MERCATOR ENERGY PTE. LTD.
(Incorporated in the Republic of Singapore)
(Reg No: 201403140M)

FINANCIAL STATEMENTS - 31 MARCH 2018

CONTENTS	PAGE

MERCATOR ENERGY PTE. LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The directors' are pleased to present their statement to the members together with the audited financial statements of Mercator Energy Pte Ltd. (the "Company") for the financial year ended 31 March 2018.

1. Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and

(b) at the date of this statement, having regard to the financial support from the ultimate holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are as follows:

SHALABH MITTAL
MITTAL SHRUTI

3. Arrangements to enable directors to acquire shares or debentures:

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

4. Directors' Interest in Shares or Debentures:

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	Direct Interest		**Deemed Interest**	
	Number of Shares		**Number of Shares**	
	Beginning of financial year	**End of financial year**	**Beginning of financial year**	**End of financial year**
The ultimate holding Company- **Mercator Ltd, India**				
Ordinary shares				
Shalabh Mittal	**361,250**	**361,250**	-	-

5. Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year

6. Auditor

MGI N Rajan Associates has expressed its willingness to accept re-appointment as auditor.

The Board of Directors

SHALABH MITTAL
Director

MITTAL SHRUTI
Director

Date 24 MAY 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCATOR ENERGY PTE. LTD.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Mercator Energy Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Material Uncertainty Related to Going Concern

As stated in Note 2.1, Company incurred a net loss of US$ 952,080 (2017: US$ 14,690,353) during the financial year ended 31 March 2018 and as of that date, its current liabilities exceeded its current assets by US$ 28,265,507 (2017: US$ 33,248,129) and its total liabilities exceeded total assets by US$ 21,840,648 (2017: US$ 20,888,568). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern.

The financial statements have been prepared on the assumption that the Company will continue in operation at least for a period of 12 months from the balance sheet date. The financial statements of the Company do not include any adjustments relating to the realization and classification of asset amounts that may be necessary if the Company is unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that the assets may need to be realized other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to provide for further liabilities that may arise and to reclassify non-current assets as current assets. No adjustments have been made in the financial statements of the Company in respect of these.

Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Company is appropriate.

Responsibilities of Management and Directors 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

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

INDEPENDENT AUDITOR'S REPORT (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Auditor's Responsibilities for the Audit of the Financial Statements.

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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 Ga

MGI N RAJAN ASSOCIATES
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

Date: 24 MAY 2018

MERCATOR ENERGY PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 US$	2017 US$
Non-Current Assets			
Property,plant & equipment	10	-	1,870
Investment in Subsidiaries	11	-	-
Investment in Associate	12	2,424,859	2,424,859
Loan to associate	13	4,000,000	9,932,832
		6,424,859	12,359,561
Current Assets			
Loan to associate	13	6,228,321	
Cash and cash equivalents	14	9,051	21,765
Trade and other receivables	15	11,908	8,377
		6,249,280	30,142
Current Liabilities			
Other payables	16	26,842	25,784
Amount due to subsidiaries	17	5,513,931	5,453,754
Amount due to immediate holding company	18	28,974,374	27,798,733
		34,514,787	33,278,271
Net current (liabilities)/assets		(28,265,507)	(33,248,129)
Non-current Liabilities			
Borrowings	19	-	-
Net (liabilities)		(21,840,648)	(20,888,568)
Equity			
Issued capital	20	525,725	525,725
Other reserves	21	-	-
Accumulated (losses)		(22,366,373)	(21,414,293)
		(21,840,648)	(20,888,568)

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 US$	2017 US$ (Restated)
Revenue - Service fees	4	-	1,511,620
Interest income from borrowings	5a	491,310	458,450
Other income	5	7,461	9,841
Staff costs	6	-	(874,371)
Depreciation	10	(1,870)	(167,047)
Finance costs	7	(1,090,640)	(5,360,847)
Other operating expenses		(162,520)	(10,193,701)
Loss before tax	8	(756,259)	(14,616,055)
Tax expense	9	(195,821)	(74,298)
Loss after tax		(952,080)	(14,690,353)
Other comprehensive income		-	-
Total comprehensive income		(952,080)	(14,690,353)

