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MGI N RAJAN ASSOCIATES

PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MERCATOR OFFSHORE (P) PTE LTD

Report on financial statements

We have audited the accompanying financial statements of **MERCATOR OFFSHORE (P) PTE LTD** ("the Company") for the year ended 31 March 2015, which comprise the balance sheet as at 31 March 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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, Cap.50 (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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.

Opinion

In our opinion, the financial statements 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 2015 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.

MGI N Rajan Associates

MGI N RAJAN ASSOCIATES
Public Accountants and Chartered Accountants
Singapore

DATE: 28 MAY 2015

10, JALAN BESAR #10-12, SIM LIM TOWER, SINGAPORE 208787.
TEL: (065) 6293 8089/6293 8370 / 6293 8047 / 6293 0732 FAX: (065) 6293 5756 Email: soma@nra.com.sg Web: www.nra.com.sg

G. Natarajan, P.S. Somasekharan, D. Govindaraj

MERCATOR OFFSHORE (P) PTE LTD
(Incorporated in Singapore)

BALANCE SHEET AS AT 31 MARCH 2015

	Note	2015 US$	2014 US$
ASSETS			
Non - Current Assets			
Property, plant & equipment	5	120,530,463	141,953,224
Subsidiary	7	67,000	67,000
		120,597,463	**142,020,224**
Current Assets			
Cash and cash equivalents	8	5,716,668	7,832,136
Trade receivables	9	4,961,546	22,189
Other receivables	10	3,499,268	1,846,986
		14,177,482	**9,701,311**
Total Assets		**134,774,945**	**151,721,535**
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	9,590,758	7,832,279
Deferred revenue	12	4,680,000	4,680,000
Borrowings	13	21,550,000	20,050,000
Provision for tax		139,023	-
		35,959,781	**32,562,279**
Non-Current Liabilities			
Borrowings	13	74,273,044	96,638,134
Deferred revenue	12	9,799,941	14,479,941
		84,072,985	**111,118,075**
Share capital	14	200,001	200,001
Retained earnings		14,542,178	7,841,180
Shareholders equity		**14,742,179**	**8,041,181**
Total Liability and Equity		**134,774,945**	**151,721,535**

The annexed notes form an integral part of and should be read in conjunction with these financial statements

MERCATOR OFFSHORE (P) PTE LTD
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	NOTE	2015 US$	2014 US$
Revenue			
Sale of services		52,467,590	51,127,823
Other gains		1,121,601	239,471
		53,589,191	**51,367,294**
Less: Expenses			
Amortisation	5	119,544	119,544
Bank Charges		64,079	57,259
Depreciation	5	21,303,217	21,302,696
Salary & Wages		7,044,905	6,338,264
Operating expenses		8,810,031	10,418,463
Finance costs	6	4,596,577	5,319,535
Total expenses		**41,938,352**	**43,555,762**
Profit before tax	3	**11,650,839**	**7,811,533**
Less: Tax expense	4	149,841	-
Profit for the year		**11,500,998**	**7,811,533**
Other comprehensive income		-	-
Total comprehensive income		**11,500,998**	**7,811,533**

The annexed notes form an integral part of and should be read in conjunction with these financial statements

MERCATOR OFFSHORE (P) PTE LTD
(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Note	Share Capital US$	Retained earnings US$	Total Equity US$
Balance as at 31 March 2013		**200,001**	**6,429,647**	**6,629,648**
Total comprehensive income		-	7,811,533	7,811,533
Dividends	18	-	(6,400,000)	(6,400,000)
Balance as at 31 March 2014		**200,001**	**7,841,180**	**8,041,181**
Total comprehensive income		-	11,500,998	11,500,998
Dividends	18	-	(4,800,000)	(4,800,000)
Balance as at 31 March 2015		**200,001**	**14,542,178**	**14,742,179**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

