

Deloitte.

ENERGY EASTERN PTE. LTD.
(Incorporated in Singapore)
(Company Registration No. 200802341E)

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

ENERGY EASTERN PTE. LTD.
(Incorporated in Singapore)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

CONTENTS

	<u>PAGE</u>
Report of the Directors	1 - 2
Statement of Directors	3
Independent Auditors' Report	4 - 5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 23

ENERGY EASTERN PTE. LTD.
(Incorporated in Singapore)

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the financial year ended 31 March 2012.

DIRECTORS

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

Alok Ramdev Kanagat
Kottamasu Venkateswara Rao
Sagi Satyanarayana Varma

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors of the company holding office at the end of the financial period had any interest in shares or debentures of the company or its related corporations at the beginning and end of the financial year as recorded in the register of directors' shareholdings kept by the company.

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest. The directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

SHARE OPTIONS

- (a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the company was granted.

- (b) Options exercised

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

- (c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the company under option.

INDEPENDENT AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



Sagi Satyanarayana Varma
Director



Kottamasu Venkateswara Rao
Director

Date: 06 JUL 2012

ENERGY EASTERN PTE. LTD.
(Incorporated in Singapore)

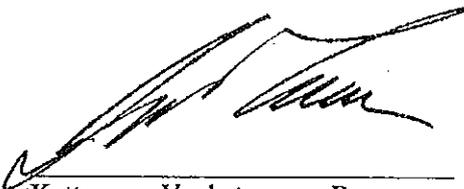
STATEMENT BY DIRECTORS

In the opinion of the directors of Energy Eastern Pte. Ltd., the accompanying financial statements set out on pages 6 to 23 are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2012 and of its results, changes in equity and cash flows for the financial year ended 31 March 2012; and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS



Sagi Satyanarayana Varma
Director



Kottamasu Venkateswara Rao
Director

Date: 06 JUL 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

ENERGY EASTERN PTE. LTD. (Incorporated in Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of Energy Eastern Pte. Ltd. (the "Company") which comprise the statement of financial position of the Company as at 31 March 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 23.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Deloitte.

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012 and of the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



Public Accountants and
Certified Public Accountants

Singapore
6 July, 2012

ENERGY EASTERN PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
31 MARCH 2012

	<u>Note</u>	<u>2012</u> US\$	<u>2011</u> US\$
<u>ASSETS</u>			
Current Assets			
Bank balance	6	205,755	658,571
Trade and other receivables	7	2,253,112	41,514
Total current assets		<u>2,458,867</u>	<u>700,085</u>
TOTAL ASSETS		<u>2,458,867</u>	<u>700,085</u>
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Bank loans	8	1,603,000	-
Trade payables	9	5,500	322,021
Other payables	10	813,258	70,887
Income tax payable	15	-	5,018
Total current liabilities		<u>2,421,758</u>	<u>397,926</u>
Capital and Accumulated Losses			
Share capital	11	711,032	711,032
Accumulated losses		<u>(673,923)</u>	<u>(408,873)</u>
Total equity		<u>37,109</u>	<u>302,159</u>
TOTAL LIABILITIES AND EQUITY		<u>2,458,867</u>	<u>700,085</u>

See accompany notes to financial statements

ENERGY EASTERN PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2012

	<u>Note</u>	<u>2012</u> US\$	<u>2011</u> US\$
Revenue	12	9,762,056	2,635,474
Cost of sales	13	<u>(9,594,373)</u>	<u>(2,073,168)</u>
Gross profit		167,684	562,306
Exchange (loss) gain		(969)	344
Other income		5,996	-
Operating expenses	14	(426,786)	(319,973)
Finance costs	15	<u>(2,915)</u>	<u>-</u>
(Loss) Profit before income tax		(256,990)	242,677
Income tax	16	<u>(8,060)</u>	<u>(5,018)</u>
Total (loss) profit for the year representing total comprehensive (loss) income for the year		<u>(265,050)</u>	<u>237,659</u>

See accompany notes to financial statements

ENERGY EASTERN PTE. LTD.
(Incorporated in Singapore)