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

MERCATOR ENERGY PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Share capital US$	Other reserves US$	Accumulated (losses) for the year US$	Total US$
Balance as at 31 March 2015	**507,577**	**3,462,368**	**(2,975,018)**	**994,927**
Issue of shares	18,148	-	-	18,148
Total comprehensive income	-	-	(3,748,922)	(3,748,922)
Balance as at 31 March 2016	**525,725**	**3,462,368**	**(6,723,940)**	**(2,735,847)**
Transfer to loan account	-	(3,462,368)	-	(3,462,368)
Total comprehensive income	-	-	(14,690,353)	(14,690,353)
Balance as at 31 March 2017	**525,725**	**-**	**(21,414,293)**	**(20,888,568)**
Total comprehensive income	-	-	(952,080)	(952,080)
Balance as at 31 March 2018	**525,725**	**-**	**(22,366,373)**	**(21,840,648)**

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

MERCATOR ENERGY PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	2018 US$	2017 US$
Cash flows from operating activities			
Loss before taxation		(952,080)	(14,690,353)
Adjustments:			
Interest expense		1,090,640	5,360,847
Depreciation	10	1,870	167,047
Loss on disposal of fixed assets		-	257,700
Allowance for impairment on receivables		-	9,368,786
Allowance for impairment on investment in subsidiaries		-	240,092
Bad debts written off		-	9,447
Interest income		(491,310)	(458,450)
Operating profit before working capital changes		(350,880)	255,116
Other receivables		(3,531)	214,843
Other payables		698	(13,527)
Net cash (used in)/ from operations		(353,713)	456,432
Cash flows from investing activities			
Purchase of fixed assets		-	(3,740)
Amount due from fellow subsidiaries		-	(1,455,972)
Amount due from immediate subsidiary		-	(1,539,461)
Amount due from related party		-	20,464
Loan to associate		195,821	(458,450)
Interest income		-	458,450
Net cash from/ (used in) investing activities		195,821	(2,978,709)
Cash flows from financing activities			
Interest paid		-	(5,244,471)
Amount due to immediate holding company		85,001	25,243,068
Repayment of loan		-	(23,060,530)
Amount due to immediate subsidiary		60,177	5,453,754
Net cash generated from financing activities		145,178	2,391,821
Net change in cash and cash equivalents		(12,714)	(130,456)
Cash and cash equivalents at beginning of year		21,765	152,221
Cash and cash equivalents at the end of year	14	9,051	21,765

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

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

1. GENERAL INFORMATION

The Company is incorporated and domiciled in Singapore with its registered office and principal place of business are located at 60 Paya Lebar Road, #11-05, Paya Lebar Square, Singapore 409051.

The principal activities of the Company are that of petroleum, mining, prospecting and services incidental to oil and gas extraction excluding surveying and providing management services to its group companies.

The Company's immediate holding company is Mercator International Pte Ltd., a company incorporated in Singapore and the ultimate holding company is Mercator Limited, a company incorporated in India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (US$), which is the Company's functional currency.

The financial statements of the Company have been prepared on a going concern basis notwithstanding the net capital deficiency of US$ 21,840,648 (2017: US$ 20,888,568) as at 31 March 2018 and 31 March 2017 respectively. The Company incurred a net loss of US$ 952,080 (2017: US$ 14,690,353) during the financial year ended 31 March 2018 and as of that date, its current liabilities exceeded its current assets by US$ 28,265,507 (2017: US$ 33,248,129) These factors indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on the undertaking of its ultimate holding company, Mercator Limited, to provide continuing financial support to enable the Company to meet its liabilities as and when they fall due.

If the Company were unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2017 including the Amendments to FRS 7 Disclosure Initiative. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd....

