</b>	: BDO & Co 10, Frère Felix de Valois Street Port Louis Mauritius		

COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

---

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 2018.

**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 the payment of dividend for the year under review (2017: USD Nil).

**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 2018 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

3

SECRETARY'S CERTIFICATE FOR THE YEAR ENDED 31 MARCH 2018

---

We certify that to the best of our knowledge and belief, we have filed with the Registrar of Companies all such returns as are required of Dolphin Offshore Enterprises (Mauritius) Private Limited (the "Company") under the Companies Act 2001 for the year ended 31 March 2018.

SGG Corporate Services (Mauritius) Ltd  
Secretary  
33, Edith Cavell Street  
Port-Louis, 11324  
Mauritius

Date: 21 MAY 2018

## DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

4

### 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 20 which comprise the statement of financial position as at 31 March 2018, 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 20 give a true and fair view of the financial position of the Company as at 31 March 2018, 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 34,622,376 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.



## **DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED**

4(a)

### **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**

4(b)

**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.

**21 MAY 2018**



## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

ASSETS	Notes	2018 USD	2017 USD
<b>Non-current assets</b>			
Property, plant and equipment	5	16,079,323	18,258,309
Non-current receivable	6	1,598,407	2,346,992
		<u>17,677,730</u>	<u>20,605,301</u>
<b>Current assets</b>			
Inventories	7	121,707	41,073
Trade and other receivables	8	37,413,287	31,469,125
Cash and cash equivalents		84,579	460,540
<b>Total current assets</b>		<u>37,619,573</u>	<u>31,970,738</u>
<b>Total assets</b>		<u>55,297,303</u>	<u>52,576,039</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	9	25,000	25,000
Retained earnings		51,636,696	47,554,350
<b>Total equity</b>		<u>51,661,696</u>	<u>47,579,350</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	3,635,607	4,751,520
Dividends payable	11	-	245,169
<b>Total current liabilities</b>		<u>3,635,607</u>	<u>4,996,689</u>
<b>Total liabilities</b>		<u>3,635,607</u>	<u>4,996,689</u>
<b>Total equity and liabilities</b>		<u>55,297,303</u>	<u>52,576,039</u>

The financial statements have been approved for issue by the Board of Directors on: *21 May 2018*  
and signed on its behalf by:

*Doomraj Sooneelall*

NAME OF DIRECTOR



SIGNATURE

*Sharmanand Thureesa*

NAME OF DIRECTOR

*(alternate director to Mr Gyaneshwarth Gooreea)*



SIGNATURE

The notes on pages 9 to 20 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 2018**

	<u>Notes</u>	<u>2018</u> USD	<u>2017</u> USD
<b>INCOME</b>			
Revenue	2(d)	12,286,406	18,220,402
Interest income	2(d)	122,188	3,181,835
		<u>12,408,594</u>	<u>21,402,237</u>
<b>EXPENSES</b>			
Operating expenses	12	2,998,944	2,930,258
Depreciation	5	2,181,674	2,180,950
Impairment losses	13	2,737,350	9,734,375
General and administrative expenses	14	333,261	405,073
Audit fees		21,785	24,840
Bank charges		4,458	4,826
Secretarial fees		3,200	3,200
Licence fees		2,150	1,750
		<u>8,282,822</u>	<u>15,285,272</u>
Profit before finance income / (costs)		4,125,772	6,116,965
Finance income / (costs)	15	21,703	(8,925)
<b>PROFIT BEFORE TAXATION</b>		4,147,475	6,108,040
Taxation	16	(65,129)	(167,924)
<b>PROFIT FOR THE YEAR</b>		4,082,346	5,940,116
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>4,082,346</u>	<u>5,940,116</u>

The notes on pages 9 to 20 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 2018

	<b>Stated capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	USD	USD	USD
Balance at 1 April 2017	25,000	47,554,350	47,579,350
Total comprehensive income for the year:			
- Profit for the year	-	4,082,346	4,082,346
<b>Balance at 31 March 2018</b>	<b>25,000</b>	<b>51,636,696</b>	<b>51,661,696</b>
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
<b>Balance at 31 March 2017</b>	<b>25,000</b>	<b>47,554,350</b>	<b>47,579,350</b>

The notes on pages 9 to 20 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 2018