MERCATOR OFFSHORE (P) PTE LIMITED
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	NOTE	2015 US$	2014 US$
Cash flows from operating activities			
Profit before tax for the year		**11,650,839**	**7,811,533**
Adjustments:			
Amortisation		119,544	119,544
Depreciation		21,303,217	21,302,696
Interest expense		4,596,577	5,319,535
Operating profit before working capital changes		**37,670,177**	**34,553,308**
Change in working capital:			
(Increase) in Deferred revenue		(4,680,000)	(4,680,000)
(Increase) in Trade & other receivables		(6,591,639)	(256,088)
Increase in Trade & other payables		1,518,479	1,123,299
Cash flows from operating activities		**27,917,017**	**30,740,519**
Tax paid		(10,818)	-
Net cash flows from operating activities		**27,906,199**	**30,740,519**
Cash flows from investing activities			
Construction of property, plant & equipment		-	(3,705)
Net cash (used in) investing activities		**-**	**(3,705)**
Cash flows from financing activities			
Borrowings		(20,865,090)	(16,975,000)
Interest charges		(4,596,577)	(5,319,535)
Dividend paid		(4,560,000)	(6,400,000)
Net cash flows from/(used in) financing activities		**(30,021,667)**	**(28,694,535)**
Net increase in cash & cash equivalents		(2,115,468)	2,042,279
Cash & cash equivalents at the beginning of the year		2,832,136	789,857
Cash & cash equivalents at end of the year	8	**716,668**	**2,832,136**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

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

1. GENERAL INFORMATION

The Company's immediate holding Company is Mercator Offshore Assets Holding Pte Ltd, a Company incorporated in Singapore (previous year Mercator International Pte Ltd, a Company incorporated in Singapore) and the ultimate holding Company is Mercator Limited, a Company incorporated in India.

The financial statements of the Company for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Directors on the date of the Statement by Directors.

The Company is a private limited Company and domiciled in the Republic of Singapore.

The principal activities of the Company are that of providing services incidental to oil and gas extraction.

There have been no significant changes in the nature of these activities during the financial year.

The Company's registered office is located at:-
8 Temasek Boulevard
#07-01, Suntec Tower Three
Singapore 038988

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The Company has assessed that there are no estimates or judgments used that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Adoption of new and revised standards

The Company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2014.The adoption of these new/revised FRS and INT FRS 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.2 PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

i) Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis to write-off the cost of the assets over their estimated useful lives. The rates of depreciation are as follows:

	Years
Marine vessel	9
Technical database	5
Furniture and fittings	5
Office equipment	5

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any significant change in estimate accounted for on a prospective basis.

ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognized is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Other subsequent expenditure is recognized as repair and maintenance expense in the income statement during the financial year in which it is incurred.

iii) Disposal

On disposal of property, plant and equipment, the difference between the net disposal proceeds and carrying amount is recognized in the income statement. Any revaluation reserve relating to that asset is transferred to retained earnings directly.

2.3 IMPAIRMENT OF NON FINANCIAL ASSETS

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The impairment loss is recognised in the income statement unless the asset is carried at re-valued amount, in which case, such impairment loss is treated as a revaluation decrease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.4 FINANCIAL ASSETS

Loans and receivables

Loans and receivables include "cash and cash equivalents" in the balance sheet.

These financial assets are initially recognized at fair value plus transaction cost and subsequently carried at amortized cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognizes an allowance for impairment when such evidence exists. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.5 CURRENCY TRANSLATION

Functional currency
Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company ("the functional currency"). The financial statements are prepared in United States dollars, which is the functional currency of the Company.

Transactions and balances
Monetary assets and liabilities in foreign currencies are translated into United States dollar at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit and loss account in the year in which they arise. However, where a foreign currency transaction is to be settled at a contracted rate or is covered by a related or matching forward exchange contract, the rate of exchange specified in the contract will be used and any corresponding monetary assets or liabilities will not be retranslated.

2.6 TAXATION

The liability method of tax effect accounting is adopted by the Company. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.7 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, expelled or expired. When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and bank deposits.