2.3 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods Beginning on or after
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 Jan 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 Jan 2018
FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 109 Financial instruments	1 Jan 2018
FRS 116 Leases	1 Jan 2019
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 Jan 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 Jan 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for FRS 109, 115 and 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and 116 are described below.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Company plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Company has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Company adopts FRS 109 in 2018.

Impairment

FRS 109 requires the Company to record expected credit losses on all of its loans and trade receivables either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd....

2.3 Standards issued but not yet effective, cont'd

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Company has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Company plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Company is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Office equipment	2
Renovation	3
Furniture & fittings	2

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd....

2.5 Property, plant and equipment, cont'd

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, *(or, where applicable, when an annual impairment testing for an asset is required)* the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.7 Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets are recognised 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd....

2.7 Financial instruments, cont'd

a) Financial assets, cont'd

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and
through the amortisation process.

Loans and receivables comprise loan to the holding company, trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received *(and, where applicable, any cumulative gain or loss that has been recognised in other comprehensive income)* is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables, and bank borrowings.

De-recognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd....

2.8 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

2.10 Provisions

General

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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd....

2.11 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.12 Employee benefits

a) Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Service fees

Revenue from service fees is recognized upon services rendered.

b) Interest income

Interest income is recognized using the effective interest method.

2.14 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods aremeasured at the amount expected to be recovered from or paid to the taxationauthority. The tax rates and tax laws used to compute the amount are those thatare enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd....

2.14 Taxes, cont'd

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.15 Leases as lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.16 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd....

2.17 Subsidiaries

Subsidiaries are entities over which the Company has power to govern the financial and economic policies generally accompanying a shareholding of more than one half 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.

Investments in the subsidiaries are stated in the financial statements of the Company at cost less impairments losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

The subsidiaries' results have not been consolidated as the ultimate holding company, Mercator Limited, a Company incorporated in India publishes the consolidated financial statements.

2.18 Fair value estimation of financial assets and liabilities.

The fair values of current financial assets and liabilities carried at amortized cost approximate their carrying value.

2.19 Related party

A party is considered to be related to the Company if:-

(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 of the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the 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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd....

2.20 Associates

An associated company is an entity, not being a subsidiary or a joint venture, in which the company has significant influence. This generally coincides with the company having 20% or more of the voting power, or has representation on the board of directors.

The investment in associate is stated at cost less any impairment in net recoverable value. The Company has not accounted for its associate using the equity method of accounting as the Company itself is a wholly-owned subsidiary of another company. Consolidated financial statements are prepared and published for public use by the Company's ultimate holding company, Mercator Limited, a company incorporated in India.

2.21 Convertible term loan

The total proceeds from convertible term loan availed are allocated to the liability component and the equity component, which are separately presented on the balance sheet

The liability component is recognized initially at its fair value, determined using a market interest rate for equivalent non-convertible term loan. It is subsequently carried at amortized cost using the effective interest method until the liability is extinguished on conversion or repayment of the loan.

The difference between the total proceed and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amounts of the liability and equity components are transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES Cont'd....

3.2 Key sources of estimation uncertainty

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.

a) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's property, plant and equipment as at 31 March 2018 was US$ NIL (2017: US$ 1,870).

b) Impairment of loans and receivables

The impairment of loan to associate and trade and other receivables is based on the management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness history of the debtor. If the financial conditions of this debtor were to deteriorate, resulting in an impairment of its ability to make payments, additional allowances may be required. The carrying amounts of loan to associate and trade and other receivables as at 31 March 2018 were US$ 10,240,229 (2017: US$ 9,941,209).

c) Impairment of investment in subsidiaries and associates

The Company records impairment charges on investments in subsidiaries when there have been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Company evaluates, among other factors, financial performance and the duration and extent to which the fair value of an investment is less than its cost. The carrying amounts of the Company's investment in subsidiaries and associates as at 31 March 2018 were US$ Nil (2017: US$ NIL) and US$2,424,859 (2017: US$2,424,859) respectively.