	2018	2017
	USD	USD
<i>Operating activities</i>		
Profit before taxation	4,147,475	6,108,040
Adjustments for:		
Depreciation on property, plant and equipment	2,181,674	2,180,950
Impairment losses	2,737,350	9,734,375
Interest income	(122,188)	(3,181,835)
<i>Changes in working capital:</i>		
Inventories	(80,634)	13,728
Trade and other receivables	(7,849,042)	(15,925,206)
Trade and other payables	(1,115,913)	763,455
Cash used in operations	(101,278)	(306,493)
Interest received	38,303	259
Withholding tax	(65,129)	(156,209)
<b>Net cash used in operating activities</b>	<b>(128,104)</b>	<b>(462,443)</b>
<i>Investing activities</i>		
Refund on work in progress	-	1,255,250
Purchase of property, plant and equipment	(2,688)	(15,598)
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,688)</b>	<b>1,239,652</b>
<i>Financing activity</i>		
Dividends paid	(245,169)	(653,189)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(375,961)</b>	<b>124,020</b>
<i>Movement in cash and cash equivalents</i>		
At 1 April	460,540	336,520
Net (decrease)/increase in cash and cash equivalents	(375,961)	124,020
At 31 March	84,579	460,540

The notes on pages 9 to 20 form an integral part of these financial statements.  
Independent Auditor's report on pages 4 to 4(b).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

---

**1. REPORTING ENTITY**

Dolphin Offshore Enterprises (Mauritius) Private 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 SGG Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port-Louis 11324, 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.

***Amendments to published Standards effective in the reporting period***

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12). The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendment has no impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 7). The amendments require the entity to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. The amendment has no impact on the Company's financial statements.

**Annual Improvements to IFRSs 2014-2016 Cycle**

IFRS 12 Disclosure of Interests in Other Entities. The amendments clarify that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. 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 issued but not yet effective*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2018 or later periods, but which the Company has not early adopted.

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

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts 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

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)

IFRS 17 Insurance Contracts

IFRIC 23 Uncertainty over Income Tax Treatments

Prepayment Features with negative compensation (Amendments to IFRS 9)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Annual Improvements to IFRSs 2015-2017 Cycle

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

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)

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.

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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Expenses**

Expenses are accounted on an accrual basis.

**(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 less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

**(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 receivable with fixed maturity terms is 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 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

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash on another financial assets. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

#### 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, 2018 and 2017, the Company's maximum exposure to credit risk is represented by the carrying amount of non current receivables amounting to USD 38,964,490 (2017: USD 33,757,006).

#### 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 2018

5. PROPERTY, PLANT AND EQUIPMENT	Vessels	Office & Computer equipment	Work in progress	Total
	USD	USD	USD	USD
<b>COST</b>				
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	30,873,122	95,473	20,063	30,988,658
Additions	-	2,688	-	2,688
At 31 March 2018	<u>30,873,122</u>	<u>98,161</u>	<u>20,063</u>	<u>30,991,346</u>
<b>DEPRECIATION</b>				
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	12,656,377	73,972	-	12,730,349
Charge for the year	2,172,075	9,599	-	2,181,674
At 31 March 2018	<u>14,828,452</u>	<u>83,571</u>	<u>-</u>	<u>14,912,023</u>
<b>NET BOOK VALUE</b>				
At 31 March 2018	<u>16,044,670</u>	<u>14,590</u>	<u>20,063</u>	<u>16,079,323</u>
At 31 March 2017	<u>18,216,745</u>	<u>21,501</u>	<u>20,063</u>	<u>18,258,309</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:

Analysed as follows:	2018	2017
	USD	USD
Non-current	1,598,407	2,346,992
Current (Note 8)	2,002,775	1,403,008
	<u>3,601,182</u>	<u>3,750,000</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

7. INVENTORIES	2018	2017
	USD	USD
Fuel and oil at cost	82,550	10,464
Critical spares	39,157	30,609
	<u>121,707</u>	<u>41,073</u>
8. TRADE AND OTHER RECEIVABLES	2018	2017
	USD	USD
Trade receivables	28,875,313	24,317,529
Interest receivable	4,599,405	4,515,520
Other receivables	1,888,590	1,173,957
Sales proceeds receivable from related party (note 6)	2,002,775	1,403,008
Prepayments	47,204	59,111
	<u>37,413,287</u>	<u>31,469,125</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 2018, trade receivables of USD 28,753,950 (2017: USD 23,095,483) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2018	2017
	USD	USD
3 to 6 months	-	3,780,000
Over 6 months to 1 year	5,692,050	11,550,554
Over 1 year	23,061,900	7,764,929
	<u>28,753,950</u>	<u>23,095,483</u>

Movement on the provision for impairment is as follows:

	2018	2017
	USD	USD
At 1 April,	8,250,827	-
Provision for impairment	2,737,350	8,250,827
At 31 March,	<u>10,988,177</u>	<u>8,250,827</u>

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

Trade receivables include an amount of USD 27,590,429 (2017: USD 24,752,483) due by Evya. The Company has commenced separate arbitration proceedings in the London Court of International Arbitration under the Arbitration Act of 1996 against Evya, and its financial partners MDA24 S.A.P.I. de CV for the recovery of this debt. The Management is confident of getting a favourable award under the proceedings.

