INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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

Report on financial statements

We have audited the accompanying financial statements of MERCATOR OFFSHORE (P) PTE LTD for the year ended 31 March 2016, which comprise the statement of financial position as at 31 March 2016, 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 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 financial statements 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 procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 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 financial position of the Company as at 31 March 2016 and the financial performance, 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

Public Accountants and Chartered Accountants
Singapore
DATE: 18 MAY 2016

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)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016 US$	2015 US$
ASSETS			
Non - Current Assets			
Property, plant & equipment	7	99,107,702	120,530,463
Investment in Subsidiaries	9	67,702	67,000
		99,175,404	**120,597,463**
Current Assets			
Cash and cash equivalents	10	5,386,266	5,716,668
Trade receivables	11	8,114,834	4,961,546
Other receivables	12	8,398,587	3,499,268
		21,899,687	**14,177,482**
Total Assets		**121,075,091**	**134,774,945**
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	12,526,200	9,590,758
Deferred revenue	14	4,680,000	4,680,000
Borrowings	15	23,300,000	21,550,000
Provision for tax	6	147,162	139,023
		40,653,362	**35,959,781**
Non-Current Liabilities			
Borrowings	15	48,148,044	74,273,044
Deferred revenue	14	5,119,941	9,799,941
		53,267,985	**84,072,985**
Share capital	16	200,001	200,001
Retained earnings		26,953,743	14,542,178
Shareholders' equity		**27,153,744**	**14,742,179**
Total Liability and Equity		**121,075,091**	**134,774,945**

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 US$	2015 US$
Revenue			
Service Income		57,125,300	52,467,590
Other Income	3	526,853	1,121,601
		57,652,153	**53,589,191**
Expenses			
Amortisation	6	119,544	119,544
Bank Charges		78,196	64,079
Depreciation	6	21,303,217	21,303,217
Salaries & Wages		7,150,864	7,044,905
Operating expenses		12,744,389	8,810,031
Finance costs	7	3,694,378	4,596,577
Total expenses		**45,090,588**	**41,938,352**
Profit before tax	4	**12,561,565**	**11,650,839**
Tax expense	5	(150,000)	(149,841)
Profit for the year		**12,411,565**	**11,500,998**
Other comprehensive income		-	-
Total comprehensive income		**12,411,565**	**11,500,998**

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 2016

	Note	Issued Capital	Retained profits	Total Equity
		US$	US$	US$
Balance as at 1 April 2014		**200,001**	**7,841,180**	**8,041,181**
Total comprehensive income		-	11,500,998	11,500,998
Dividend paid	19	-	(4,800,000)	(4,800,000)
Balance as at 31 March 2015		**200,001**	**14,542,178**	**14,742,179**
Total comprehensive income		-	12,411,565	12,411,565
Balance as at 31 March 2016		**200,001**	**26,953,743**	**27,153,744**

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 CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 US$	2015 US$
Cash flows from operating activities			
Profit before tax for the year		**12,561,565**	**11,650,839**
Adjustments:			
Amortisation	7	119,544	119,544
Depreciation	7	21,303,217	21,303,217
Deferred revenue	14	(4,680,000)	(4,680,000)
Interest expense	8	3,694,378	4,596,577
Operating profit before working capital changes		**32,678,447**	**32,990,176**
Change in working capital:			
Trade & other receivables		(8,052,608)	(6,591,639)
Trade & other payables		2,615,185	1,518,479
Cash flows from operating activities		**27,561,281**	**27,917,017**
Tax paid	6	(141,861)	(10,818)
Net cash flows from operating activities		**27,419,420**	**27,906,199**
Cash flows from investing activities			
Construction of property, plant & equipment		-	-
Investment In subsidiary	9	(702)	-
Net cash (used in) investing activities		**(702)**	-
Cash flows from financing activities			
Repayment of Borrowings		(24,375,000)	(20,865,090)
Interest charges		(3,374,121)	(4,596,577)
Dividend paid	20	-	(4,560,000)
Net cash flows from/(used in) financing activities		**(27,749,121)**	**(30,021,667)**
Net increase in cash & cash equivalents		(330,402)	(2,115,468)
Cash & cash equivalents at the beginning of the year		716,668	2,832,136
Cash & cash equivalents at end of the year	10	**386,266**	**716,668**

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 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 2016 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.