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2012**

	<u>Note</u>	<u>Share capital US\$</u>	<u>Accumulated losses US\$</u>	<u>Total US\$</u>
Balance as at 1 April 2010		591,032	(646,532)	(55,500)
Issue of share capital	11	120,000	-	120,000
Total comprehensive income for the year		<u>-</u>	<u>237,659</u>	<u>237,659</u>
Balance as at 31 March 2011		711,032	(408,873)	302,159
Total comprehensive income for the year		<u>-</u>	<u>(265,050)</u>	<u>(265,050)</u>
Balance as at 31 March 2012		<u>711,032</u>	<u>(673,923)</u>	<u>37,109</u>

See accompany notes to financial statements

ENERGY EASTERN PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2012

	<u>2012</u> US\$	<u>2011</u> US\$
Operating Activities		
(Loss) Profit before income tax	(256,990)	242,677
Adjustments for:		
Interest expenses	2,915	-
Interest income	<u>(5,996)</u>	-
Operating cash flows before changes in working capital	<u>(260,071)</u>	<u>242,677</u>
Working capital changes		
Trade receivables	(2,211,598)	(41,514)
Trade payables	(13,622)	322,021
Other payables	<u>439,472</u>	<u>5,347</u>
Cash (used in) generated from operations	<u>(2,045,819)</u>	<u>528,531</u>
Income taxes paid	(13,078)	-
Interest received	5,996	-
Interest paid	<u>(2,915)</u>	-
Net cash (used in) from operating activities	<u>(2,055,816)</u>	<u>528,531</u>
Financing Activities		
Issue of share capital	-	120,000
Proceeds from borrowings	<u>1,603,000</u>	-
Net cash from financing activities	<u>1,603,000</u>	<u>120,000</u>
Net (decrease) increase in cash and cash equivalents	(452,816)	648,531
Cash and cash equivalents at the beginning of year	<u>658,571</u>	<u>10,040</u>
Cash and cash equivalents at the end of year (Note 7)	<u><u>205,755</u></u>	<u><u>658,571</u></u>

See accompany notes to financial statements

ENERGY EASTERN PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2012

1. GENERAL INFORMATION

Energy Eastern Pte Ltd. (Company Registration No: 200802341E) is domiciled in Singapore. The Company's principal place of business is at 143 Cecil Street, #25-01 GB Building, Singapore 069542.

The principal activities of the Company are in chartering of cape size dry bulk carriers for the proposed transportation of coal from Indonesia to Mundra.

The financial statements of Energy Eastern Pte. Ltd. as at 31 March 2012 and for the financial year ended 31 March 2012 were authorised and approved by the board of directors for issuance on 6 July, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

The financial statements expressed in United States dollars are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies.

In the current financial period, the company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from annual periods beginning on or after 1 April 2011.

The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised certain FRSs, INT FRSs and amendments to FRSs were issued but not effective.

Management anticipates that the adoption of the new FRSs, issued at the date of authorisation of these financial statements but effective in future periods will have no material impact on the financial statements of the Company in the period of their initial adoption.

Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets

Bank balances

Bank balances comprise cash at bank are subject to an insignificant risk of changes in value.

Loans and receivables

Trade and other receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade and other payables are initially measured at fair values, and subsequently measured at amortised cost, using the effective interest rate method.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Foreign Currency Translation

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

In preparing the financial statements of the company, monetary assets and liabilities in foreign currencies are translated into United States dollars at rates of exchange closely approximate to those ruling at the end of reporting date and transactions in foreign currencies during the financial period are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the income statement for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from manner in which company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows 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 are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the normal course of business, net of discounts and sales related taxes.

Rendering of services

Revenue from the rendering of services that are of a short duration is recognised when the services are completed.

Compensation

Compensation relates to reimbursement of the loss incurred due to non-honouring of the terms of contract of affreightment and is governed by the contract of affreightment. Compensation is recognised on an accrual basis.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

a) Critical judgements in applying the company's accounting policies

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

b) Key sources of estimation uncertainty

The management is of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT**

a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	<u>2012</u> US\$	<u>2011</u> US\$
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>1,822,497</u>	<u>700,085</u>
Financial liabilities		
Amortised cost	<u>1,993,025</u>	<u>392,908</u>

b) Liquidity risk management

The company has sufficient funds to finance its working capital.