9. STATED CAPITAL	2018 & 2017
	USD
25,000 ordinary shares of USD 1 each	<u>25,000</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

10. TRADE AND OTHER PAYABLES	2018	2017
	USD	USD
Creditors	1,100,849	581,132
Amount payable to related parties	1,313,788	679,732
Accruals	1,220,970	970,656
Advance from customer	-	2,520,000
	<u>3,635,607</u>	<u>4,751,520</u>
The carrying amounts of trade and other payables approximate their fair values.		
11. DIVIDENDS	2018	2017
	USD	USD
Balance at 1 April	245,169	898,358
Paid during the year	(245,169)	(653,189)
Balance at 31 March	<u>-</u>	<u>245,169</u>
12. OPERATING EXPENSES	2018	2017
	USD	USD
Vessel charter and related expenses	872,307	683,892
Vessel crew and subcontractor charges	966,458	1,002,755
Consumables and equipment related expenses	428,769	809,763
Other operating expenses	731,410	433,848
	<u>2,998,944</u>	<u>2,930,258</u>
13. IMPAIRMENT LOSSES	2018	2017
	USD	USD
Trade debtors - provision for impairment	2,737,350	8,250,827
Trade debtors - impaired	-	365,705
Work in progress	-	1,117,843
	<u>2,737,350</u>	<u>9,734,375</u>
14. GENERAL AND ADMINISTRATIVE EXPENSES	2018	2017
	USD	USD
Wages and salaries	118,894	96,877
Other expenses	103,774	70,618
Travel expenses	46,032	75,183
Rent	43,036	36,426
Telephone expenses	9,066	8,938
Professional fees	6,774	110,881
Registration & filing fees	4,785	5,250
Accounting fees	900	900
	<u>333,261</u>	<u>405,073</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

15. FINANCE INCOME/ (COSTS)	2018 <u>USD</u>	2017 <u>USD</u>
Interest expense - others	(1,354)	(2,070)
Foreign exchange gain/(loss)	23,057	(6,855)
	<u>21,703</u>	<u>(8,925)</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.

There is no capital gain tax in Mauritius.

<u>Current tax expense</u>	2018 <u>USD</u>	2017 <u>USD</u>
(a) Current tax charge on the adjusted profit for the year	-	-
Withholding tax	65,129	167,924
Tax charge for the year	<u>65,129</u>	<u>167,924</u>
(b) <u>Reconciliation of effective current tax charge</u>	2018 <u>USD</u>	2017 <u>USD</u>
Profit before taxation	4,147,475	6,108,040
Tax calculated at 15% (2017: 15%)	622,121	916,206
Income not subject to tax	(1,842,990)	(2,733,099)
Non allowable expenses	1,238,439	2,285,913
Deemed foreign tax credit	(17,570)	-
Tax losses utilised	-	(469,020)
Withholding tax	65,129	167,924
Current tax charge for the year	<u>65,129</u>	<u>167,924</u>

## 17. RELATED PARTY TRANSACTIONS

	2018 <u>USD</u>	2017 <u>USD</u>
<u>Holding company</u>		
Amount payable	<u>1,058,488</u>	<u>988,919</u>
<u>Fellow subsidiary</u>		
Amount receivable	3,601,182	3,750,000
Interest receivable	206,020	122,135
Interest income	121,992	120,769
Amount payable	<u>255,110</u>	<u>-</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 2018

**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 2018 and 2017, 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:

	2018		2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	USD	USD	USD	USD
United States Dollar	<u>39,049,069</u>	<u>3,635,607</u>	<u>34,217,546</u>	<u>4,751,520</u>

Prepayments of USD 47,204 (2017: USD 59,111) 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. SUBSEQUENT EVENTS**

There were no events after the reporting date that have not been adequately provided for or disclosed in these financial statements and that could have a material effect on the state of affairs of the Company as at the reporting date.