2.9 PROVISIONS

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, 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.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised in the income statement as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.10 RELATED PARTY

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies :

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.11 BORROWINGS

All loans and borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transactions costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the balance sheet date are presented as current borrowings even though the original term was for a period longer than 12 months and an arrangement to refinance, or reschedule payments, on a long term basis is completed after the balance sheet date and before the financial statements are authorized for issue. Other borrowings due to be settled more than 12 months after the balance sheet date are presented as non- current borrowings in the balance sheet. Trade and other payables and interest bearing borrowings are stated at cost. Interest bearing borrowings are recognized initially at cost less attributable transaction costs. Subsequent to initial recognition, interest – bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in profit & loss account over the period of the borrowings on effective interest basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.12 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

2.13 FAIR VALUE ESTIMATION

The carrying amounts of current financial assets and liabilities, carried at amortized cost, are assumed to approximate their fair values.

2.14 SUBSIDIARY

Subsidiary is an entity over which the Company has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investment in the subsidiary is carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investment in Subsidiary, the difference between disposal proceeds and the carrying amounts of the investment are recognized in the statement of comprehensive income.

These financial statements are the separate financial statements of Mercator Offshore (P) Pte Limited. The Company is exempted from the preparation of consolidated financial statements as the Company's ultimate holding Company, Mercator Ltd, a Company incorporated in India prepares the consolidated financial statements for public use.

2.15 DIVIDENDS TO COMPANY'S SHAREHOLDERS

Dividends to Company's shareholders are recognized when the dividends are approved for payment.

2.16 BORROWING COSTS

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowing and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.17 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is recognized as follows:

Revenue from vessel charter income
Vessel charter income (net of Nigeria taxes) is calculated on a time apportionment basis in accordance to the terms and conditions of the charter agreement. Charter income is deferred to the extent that conditions necessary for its realization have yet to be fulfilled.

Other gains
This represents gains from supply of goods for a project in which the Company is a member of the consortium undertaking the project.

2.18 EMPLOYEE BENEFITS

Defined Contribution plans
Defined contribution plans are post – employment benefit plans under which the company pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions, if any of the funds does not sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company's contribution to defined contribution plans are recognised in the financial year to which they relate.

Employee leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.19 LEASES

Lessor- Operating leases
Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Assets leased out under operating lease are included in property, plant & equipment and are stated at cost less accumulated depreciation and impairment loss.

3. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2015 US$	2014 US$
Consultancy	823,422	3,035,616
Stores,Spares, Repairs & Maintenance	2,754,626	2,211,947
Insurance	1,318,844	1,378,574
Catering Expenses	831,836	1,312,921
Others	3,081,303	2,479,405

4. TAX EXPENSE

	2015	2014
	US$	US$
Current year tax expense	139,023	-
Under provision of tax in prior year	10,818	
	149,841	-

The tax expense on the results of the financial period varies from the amount of income tax determined by applying the Singapore Statutory rate of income tax on Company's profit as a result of the following:-

	2015	2014
	US$	US$
Profit before tax	**11,650,839**	7,811,533
Tax expense @ 17% (2014:17%)	**1,980,643**	1,327,961
Tax effect on non-deductible expenses	-	3,641,781
Tax exemption under S13F	**(1,797,110)**	(4,938,224)
Tax effect on capital allowance	-	(74,658)
Tax effect on deferred tax asset not recognized	-	(43,140)
Singapore tax exemption	**(20,052)**	-
Tax rebate	**(15,469)**	-
Under provision of tax in prior year	**10,818**	-
Exchange difference	**(8,989)**	-
	149,841	-

The Company has tax exempt income under Section 13F of the Singapore Income Tax Act.