Financial assets

The following table details the expected maturity or liquidity of the financial assets. The inclusion of information on financial assets is necessary in order to understand the Company's liquidity risk management as the Company's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	<u>Average effective interest rate</u> %	<u>On demand or within 1 year</u> US\$	<u>Total</u> US\$
<u>2012</u>			
Non-interest bearing	N/A	217,252	217,252
Variable interest rate instruments	4.96	<u>1,605,245</u>	<u>1,605,246</u>
		<u>1,822,497</u>	<u>1,822,497</u>
<u>2011</u>			
Non-interest bearing	N/A	<u>700,085</u>	<u>700,085</u>
		<u>700,085</u>	<u>700,085</u>

Financial liabilities

The following table details the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Average effective interest rate %	On demand or within 1 year US\$	Total US\$
<u>2012</u>			
Non-interest bearing	N/A	390,025	390,025
Variable interest rate instruments	2.83	<u>1,603,000</u>	<u>1,603,000</u>
		<u>1,993,025</u>	<u>1,993,025</u>
<u>2011</u>			
Non-interest bearing	N/A	<u>392,908</u>	<u>392,908</u>
		<u>392,908</u>	<u>392,908</u>

c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management.

The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk. Majority of the receivables are from the immediate holding company. The management is of the view that the amounts due from the immediate holding company are not subjected to significant credit risks.

The cash is deposited with reputed financial institutions.

d) Interest rate risk management

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Company in the currency reporting period or in future years. The company is not exposed to significant interest rate risk as at the year end.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's:

Loss for the year ended 31 March 2012 would increase/decrease by US\$9,800 (2011 : US\$Nil). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings and trade financing.

e) Capital risk management

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital. The Company's overall strategy remains unchanged from 2011.

f) Foreign currency risk management

Certain transactions of the Company are denominated in Singapore dollar, therefore, the Company is exposed to a certain degree of foreign exchange risk. However, the Company does not use any hedging instruments to protect against the volatility associated with foreign currency transactions, other assets and liabilities created in the normal course of business.

The Company's significant current exposure is to Singapore dollar, which is as follows:

	<u>2012</u> US\$	<u>2011</u> US\$
<u>Assets</u>		
Cash at bank	19,621	10,671
	<u>19,621</u>	<u>10,671</u>
<u>Liabilities</u>		
Other payables	13,124	5,300
Income tax payable	-	5,018
	<u>13,124</u>	<u>10,318</u>

At 31 March 2012, if the Singapore dollar had strengthened/weakened by an estimated 10% against the United States dollar with all other variables including tax rate being held constant, the Company's loss for the financial year would have been higher/lower by approximately US\$650 (2011 : US\$35) as a result of currency translation gains/losses on the remaining Singapore dollar denominated financial assets and liabilities.

g) Fair values of financial assets and financial liabilities

The carrying amounts of cash at bank, trade and other receivables, bank borrowings, trade and other payables approximate their fair values due to their short-term nature.

5. **IMMEDIATE AND ULTIMATE HOLDING COMPANY**

The Company's immediate holding company is Coastal Gujarat Power Limited (incorporated in India) and its ultimate holding company is The Tata Power Company Limited (incorporated in India). Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

	<u>2012</u> US\$	<u>2011</u> US\$
<u>Immediate Holding Company</u>		
Freight Income	3,076,517	2,635,474
Compensation	3,850,581	-
Interest Income	5,996	-
Demurrage	<u>(10,978)</u>	<u>-</u>
<u>Fellow subsidiary</u>		
Management fees paid/payable	<u>368,486</u>	<u>60,000</u>

6. **BANK BALANCES**

	<u>2012</u> US\$	<u>2011</u> US\$
Cash at bank	<u>205,755</u>	<u>658,571</u>
	<u>205,755</u>	<u>658,571</u>

The Company's cash and bank balances that are not denominated in United States dollar are as follows:

	<u>2012</u> US\$	<u>2011</u> US\$
Singapore dollar	<u>19,621</u>	<u>10,671</u>

7. TRADE AND OTHER RECEIVABLES

	<u>2012</u> US\$	<u>2011</u> US\$
Immediate holding company (Note 5)	1,611,242	38,486
Outside party	5,500	3,028
Prepayments of charter hire	<u>636,370</u>	-
	<u>2,253,112</u>	<u>41,514</u>

The carrying amount of trade receivables approximates its fair values and is denominated in United States dollar.