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, 2015.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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.3 IMPAIRMENT OF NON FINANCIAL ASSETS, cont'd

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 recognized 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.

2.4 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 FUNCTIONAL CURRENCY AND CURRENCY TRANSLATIONS

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

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.

2.7 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are recognized 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 recognized 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 amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.7 FINANCIAL LIABILITIES, cont'd

Derecognition

A financial liability is derecognized 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 recognized in the profit or loss.

2.8 CASH AND CASH EQUIVALENTS

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

2.9 PROVISIONS

Provisions are recognized 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 recognized in the income statement as interest expense.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.10 RELATED PARTY, cont'd

(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 amortized 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 Income

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 recognized in the financial year to which they relate.

2.18 EMPLOYEE BENEFITS, cont'd

Employee leave entitlements

Employee entitlements to annual leave are recognized 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. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of loans and receivables

The impairment of trade receivables are based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realization of these receivables, management considers, among other factors, the creditworthiness; Stand By Letter of Credit given by the Bank on behalf of the Customer and the past collection history of Customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

4. OTHER INCOME

	2016	2015
	USD	USD
Other Construction Income	418,658	1,121,143
Exchange Fluctuation Account	3,605	458
Excess Provision written-back	104,590	-
	526,853	1,121,601

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2016	2015
	US$	US$
Consultancy	224,000	823,422
Stores, Spares, Repairs & Maintenance	3,935,243	2,754,626
Insurance	1,286,627	1,318,844
Catering Expenses	1,267,166	831,836
Management Fees	3,113,126	419,964
Travelling Expenses	845,264	886,855
Clearing & Custom Duty	702,145	548,310

6. TAX EXPENSE

	2016	2015
	US$	US$
Current year tax expense	150,000	139,023
Under provision of tax in prior year	-	10,818
	150,000	**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:-

	2016	2015
	US$	US$
Profit before tax	12,561,565	11,650,839
Tax expense @ 17% (2015:17%)	2,135,466	1,980,643
Tax effect on non-deductible expenses	-	-
Tax exemption under S13F	(2,117,218)	(1,797,110)
Singapore tax exemption	(9,431)	(20,052)
Tax rebate	(4,409)	(15,469)
Under provision of tax in prior year	-	10,818
Exchange difference	-	(8,989)
	4,408	**149,841**
Excess provided during the year	145,592	-
	150,000	**149,841**

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

MOVEMENT	2016	2015
	US$	US$
Balance Brought Forward	**139,023**	-
Less: Paid during the year	(142,013)	(10,818)
Add: Refund during the year	152	-
	(2,838)	(10,818)
Less: Transfer to P&L - Prior year under provision	(2,838)	(10,818)
Add: Current year provision	150,000	149,841
Balance Carried Forward	**147,162**	**139,023**

7. PROPERTY, PLANT & EQUIPMENT

2016	* Jack-up barge & floating storage Offloading vessel US$	Technical database US$	Total 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	83,434,615	358,632	83,793,247
Charge for the year	21,303,217	119,544	21,422,761
At end of year	**104,737,832**	**478,176**	**105,216,008**
Net book value			
At 31.03.2016	**98,988,158**	**119,544**	**99,107,702**

2015	* Jack-up barge & floating storage Offloading vessel US$	Technical database US$	Total 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**

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

b) 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

8. FINANCE COSTS

	2016	2015
	US$	US$
Interest on term loans	3,374,121	4,130,337
Interest on loan to intermediate holding company	299,923	445,963
Interest on loan to ultimate holding company	20,334	20,277
	3,694,378	**4,596,577**

9. INVESTMENT IN SUBSIDIARIES

	2016	2015
	US$	US$
Investment in unquoted equity shares, at cost	67,702	67,000
	67,702	**67,000**

During the year, the company has incorporated a subsidiary "Fortune Offshore O & M Pte Ltd" on 26th August, 2015.