4. REVENUE

	2018 US$	2017 US$
Service fees (related parties)	-	1,511,620

5. OTHER INCOME

	2018 US$	2017 US$
Temporary employment credit	489	4,577
Excess provision written back	6,127	5,264
Exchange gain	845	-
	7,461	9,841

5a. INTEREST INCOME FROM BORROWINGS

This represents interest of 3.5% + LIBOR on the loan given to the associate.

6. STAFF COSTS

	2018 US$	2017 US$
Salaries	-	856,729
CPF	-	17,346
SDL	-	296
	-	874,371

7. FINANCE COSTS

	2018 US$	2017 US$
Interest on borrowings	1,090,640	4,139,721
*Debt extinguishment loss	-	1,221,126
	1,090,640	5,360,847

*This represents loss on the pre-closure of the convertible term loan.

8. (LOSS) BEFORE TAX

	2018 US$	2017 US$
Bad debts written off against related party receivables (non-trade)	-	9,447
Professional fee	90,693	6,229
Allowance for impairment on fellow & immediate subsidiaries receivables-non-trade	-	8,398,345
Allowance for impairment on fellow & immediate receivables -trade	-	970,441
Allowance for impairment-investment in subsidiaries	-	240,092
Rental	48,397	175,815
Exchange loss	-	5,643
Loss on disposal of fixed assets	-	257,700

9. TAX EXPENSE

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on Company's (loss) as a result of the following:

	2018 US$	2017 US$
(Loss) before tax	(756,259)	(14,690,353)
Tax @17% (2017:17%)	(128,564)	(2,497,360)
Tax effect on non-deductibles	185,727	2,467,169
Deferred tax asset not recognized	-	30,191
Tax effect on deferred tax asset utilised	(57,163)	-
Foreign tax paid	195,821	74,298
Income tax expense recognized in profit or loss	195,821	74,298

No current tax for the financial year ended 31 March 2018 has been provided in the financial statements as the Company has no taxable profit. The Company has estimated unabsorbed losses of US$ 939,880 (2017:US$1,276,131) as at 31 March 2018 which could be carried forward for offsetting against future taxable income provided that the provision of Section 23 and 37 of the Singapore Income tax act, Cap.134 are complied with.

Deferred tax assets will be recognized only when it is probable that the Company will have future taxable income.

10. PROPERTY, PLANT AND EQUIPMENT

2018	Office equipment	Renovation	Furniture & fittings	Total
Cost	**US$**	**US$**	**US$**	**US$**
Beginning of financial year	-	-	3,740	3,740
Additions	-	-	-	-
Disposals	-	-	-	-
End of financial year	**-**	**-**	**3,740**	**3,740**
Accumulated depreciation				
Beginning of financial year	-	-	1,870	1,870
Charge for the year	-	-	1,870	1,870
Write back	-	-	-	-
End of financial year	**-**	**-**	**3,740**	**3,740**
NBV as at 31 March 2018	**-**	**-**	**-**	**-**

2017	Office equipment	Renovation	Furniture & fittings	Total
Cost	**US$**	**US$**	**US$**	**US$**
Beginning of financial year	138,299	774,162	-	912,461
Additions	-	-	3,740	3,740
Disposals	(138,299)	(774,162)	-	(912,461)
End of financial year	**-**	**-**	**3,740**	**3,740**
Accumulated depreciation				
Beginning of financial year	102,150	387,434	-	489,584
Charge for the year	36,149	129,028	1,870	167,047
Write back	(138,299)	(516,462)	-	(654,761)
End of financial year	**-**	**-**	**1,870**	**1,870**
NBV as at 31 March 2017	**-**	**-**	**1,870**	**1,870**

11. INVESTMENT IN SUBSIDIARIES

	2018	2017
	US$	**US$**
Unquoted shares at cost	**240,092**	240,092
Less: impairment loss	**(240,092)**	(240,092)
	-	-

11. INVESTMENT IN SUBSIDIARIES Cont'd....

Details of the subsidiaries are as follows:

Company	Principal Activities	Country of Incorporation			Effective Percentage of equity held	
			2018	2017	2018	2017
			US$	US$	%	%
Mercator Offshore Assets Holding Pte Ltd	Investment holding	Singapore*	240,090	240,090	100	100
Mercator Projects Pte Ltd	EPC, specialized construction & structural works on a turnkey basis	Singapore^	2	2	100	100
			240,092	240,092		

* Audited by MGI N Rajan Associates, Singapore
^ Placed under Creditor's Voluntary Liquidation

Movement in the allowance for impairment losses

	2018 US$	2017 US$
Balance at beginning of the year	240,092	-
Impairment losses recognized on investments	-	240,092
Balance at end of the year	240,092	240,092

12. INVESTMENT IN ASSOCIATES

	2018 US$	2017 US$
Equity investment at cost		
Unquoted shares at cost	2,424,859	2,424,859

Detail of the associate is as follows:

Company	Principal Activities	Country of Incorporation	Cost of investment		Effective Percentage of equity held	
			US$	US$	%	%
			2018	2017	2018	2017
Mercator Petroleum Limited	Surveying, exploration, producing petroleum & petroleum products, their derivatives & allied products	India*	2,424,859	2,424,859	49	49

* Audited by Spark & Associates, India

12. INVESTMENT IN ASSOCIATES Cont'd....

The summarised financial information of Mercator Petroleum Limited as at 31 March 2018 and 31 March 2017 were as follows:

Particulars	2018 US$	2017 US$
Total Assets	**57,452,356**	32,005,556
Total Liabilities	**53,197,470**	27,585,532
Profit/(loss) for the year	**(184,792)**	(255,409)

13. LOAN TO ASSOCIATE

	2018 US$	2017 US$
Balance brought forward	**9,932,832**	9,474,382
Loan disbursed during the year	**-**	-
Interest for the year	**295,489**	458,450
	10,228,321	9,932,832
Current	**6,228,321**	-
Non-current	**4,000,000**	9,932,832
	10,228,321	9,932,832

Above loan amounting to US$ 9,000,000 is unsecured, carries interest of LIBOR + 3.5% and repayable along with principal and interest accrued.

14. CASH AND CASH EQUIVALENTS

	2018 US$	2017 US$
Cash at banks	**8,920**	21,581
Cash in hand	**131**	184
	9,051	21,765

15. TRADE AND OTHER RECEIVABLES

	2018 US$	2017 US$
Other receivables		
Fellow subsidiaries	**5,132,193**	5,132,003
Immediate subsidiaries	**4,236,784**	4,236,784
Related parties	**25,238**	25,238
Deposits	**9,632**	7,460
Prepayments	**1,170**	-
Other advance	**916**	916
	9,405,932	9,402,401
Less: Allowance for impairment	**(9,394,024)**	(9,394,024)
	11,908	8,377

Movement in the allowance for impairment losses

	2018 US$	2017 US$
Balance at beginning of the year	**9,394,024**	194,718
Impairment losses recognized on receivables	**-**	9,368,786
Write off of provision	**-**	(169,480)
Balance at end of the year	**9,394,024**	9,394,024

16. TRADE AND OTHER PAYABLES

	2018 US$	2017 US$
Other payables		
Accruals	**26,482**	25,784
	26,482	25,784

17. AMOUNT DUE TO SUBSIDIARIES

These non-trade amounts are unsecured, interest-free and repayable on demand.

18. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

	2018 US$	2017 US$
Loan	**26,892,500**	26,892,500
Interest on loan payable	**1,197,667**	107,026
Current account	**884,207**	799,207
	28,974,374	27,798,733

The above unsecured loan carries an interest of 4% p.a., and is repayable on demand.

Current account is unsecured, interest-free and repayable on demand.

19. BORROWINGS

During 2017, Company had pre-closed the convertible term loan by repaying the principal along with the interest to the lender.