5. PROPERTY, PLANT & EQUIPMENT

2015	* Jack-up barge & floating storage Offloading vessel	Technical database	Total
	US$	US$	US$
At cost			
At beginning of year	203,725,990	597,720	204,323,710
Additions	-	-	-
At end of year	**203,725,990**	**597,720**	**204,323,710**
Accumulated depreciation			
At beginning of year	62,131,398	239,088	62,370,486
Charge for the year	21,303,217	119,544	21,422,761
At end of year	**83,434,615**	**358,632**	**83,793,247**
Net book value			
At 31.03.2015	**120,291,375**	**239,088**	**120,530,463**

2014	* Jack-up barge & floating storage Offloading vessel	Technical database	Total
	US$	US$	US$
At cost			
At beginning of year	203,723,020	597,720	204,320,740
Additions	3,705	-	3,705
Disposal	(735)	-	(735)
At end of year	**203,725,990**	**597,720**	**204,323,710**
Accumulated depreciation			
At beginning of year	40,828,702	119,544	40,948,246
Charge for the year	21,302,696	119,544	21,422,240
At end of year	**62,131,398**	**239,088**	**62,370,486**
Net book value			
At 31.03.2014	**141,594,592**	**358,632**	**141,953,224**

* a) This is mortgaged to the bank for facilities availed by the Company.

b) During the year, the intermediate holding company has availed a loan of US$20,000,000 against a US$55,000,000 facility for which the Jack-up barge & floating storage Offloading vessel has been offered as a third preferred mortgage

6. FINANCE COSTS

	2015 US$	2014 US$
Interest on term loans	4,130,337	5,016,036
Interest on loan to immediate holding company	-	283,222
Interest on loan to intermediate holding company	445,963	-
Interest on loan to ultimate holding company	20,277	20,277
	4,596,577	5,319,535

7. SUBSIDIARY

	2015 US$	2014 US$
Investment in unquoted equity shares, at cost	67,000	67,000
	67,000	67,000

Details of investment in subsidiary are as follows:-

			Percentage of equity held		Cost of investment	
Name of Company	Principal Activities	Country of Incorporation	% At 31.03.2015	% At 31.03.2014	At 31.3.2015 US$	At 31.3.2014 US$
Ivorene Oil Services Nigeria Limited	Integrated operation, maintenance & management of MOPU & FSO at offshore Nigeria	Nigeria	99.999	99.999	67,000	67,000

8. CASH AND CASH EQUIVALENTS

	2015 US$	2014 US$
Cash in hand	440	230
*Cash at banks	5,716,228	7,831,906
	5,716,668	7,832,136

*Included in cash at banks is a sum of US$5,000,000 being minimum cash balance which the Company has to maintain at all times in this account till the bank borrowings of the Company are fully repaid.

For the purpose of cash flow statement, the cash and cash equivalents comprise the following:

	2015 US$	2014 US$
Cash and bank balances as above	5,716,668	7,832,136
Cash reserve with bank	(5,000,000)	(5,000,000)
Cash and cash equivalents per cash flow statement	716,668	2,832,136

9. TRADE RECEIVABLES

	2015 US$	2014 US$
Trade receivables:		
Trade debtors	**4,929,775**	19,785
GST receivable	**31,771**	2,404
	4,961,546	22,189

Trade receivables are recognized at their original invoiced amounts which represent their fair value on initial recognition. The carrying values are assumed to approximate their fair values.

Receivables that are past due but not impaired

The Company has trade receivables amounting to **US$ 4,929,775/-** (2014: US$ 19,785/-) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:-

	2015 US$	2014 US$
Lesser than 30 days	**4,091,082**	19,785
30 – 90 days	**838,693**	-
	4,929,775	19,785

10. OTHER RECEIVABLES

	2015 US$	2014 US$
Advances to staff	1,758	1,355
Advances to supplier	1,111,415	14,627
Other advances	-	1,200,000
Prepayments	790,379	608,406
Others	36,437	22,598
*Due from related party	1,559,279	
	3,499,268	**1,846,986**

*Amount due from related party is unsecured, interest-free and receivable on demand.