Details of investment in subsidiary are as follows:-

			Percentage of equity held		Cost of investment	
			%	%		
Name of Company	**Principal Activities**	**Country of Incorporation**	**At 31.03.2016**	**At 31.03.2015**	**At 31.3.2016 US$**	**At 31.3.2015 US$**
Ivorene Oil Services Nigeria Limited	Integrated operation, maintenance & management of MOPU & FSO at offshore Nigeria	Nigeria	99.999	99.999	67,000	67,000
Fortune Offshore O & M Pte Ltd	Service activities incidental to Oil and Gas extraction (excluding surveying)	Singapore	100	-	702	-

10. CASH AND CASH EQUIVALENTS

	2016	2015
	US$	US$
Cash in hand	78	440
*Cash at banks	5,386,188	5,716,228
	5,386,266	**5,716,668**

*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:

	2016	2015
	US$	US$
Cash and Bank balances as above	5,386,266	5,716,668
Less: Cash reserve with bank	(5,000,000)	(5,000,000)
Cash and Cash equivalents as per Statement of Cash flows	**386,266**	**716,668**

11. TRADE RECEIVABLES

	2016	2015
	US$	US$
Trade receivables:		
Trade debtors	8,112,325	4,929,775
GST receivable	2,509	31,771
	8,114,834	**4,961,546**

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$ **3,356,276/-** (2015: US$ 4,929,775/-) that are past due at the balance sheet date but not impaired. These receivables are secured by Stand By Letter of Credit of **US$ 6,000,000/-** and the analysis of their ageing at the balance sheet date is as follows:-

	2016	2015
	US$	US$
Lesser than 30 days	-	4,091,082
30 – 90 days	3,356,276	838,693
	3,356,376	**4,929,775**

12. OTHER RECEIVABLES

	2016	2015
	US$	US$
Advance to Staff	258	1,758
Advance to Suppliers	68,303	1,111,415
Prepayments	531,748	790,379
Other Debtors	88,819	36,436
*Amount due from Immediate Holding Company	4,575,856	-
*Amount due from a Related Company	2,064,030	1,559,279
*Amount due from a Subsidiary Company	1,069,573	-
	8,398,587	**3,499,268**

*Amounts due from Related Parties are unsecured, interest-free and are receivable on demand.

13. TRADE AND OTHER PAYABLES

	2016	2015
	US$	US$
Trade payables:		
Trade creditors	124,385	427,198
Due to subsidiary	3,073,469	2,206,890
Other payables:		
Accruals	1,232,516	1,563,766
Due to intermediate holding companies	7,833,071	4,877,299
Due to ultimate holding company	262,759	275,605
Dividend Payable	-	240,000
	12,526,200	**9,590,758**

Trade creditors

Trade creditors are normally settled as per prevailing trade practice.

Due to subsidiary

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

Due to intermediate holding company

The 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.

14. DEFERRED REVENUE

	2016	2015
	US$	US$
Balance at the beginning of the year	14,479,941	19,159,941
Additions	-	-
Amount recognized as income during the year	(4,680,000)	(4,680,000)
Balance at the end of the year	**9,799,941**	**14,479,941**
Analysed as follows:		
Current	4,680,000	4,680,000
Non-current	5,119,941	9,799,941
	9,799,941	**14,479,941**

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

15. BORROWINGS

	2016	2015
	US$	US$
Current		
-Term loan	23,300,000	21,550,000
-Loan from intermediate holding company	-	-
-Loan from ultimate holding company	-	-
	23,300,000	**21,550,000**

	2016	2015
	US$	US$
Non-Current		
-Loan from intermediate holding company	7,248,044	10,073,044
-Loan from ultimate holding company	500,000	500,000
-Term loan	40,400,000	63,700,000
	48,148,044	**74,273,044**

The Loans from intermediate holding company and ultimate holding company bear interest of 4%. They are unsecured and has no fixed terms of repayments.