The average credit period on sales of goods is 5 days (2011 : 30 days). Interest is charged at 1.55% per annum plus applicable cost of fund to immediate holding company on overdue trade receivables for the first 180 days from the date of invoice.

Outstanding balance with immediate holding company is unsecured. There is no allowance for doubtful debt arising from the outstanding balance.

The company makes specific allowances for receivables based on management assessment that majority receivables that are past due beyond 120 days are generally not recoverable.

Before accepting any new customer, the Company will assess the potential customer's credit quality. Limits are monitored periodically by management.

In determining the recoverability of a trade receivable the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no provision required.

Trade receivables balances were not past due and impaired as at 31 March 2012.

8. BANK LOAN

	<u>2012</u> US\$	<u>2011</u> US\$
Unsecured bank loan – at amortised cost	<u>1,603,000</u>	-
	<u>1,603,000</u>	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>1,603,000</u>	-
Amount due for settlement after 12 months	<u>-</u>	<u>-</u>

The carrying amount of bank loan approximates its fair value based on management's best estimate and is denominated in United States dollars.

Unsecured Bank loans of US\$1,603,000 (2011 : US\$Nil) are arranged at floating interest rates of London Inter Bank Offered Rate (LIBOR) plus 2.00% per annum, thus exposing the company to cash flow interest rate risk. During the year, interest is charged at an average rate of 2.37% (2011 : Nil%) per annum.

The Company has the following borrowing arrangements with Standard Chartered Bank:

- a) A short term loan facility of up to US\$6.5 million (2011 : US\$Nil) to assist with working capital requirements. The facilities are granted on an uncommitted basis, and are repayable on demand. The interest on the outstanding loan amount is to be paid on the same repayment dates along with the principal and the interest is computed for the actual number of days at a floating rate of: up to a maximum of 6 months with applicable period's LIBOR plus 1.50% per annum. As at 31 March 2012, the amount outstanding under this facility is US\$1.6 million (2011 : US\$Nil).
- b) This facility is secured by a Corporate Guarantee executed by the ultimate holding company.
- c) As at 31 March 2012, the Company had US\$4.9 million (2011 : US\$Nil) of undrawn borrowing facilities.

9. TRADE PAYABLES

	<u>2012</u> US\$	<u>2011</u> US\$
Immediate holding company (Note 5)	-	295,860
Outside party	<u>5,500</u>	<u>26,161</u>
	<u>5,500</u>	<u>322,021</u>

The carrying amounts of other payables approximate their fair values and are denominated in United States dollars.

The average credit period on purchases of services is 30 days (2011 : 28 days). No interest is charged on trade payables.

10. OTHER PAYABLES

	<u>2012</u> US\$	<u>2011</u> US\$
Accrued expenses	16,039	10,887
Deferred income	428,733	-
Fellow subsidiary (Note 5)	<u>368,486</u>	<u>60,000</u>
	<u>813,258</u>	<u>70,887</u>

The carrying amounts of other payables approximate their fair values and are not denominated in United States dollar are as follows:

	<u>2012</u> US\$	<u>2011</u> US\$
Singapore dollar	<u>13,124</u>	<u>5,300</u>

11. SHARE CAPITAL

	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Number of ordinary shares		US\$	US\$
<u>Issued and fully paid:</u>				
At the beginning of year	711,032	591,032	711,032	591,032
Issued during the year	-	<u>120,000</u>	-	<u>120,000</u>
At the end of year	<u>711,032</u>	<u>711,032</u>	<u>711,032</u>	<u>711,032</u>

All issued ordinary shares are fully paid and have no par value.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

12. REVENUE

	<u>2012</u>	<u>2011</u>
	US\$	US\$
Income from sale of goods	3,076,517	2,635,474
Vessel operating income	6,685,539	-
	<u>9,762,056</u>	<u>2,635,474</u>

13. COST OF SALES

Cost of sales mainly comprises of chartered hire fees and freight expenses of US\$4,942,283 (2011 : US\$Nil) and US\$2,828,419 (2011 : US\$2,073,168) respectively.

