MERCATOR OFFSHORE (P) PTE LTD

(Incorporated in Singapore)

(Registration Number: 200923384E

Financial Statements – 31 March 2018

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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 Offshore (P) Pte Ltd (the "Company") for the financial year ended 31 March 2018.

1. Opinion of the directors

In our opinion,

(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:

SHALABH MITTAL
MITTAL SHRUTI

3. Arrangements to enable directors to acquire shares and 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 object 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 or its related corporations, except as stated below:

	Direct Interest Number of Shares		Deemed Interest Number of Shares	
	At 31.03.2018	At 31.03.2017	At 31.03.2018	At 31.03.2017
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

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MGI N RAJAN ASSOCIATES

PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

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

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

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Mercator Offshore (P) 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

1. *Trade and other receivables*

Trade receivables include a sum of US$ 128,000 and US$ 500,000 from a related company for which we were not able to verify the completeness and recoverability. Confirmations circularised were not received as at the date of report and subsequent receipts could not be evidenced. No impairment provision has been considered by the management as they are confident of full recovery if given time in view of the trading relationship established.

2. *Material Uncertainty Related to Going Concern*

As stated in Note 2.1, Company incurred a net loss of US$ 399,870 (2017: US$ 27,607,248) during the financial year ended 31 March 2018 and as of that date, its current liabilities exceeded its current assets by US$ 853,374 (2017: US$ 453,504) and its total liabilities exceeded total assets by same amount. 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 twelve 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. 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.

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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 Ca

MGI N RAJAN ASSOCIATES
Public Accountants and Chartered Accountants
Singapore

DATE: 24 MAY 2018

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 US$	2017 US$
ASSETS			
Non - Current Assets			
Property, plant & equipment	8	-	-
Investment in Subsidiaries	9	-	-
		-	-
Current Assets			
Cash and cash equivalents	10	85,222	237,179
Trade receivables	11	145,819	2,147
Other receivables	12	3,927,549	4,388,205
		4,158,590	4,627,531
Total Assets		4,158,590	4,627,531
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	5,011,964	4,933,720
Deferred revenue	14	-	-
Provision for tax	7	-	147,315
		5,011,964	5,081,035
Share capital	15	200,001	200,001
Retained earnings		(1,053,375)	(653,505)
Shareholders' equity		(853,374)	(453,504)
Total Liability and Equity		4,158,590	4,627,531

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 FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 US$	2017 US$
Revenue			
Service Income		-	44,755,288
Other income	4	**104,893**	75,973,608
		104,893	120,728,896
Expenses			
Amortisation		-	75,262
Bank Charges		**5,317**	49,279
Depreciation		-	13,481,841
Salaries & Wages		-	3,716,737
Operating expenses		**640,692**	128,101,417
Finance costs	5	-	2,894,229
Total expenses		**646,009**	148,318,765
(Loss)/profit before tax	6	**(541,116)**	(27,589,869)
Tax expense	7	**141,246**	(17,379)
(Loss)/profit for the year		**(399,870)**	(27,607,248)
Other comprehensive income		-	-
Total comprehensive income		**(399,870)**	(27,607,248)

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

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

	Issued Capital US$	Accumulated (losses) US$	Total US$
Balance as at 31 March 2016	**200,001**	**26,953,743**	**27,153,744**
Total comprehensive income	-	(27,607,248)	(27,607,248)
Balance as at 31 March 2017	**200,001**	**(653,505)**	**(453,504)**
Total comprehensive income	-	(399,870)	(399,870)
Balance as at 31 March 2018	**200,001**	**(1,053,375)**	**(853,374)**