15. BORROWINGS, cont'd

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 2016 was 1.21040% (3 months) (2015: 0.68185% (3 months)).

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

- Mortgage over Vessel
- Assignment of earnings, insurances and requisition compensation
- Assignment of Interest in Service Contract Documents
- Sharing charge over Fixed Assets with Intermediate Holding Company
- Charge over earnings account
- Confirmation regarding interest in the issuances and security over vessels
- Assignment of reinsurances
- Charge over Cash Retention Reserve account having balance of US$ 5,000,000 (See Note 10)

The maturity profile of the Company's borrowings based on original contractual repayment dates and contractual undiscounted cash flows at 31 March 2016 is set in the table below:

	Less than 1 Year	After 1 year to 2 Years	After 2 years to 5 years
	US$	US$	US$
At 31 March 2016			
Borrowings	23,300,000	25,300,000	22,848,044
At 31 March 2015			
Borrowings	21,550,000	23,300,000	50,973,044

16. SHARE CAPITAL

	2016		2015	
	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.

17. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risk, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Director reviews and agrees on the policies for managing each of these risks and they are summarised as follows:

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).

17. FINANCIAL RISK MANAGEMENT, cont'd

Sensitivity Analysis for Interest Rate Risk

	2016	2015
	US$	US$
US dollar increase by 5 basis points	(41,797)	(42,625)
US dollar decrease by 5 basis points	41,797	42,625

18. 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.

	2016	2015
	US$	US$
Service fees payable to intermediate holding Company	3,113,126	449,361
Expenses paid by intermediate holding Company	238,646	204,298
Interest paid to intermediate holding company	299,923	445,963
Loan received from intermediate holding company	2,000,000	1,650,000
Loan repaid to intermediate holding company	5,520,924	2,465,090
Loan received from immediate holding company	12,551,897	5,925,000
Loan repaid to immediate holding company	17,127,753	5,925,000
Net gains from related party	418,658	1,121,143
Interest paid to ultimate holding company	12,845	20,278
Loan given to Subsidiary	1,069,573	-
Services received from subsidiary	10,783,944	9,014,143
Expenses paid by ultimate holding company	-	30,584
Loan received from related parties	-	1,778,594
Loan repaid to related parties	-	551,501
Expenses paid on behalf of related parties	-	27,093

Other related parties comprise companies which are fellow subsidiaries.

<u>Balances outstanding:</u>

Outstanding balances with the related parties at 31 March 2016 sheet date are disclosed in Note 12, 13 and 14.

Compensation to Key Management Personnel

	2016	2015
	US$	US$
Salaries	239,763	204,298

19. 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.

	2016	2015
	US$	US$
Net debt	78,587,978	99,697,134
Total equity	27,153,744	14,742,179
Total capital	**105,741,722**	**114,439,313**

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

20. DIVIDENDS

Ordinary dividends paid	**2016**	**2015**
	US$	**US$**
Dividend on ordinary shares:		
Interim exempt (one-tier) dividend paid	-	4,560,000
Interim exempt (one-tier) dividend payable	-	240,000
	-	**4,800,000**

21. NEW / REVISED FINANCIAL REPORTING STANDARDS

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
Amendments to FRS 16 & FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
Improvements to FRSs (November 2014)	
Amendments to FRS 107 Financial Instruments: Disclosures	1 Jan 2016
Amendments to FRS 19 Employee Benefits	1 Jan 2016
FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
Amendments to FRS 110, FRS 112 & FRS 28: Investment Entities: Applying the Consolidation Exception	1 Jan 2016

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.

****