	2018 US$	2017 US$
Face value of convertible term loan, net of transaction cost	-	17,876,960
Equity conversion component on initial recognition(note21)	-	(3,462,368)
	-	14,414,592
Amortization of interest expenses		
Total interest amortized until beginning of the year	-	5,183,570
Amortized during the year	-	3,610,844
Debt extinguishment loss	-	1,221,126
Loan repaid during the year	-	(27,892,500)
Equity component transferred	-	3,462,368
Balance at the end of the year	-	-

For the purpose of cash flows:-

	2018 US$	2017 US$
Interest paid including debt extinguishment loss	-	4,831,970
Principal paid	-	23,060,530
Loan repaid during the year	-	27,892,500

Security

1. Third preferred Mortgage of MOPU & FSO owned by fellow subsidiary Mercator Offshore (P) Pte Ltd
2. Lender will have subordinated charge over future acquisitions by the Company and its subsidiaries.
3. Letter of Support from the immediate holding company.

During 2017, the Company had paid a penal interest of US$412,500 towards failure to create a 3rd charge on the subsidiary's asset in favor of the lender.

20. SHARE CAPITAL

	2018		2017	
	Number of shares	**US$**	Number of shares	US$
Balance at beginning of the year	**666,669**	**525,725**	666,669	525,725
Balance at the end of the year	**666,669**	**525,725**	666,669	525,725

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

The ordinary shares are with no par value and entitled for dividend as and when declared and carry one vote per share with no restrictions.

21. OTHER RESERVES

Equity component on Convertible term loan	**2018 US$**	**2017 US$**
Recognized of equity convertible term loan	-	3,462,368
Transferred on pre-closure of loan	-	(3,462,368)
End of financial year	-	-

22. 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 Directors reviews and agrees on the policies for managing each of these risks and they are summarized as follows:

a) Price risk

i) Currency 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 limited exposure to other currencies.

(ii) 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 company's exposure to movements in market interest rates relate to interest-bearing assets with variable interest rates.

The Company's exposure to changes in interest rates relates primarily to its variable interest rate loan. If the interest rates of the financial instrument increased / (decreased) by 0.5% (2017:0.5%) with the all other variables including tax rate held constant the (loss) after tax for the year would have been higher/lower by US$ 37,350 (2017:US$37,350) as result of higher/lower interest income.

22. FINANCIAL RISK MANAGEMENT, cont'd....

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company is exposed to credit risk to the extent of its receivable from related parties amounting to US$ 10,228,321 (2017: US$ 9,932,832).

The Company's cash deposits are held with financial institutions of good standing.

(c) 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 is exposed to liquidity risk as current liabilities exceeded its current assets by US$ 28,265,507 (2017: US$33,248,129 and its total liabilities exceeded total assets by US$ 21,840,618 (2016: US$20,888,568). However, management is confident that the Company will be able to continue as a going concern on the assumption that its subsidiary and immediate holding company will provide financial support to meet its liabilities as and when they fall due.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

		2018		
	Carrying amount US$	Contractual cash flows US$	One year or less US$	Two to five years US$
Financial assets				
Loan to associate	10,228,321	10,228,321	6,228,321	4,000,000
Other receivables	11,908	11,908	11,908	-
Cash and cash equivalents	9,051	9,051	9,051	-
Total undiscounted financial assets	**10,249,280**	**10,249,280**	**6,249,280**	**4,000,000**
	Carrying amount US$	**Contractual cash flows US$**	**One year or less US$**	**Two to five years US$**
Financial liabilities				
Accruals	26,842	26,842	26,842	-
Amount due to immediate subsidiary	5,513,931	5,513,931	5,513,931	-
Amount due to immediate holding company	28,974,374	28,974,374	28,974,374	-
Total undiscounted financial liabilities	**34,514,787**	**34,514,787**	**34,514,787**	-

22. FINANCIAL RISK MANAGEMENT, cont'd....

	2017			
	Carrying amount US$	Contractual cash flows US$	One year or less US$	Two to five years US$
Financial assets				
Loan to associate	9,932,832	9,932,832	-	9,932,832
Amount due from fellow subsidiaries	-	-	-	-
Other receivables	8,377	8,377	8,377	-
Cash and cash equivalents	21,765	21,765	21,765	-
Total undiscounted financial assets	**9,962,974**	**9,962,974**	**30,142**	**9,932,832**