14. OPERATING EXPENSES

	<u>2012</u>	<u>2011</u>
	US\$	US\$
Management fees	368,486	60,000
Legal and professional fees	27,342	5,587
Travelling expenses	-	10,943
Others	<u>30,958</u>	<u>243,443</u>
	<u>426,786</u>	<u>319,973</u>

15. FINANCE COSTS

	<u>2012</u>	<u>2011</u>
	US\$	US\$
Interest on borrowings	<u>2,915</u>	<u>-</u>

16. INCOME TAX

	<u>2012</u> US\$	<u>2011</u> US\$
Tax expense comprises:		
Current tax expenses	-	5,018
Adjustments recognised in the current year in relation to the current tax of prior years	<u>8,060</u>	<u>-</u>
Total tax expenses	<u>8,060</u>	<u>5,018</u>

Income tax expense is calculated at 17% (2011 : 17%) of the estimated assessable (loss) profit for the year. The total charge for the year can be reconciled to the accounting profit (loss) as follows:

	<u>2012</u> US\$	<u>2011</u> US\$
(Loss) Profit before tax	<u>(256,990)</u>	<u>242,677</u>
(Credit) Tax at the domestic income tax rate	(43,688)	41,254
Non-taxable items	-	(16,711)
Exempt income	40,653	(19,525)
Others	<u>3,036</u>	<u>-</u>
	-	5,018
Adjustments recognised in the current year in relation to the current tax of prior year	<u>8,060</u>	<u>-</u>
	<u>8,060</u>	<u>5,018</u>

With effect from August 1, 2011, the Company has been awarded the status of Approved International Shipping Enterprise (AIS) pursuant to the Maritime Sector Incentive Scheme of Maritime and Port Authority of Singapore (MPA) for a period of 10 years. This status entitles the Company to claim tax exemption under section 13F of Singapore Income tax act for all the incomes arising out of qualifying shipping operations. This approval has been granted subject to satisfaction of certain conditions which are required to be met by the end of 5 years from the date of commencement of exemption period and will be subject to review by MPA at the end of 5th year.

The Company does not have any employees. All services provide by the Company are managed by Trust Energy Resources Pte Ltd, fellow subsidiary of the Company and the charges are included under management fee. Hence there is no a staff cost or key management cost incurred by the Company.

ENERGY EASTERN PTE LTD
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	Year ended 31	Exchange	Amount	Year ended 31	Exchange	Amount
	March 2012	Rate		March 2011	Rate	
	USD		INR	USD		INR
REVENUE-	9,768,052	47.95	468,378,093	2,635,474	45.58	120,124,905
Cost Of Sales	<u>-2,828,419</u>	47.95	<u>-135,622,691</u>	<u>-2,073,168</u>	45.58	<u>-94,494,997</u>
Gross Profit	6,939,633		332,755,402	562,306		25,629,907
Exchange gain	<u>-970</u>	47.95	<u>-46,512</u>	<u>344</u>	45.58	<u>15,680</u>
COST AND EXPENSES						
Operating expenses	-7,192,738	47.95	-344,891,787	-319,973	45.58	-14,584,369
Finance Costs	-2,915	47.95	-139,774	0	45.58	0
Profit/(Loss) before tax	<u>-256,990</u>		<u>-12,322,671</u>	<u>242,677</u>		<u>11,061,218</u>
Taxation	-8,060	47.95	-386,477	-5,018	45.58	-228,720
Profit/(Loss) for the year	<u>-265,050</u>		<u>-12,709,148</u>	<u>237,659</u>		<u>10,832,497</u>