11. TRADE AND OTHER PAYABLES

	2015 US$	2014 US$
Trade payables:		
Trade creditors	427,198	1,004,529
Due to subsidiary	2,206,890	2,235,960
Other payables:		
Accruals	1,563,766	589,369
Due to intermediate holding companies	4,877,299	-
Due to immediate holding company	-	3,777,678
Due to ultimate holding company	275,605	224,743
Dividend Payable	240,000	-
	9,590,758	**7,832,279**

11. TRADE AND OTHER PAYABLES Contd...

Trade creditors

Trade creditors are normally settled as per prevailing trade practice.

Due to subsidiary

This amount is unsecured, interest-free and is repayable on demand.

Due to intermediate holding company

The amount of US$ 449,361 due to intermediate holding company is trade advance and repayable on demand and the balance is non - trade advance, unsecured, interest-free and repayable on demand.

Due to ultimate holding company

This non-trade amount is unsecured, interest-free and is repayable on demand.

12. DEFERRED REVENUE

	2015 US$	2014 US$
Balance at the beginning of the year	19,159,941	23,839,941
Additions	-	-
Amount recognized as income during the year	(4,680,000)	(4,680,000)
Balance at the end of the year	**14,479,941**	**19,159,941**
Analysed as follows:		
Current	4,680,000	4,680,000
Non-current	9,799,941	14,479,941
	14,479,941	**19,159,941**

Deferred revenue represents advance billings to the customers, which will be recognized in the statement of comprehensive income over a period of 7 years.

13. BORROWINGS

	2015 US$	2014 US$
Current		
-Term loan	21,550,000	20,050,000
	21,550,000	**20,050,000**

	2015 US$	2014 US$
Non-Current		
-Loan from immediate holding company	-	10,888,134
-Loan from intermediate holding company	10,073,044	-
-Loan from ultimate holding company	500,000	500,000
-Term loan	63,700,000	85,250,000
	74,273,044	**96,638,134**

The Loans from intermediate holding company and ultimate holding company bears interest of 4%. They are unsecured and are not repayable on demand.

Term Loan:

A term loan of US$145,000,000 was obtained in February 2012 from Axis Bank in two tranches for securitization of receivables of FPU deployed at the EBOK field in Nigeria. Tranche A loan (US$125,000,000) is repayable in 25 unequal quarterly installments commencing from 31 March 2012 and ending on 31 March 2018. Tranche B loan (US$20,000,000) is repayable in 13 unequal half-yearly installments commencing from 31 March 2012 and a bullet repayment on 30 June 2018. Interest is charged on loans at margins above Libor. The margin is 375 basis points for Tranche A and 475 basis points for Tranche B and the Libor rate as at 31 March 2014 was 0.23335% (3 months) (2013: 0.28360% (3 months).

The following securities are offered to the bankers for obtaining the credit facilities:

- Corporate Guarantee of Mercator Limited;
- First priority over the vessel and if relevant a deed of covenants collateral to the mortgage;
- Pledge of 51% equity shares of the Company;
- Exclusive first charge on receivables, earnings, claims against third parties, revenues etc. of the vessel of whatsoever nature;
- First priority assignment of the service contract relating to the vessel (contract with Afren);
- Assignment of insurance policies which in turn are to be reinsured to the maximum extent permitted under local regulations, including the provision for direct payment to bank from reinsurers;
- Assignment of US$6 million SBLC issued by charter party.

The maturity profile of the Company's borrowings based on original contractual repayment dates and contractual undiscounted cash flows at 31 March 2015 is set in the table below:

	Less than 1 Year US$	Between 1 and 2 Years US$	Between 2 and 5 years US$
At 31 March 2015			
Borrowings	21,550,000	23,300,000	50,973,044
At 31 March 2014			
Borrowings	20,050,000	21,550,000	75,088,134

14. SHARE CAPITAL

	2015		2014	
	No. of shares	**US$**	No. of shares	US$
Balance at beginning of year	**279,840**	**200,001**	279,840	200,001
Balance at end of year	**279,840**	**200,001**	279,840	200,001

The ordinary shares are denominated in Singapore dollars and are converted to United States dollars at historical rates.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

15. FINANCIAL RISK MANAGEMENT

Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company transacts mainly in United States Dollar, which is the functional currency of the Company. The Company has insignificant exposure to other currencies.

Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company ensures that there are adequate funds to meet all its obligations in the form of continuing credit facilities with financial institutions.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's profit (through the impact on interest expense on floating rate loans and borrowings).

SENSITIVITY ANALYSIS FOR INTEREST RATE RISK

	2015	2014
	US$	US$
	Profit/ (loss)	Profit/ (loss)
US Dollars increase by 5 basis points	(42,625)	(48,426)
US Dollars decrease by 5 basis points	42,625	48,426

16. RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Company with related parties at negotiated rates.

	2015 US$	2014 US$
Service fees payable to intermediate holding Company	449,361	-
Expenses paid by intermediate holding Company	204,298	-
Interest paid to intermediate holding company	445,963	-
Loan received from intermediate holding company	1,650,000	-
Loan repaid to intermediate holding company	2,465,090	-
Interest paid to immediate holding company	-	283,222
Loan received from immediate holding company	-	14,867,000
Loan repaid to immediate holding company	-	12,917,000
Net gains from related party	1,121,143	185,399
Interest paid to ultimate holding company	20,278	20,277
Expenses paid by ultimate holding company	30,584	55,019
Loan received from immediate holding company	5,925,000	-
Loan repaid to immediate holding company	5,925,000	-
Loan received from related parties	1,778,594	-
Loan repaid to related parties	551,501	-
Expenses paid on behalf of related parties	27,093	1,200,000
Services received from subsidiary	9,014,143	8,293,545

Other related parties comprise companies which are fellow subsidiaries.

<u>Balance outstanding:</u>

Outstanding balances to related parties at 31 March 2015 within 12 months of the balance sheet date are disclosed in Note 11.

Compensation to Key Management Personnel

	2015 US$	2014 US$
Salaries	204,298	-

17. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development by issuing or redeeming equity and debts instruments when necessary.

The board of directors monitors its capital based on net debt and total capital.

17. CAPITAL MANAGEMENT contd...

	2015 US$	2014 US$
Net debt	99,697,134	140,848,218
Total equity	14,742,179	8,041,181
Total capital	114,439,313	148,889,399

The Company is not subject to any externally imposed capital requirements. There has been no change in capital risk management policy since last year.

18. DIVIDENDS

Ordinary dividends paid	2015 US$	2014 US$
Dividend on ordinary shares:		
Interim exempt (one-tier) dividend paid	4,560,000	6,400,000
Interim exempt (one-tier) dividend payable	240,000	-
	4,800,000	6,400,000

For the financial year end 31 March 2015, the company has declared interim dividend of US$17.15 per share amounting to US$4,800,000 to members appearing on the Register of Members as at 28 April 2014.

19. NEW / REVISED FINANCIAL REPORTING STANDARDS

The Company has not applied the following new/revised FRS or interpretations that have been issued as of the balance sheet date but not yet effective:

Annual periods commencing on	Description
1 July 2014	Amendments to FRS 19 (R) Employee Benefits -Defined Benefit Plans: employee Contributions
	Annual improvements 2012 -FRS 102 Share-Based Payment -FRS 103 Business Combinations -FRS 108 Operating segments -FRS 16 Property, Plant & Equipment -FRS 38 Intangible Assets -FRS 24 Related Party Disclosures
	Annual improvements 2013 -FRS 103 Business Combinations -FRS 113 Fair Value Measurement -FRS 40 Investment Property
1 January 2016	-FRS 114 Regulatory Deferral

The initial application of these standards and interpretations, where applicable, are not expected to have any material impact on the financial statements of the Company.