	Carrying amount US$	Contractual cash flows US$	One year or less US$	Two to five years US$
Financial liabilities				
Accruals	25,784	25,784	25,784	-
Amount due to immediate subsidiary	5,453,754	5,453,754	5,453,754	-
Amount due to immediate holding company	27,798,733	27,798,733	27,798,733	-
Total undiscounted financial liabilities	**33,278,271**	**33,278,271**	**33,278,271**	**-**

23. FAIR VALUE INSTRUMENTS BY CATEGORY

The carrying amount of the different categories of financial instruments is as follows:-

	2018 US$	2017 US$
Loans and receivables	**10,248,110**	9,962,974
Financial liabilities at amortized cost	**34,514,787**	33,278,271

24. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management personnel during the year were as follows:-

	2018 US$	2017 US$
Salaries	-	693,638

25. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements.

The Company is not subject to any externally imposed capital requirements.

26. RELATED PARTY TRANSASCTIONS

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties who are members of the Company took place during the period at terms agreed between the parties.

	2018 US$	2017 US$
Services fee received from immediate subsidiaries & fellow subsidiaries	-	1,511,620
Interest received from Associate	**493,490**	458,450
Loan received from immediate holding company	-	26,892,500
Loan repaid to immediate holding company	-	1,650,000
Interest paid to immediate holding company	**1,090,640**	116,376
Expenses incurred by immediate holding company	**85,000**	-
Expenses incurred on behalf of fellow subsidiary	-	41,236
Expenses incurred by fellow subsidiary	**45,282**	-
Loan received from immediate Subsidiary	-	7,290,000
Loan repaid to immediate Subsidiary	-	3,286,576
Expense paid on behalf of immediate subsidiary	-	13,593
Expenses incurred on behalf of related parties	-	13,187

Outstanding balances at 31 March 2018, arising from loans receivables/payables within 12 months from balance sheet date are disclosed in Notes 13, 15, 17 &18.

27. OPERATING LEASE COMMITMENTS

The Company leases office space under non-cancellable operating lease agreement. This lease has varying terms, escalation clauses and renewal rights.

The future minimum rental payable under non-cancellable operating lease contracted for at the balance sheet date but not recognized as liabilities, are as follows:

	2018 US$	2017 US$
Not later than one year	**37,051**	42,925
Later than one year but not later than five years	-	21,462

****

MERCATOR ENERGY PTE. LTD.
(Incorporated in the Republic of Singapore)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	US$	US$
Sales	-	-
Add:		
Management fee	-	1,511,620
Interest from borrowings	491,310	458,450
Temporary employment credit	489	4,577
Excess provision written back	6,127	5,264
Exchange gain	845	-
	498,771	1,979,911
Less: Operating expenses		
Audit fee	7,472	7,488
Audit Fees - AIS MPA	4,128	4,474
Allowance for impairment	-	9,368,786
Allowance for impairment on investment in subsidiaries	-	240,092
Bank charges	361	1,038
Bad debts written off (non-trade)	-	9,447
Communication charges	2,292	17,800
Conveyance	55	492
CPF	-	17,346
Depreciation	1,870	167,047
Loss on disposal of fixed assets	-	257,700
GST	32	(661)
General expenses	53	9,694
Hotel accommodation	-	7,183
Loss on exchange	-	5,643
Office maintenance	3,062	10,914
Interest on borrowings	1,090,640	5,360,847
Internet charges	-	1,331
Printing & stationery	5,726	2,795
Salaries	-	856,729
SDL	-	296
Professional fee	90,471	4,760
Professional fee - non audit	222	1,469
Postage & courier Charges	-	497
Rental	48,397	175,815
Office moving expenses	-	56,910
Subscription fee	-	519
System support expenses	-	1,177
Staff welfare	249	967
Travelling expenses	-	7,371
Net (loss) for the year	**(756,259)**	(14,616,055)