ENERGY EASTERN PTE LTD
BALANCE SHEET AT 31 MARCH 2012

	As at 31 March 2012 USD	Exchange Rate	Amount INR	As at 31 March 2011 USD	Exchange Rate	Amount INR
ASSETS						
<u>Current Assets</u>						
Cash at bank and in hand	205,755	51.19	10,532,598	658,571	44.67	29,418,367
Trade Receivables	2,253,112	51.19	115,336,803	41,514	44.67	1,854,430
Exchange fluctuation reserve			1,421,762			2,533,077
Total assets	<u>2,458,867</u>		<u>127,291,164</u>	<u>700,085</u>		<u>33,805,874</u>
EQUITY AND LIABILITIES						
<u>Capital and reserves</u>						
Share capital	711,032		34,029,123	711,032		34,029,123
Accumulated losses	-673,923		-30,707,751	-408,873		-17,998,603
	<u>37,109</u>		<u>3,321,372</u>	<u>302,159</u>		<u>16,030,520</u>
<u>Current liabilities</u>						
Bank Loans	1,603,000	51.19	82,057,570	0	44.67	0
Trade Payables	434,233	51.19	22,228,387	322,021	44.67	14,384,678
Other payables	384,525	51.19	19,683,835	70,887	44.67	3,166,522
Income Tax Payable	0	51.19	0	5,018	44.67	224,154
	<u>2,421,758</u>		<u>123,969,792</u>	<u>397,926</u>		<u>17,775,354</u>
Total equity and liabilities	<u>2,458,867</u>		<u>127,291,164</u>	<u>700,085</u>		<u>33,805,874</u>

ENERGY EASTERN PTE LTD
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2012

	Share Capital		Accumulated Losses				Total Exchange Rate	
	USD	INR	USD	INR	USD	INR	USD	INR
At 31 March 2010	591,032	28,436,073	-646,532	-28,831,101	-65,500	-395,028		
Issue of ordinary shares	120,000	5,593,050			120,000	5,593,050		
Total comprehensive income for the year			237,659	10,832,497	237,659	10,832,497		
At 31 March 2011	711,032	34,029,123	-408,873	-17,998,603	-302,159	-16,030,520		
Total comprehensive income for the year			-265,050	-12,709,148	-265,050	-12,709,148		
At 31 March 2012	711,032	34,029,123	-673,923	-30,707,751	37,109	3,321,372		

ENERGY EASTERN PTE LTD
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	Year ended 31 March 2012	Exchange Rate	Amount	Year ended 31 March 2011	Exchange Rate	Amount
	USD		INR	USD		INR
Cash flows from operating activities						
Loss before tax	-256,990	47.95	-12,322,671	242,677	45.58	11,061,218
Adjustment for :						
Interest Expenses	2,915	47.95	139,774	0	45.58	0
Interest Income	-5,996	47.95	-287,508	0	45.58	0
Cash flows before changes in working capital	-260,071		-12,470,404	242,677		11,061,218
Working capital changes, excluding changes relating to cash :						
Trade Receivables	-2,211,598	47.95	-106,046,124	-41,514	45.58	-1,892,208
Trade Payables	420,698	47.95	20,172,469	322,021	45.58	14,677,717
Other Payables	5,152	47.95	247,038	5,347	45.58	243,716
Cash (used in) / generated from operations	-2,045,819		-98,097,021	528,531		24,090,443
Income tax Paid	-13,078	47.95	-627,090	0	47.95	0
Interest Received	5,996	47.95	287,508	0	47.95	0
Interest paid	-2,915	47.95	-139,774	0	47.95	0
Net cash (used in)/ from operating activities	-2,055,816		-98,576,377	528,531		24,090,443
Cash flows from financing activities						
Proceeds from issue of share capital	0		0	120,000		5,593,050
Proceeds from borrowings	1,603,000	47.95	76,863,850	0	47.95	0
Exchange fluctuation			2,826,759			-718,533
Net cash generated from financing activities	1,603,000		79,690,609	120,000		4,874,517
Net increase / (decrease) in cash at bank	-452,816		-18,885,768	648,531		28,964,960
Cash and cash equivalents:						
At the beginning of the year	658,571		29,418,366	10,040		453,406
At the end of the year	<u>205,755</u>		<u>10,532,598</u>	<u>658,571</u>		<u>29,418,366</u>