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 FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 US$	2017 US$
Cash flows from operating activities			
(Loss)/profit before tax for the year		**(541,116)**	(27,589,869)
Adjustments:			
Amortisation		-	75,262
Allowance for impairment on receivables		**240,632**	26,985,956
Investment in subsidiary written off		-	702
Bad debts written off		-	11,698,361
Depreciation		-	13,481,841
Deferred revenue		-	(9,799,941)
Interest expense		-	2,894,229
Loss on sale of property, plant & equipment		-	82,256,679
Novation income		-	(73,000,000)
Exchange		-	34,742
Interest income		-	(71,239)
Amount due to subsidiary written back -trade		-	(2,518,064)
Creditor no longer payable -non-trade		-	(6,250)
Operating profit before working capital changes		**(300,484)**	24,442,409
Change in working capital:			
Trade & other receivables		**76,352**	(26,490,010)
Trade & other payables		**78,244**	(4,982,487)
Cash flows (used in) operating activities		**(145,888)**	(7,030,088)
Tax paid net of exchange loss		**(6,069)**	(17,226)
Net cash (used in) operating activities		**(151,957)**	(7,047,314)
Cash flows from investing activities			
Proceed from disposal of property, plant & equipment		-	3,293,921
Proceed from disposal of subsidiary		-	32,258
Novation income received		-	73,000,000
Net cash from investing activities		-	76,326,179
Cash flows from financing activities			
Repayment of Borrowings		-	(67,933,044)
Loan received		-	1,485,000
Interest paid		-	(2,979,908)
Net cash (used in) financing activities		-	(69,427,952)
Net increase in cash & cash equivalents		**(151,957)**	(149,087)
Cash & cash equivalents at the beginning of the year		**237,179**	386,266
Cash & cash equivalents at end of the year	**10**	**85,222**	237,179

The annexed 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 providing services incidental to oil and gas extraction. However, Company's service contract ceased on 18 November 2016 as the asset generating the service income has been sold during the year.

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.

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$ 853,374 (2017: US$ 453,504) as at 31 March 2018 and 31 March 2017 respectively. The Company incurred a net loss of US$ 399,870 (2017: US$ 27,607,248) during the financial year ended 31 March 2018 and as of that date, its current liabilities exceeded its current assets by US$ 853,374 (2017: US$ 453,504) 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

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.

2.3 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.3 Standards issued but not yet effective, cont'd

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

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
Marine vessel	9
Technical database	5

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.7 Financial instruments, cont'd

a) Financial assets, cont'd

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

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.

2.11 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.

2.12 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:

Other Income

Income from a project in which the Company is a member of the consortium is recognized based on the milestone achieved as per agreement.

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

2.13 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.

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.

2.14 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....

2.15 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 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....

2.16 Fair Value Estimation

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

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) Impairment of loans and receivables

The impairment of 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$ 4,073,368 (2017: US$ 4,390,352).

4. OTHER INCOME

	2018	2017
	US$	US$
*Novation income	-	73,000,000
Other Construction Income	99,859	177,887
Miscellaneous income	-	200,168
Exchange gain	5,034	-
Interest income	-	71,239
Amount due to subsidiary written back	-	2,518,064
Creditor no longer payable	-	6,250
	104,893	75,973,608

*Novation income represents the consideration received on the transfer of the rights and obligations comprising lease and operation and maintenance services relating to the Jack-up barge & floating storage offloading vessel. During the year, the Company sold the vessels which were the source of service income.

5. FINANCE COSTS

	2018	2017
	US$	US$
Interest on term loans	-	2,679,301
Interest on loan to intermediate holding company	-	128,033
Interest on loan to ultimate holding company	-	86,895
	-	2,894,229

6. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax has been arrived at after charging:

	2018	2017
	US$	US$
Allowance for impairment on related parties receivables-non-trade	240,632	26,985,956
Investment in subsidiary written off	-	702
Bad debts written off-trade	-	11,698,361
Consultancy fees	333,942	588,691
Loss on sale of fixed assets	-	82,256,679
Loss on exchange	-	37,377
Stores, Spares, Repairs & Maintenance	-	1,560,909
Insurance	1,691	984,349
Catering Expenses	-	538,001
Management Fees	-	1,284,877
Travelling Expenses	-	616,335
Clearing & Custom Duty	-	162,848

7. TAX EXPENSE

	2018 US$	2017 US$
Current year tax expense	-	17,379
Over provision of tax	**(141,246)**	-
	(141,246)	17,379

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 (loss)/profit as a result of the following:-

	2018 US$	2017 US$
(Loss)/Profit before tax	**(541,116)**	(27,589,869)
Tax expense @ 17% (2017:17%)	**(91,990)**	(4,690,278)
Tax effect on non-taxable income	**40,907**	(1,063)
Tax exemption under S13F	-	4,732,198
Singapore tax exemption	-	(18,702)
Tax rebate	-	(4,431)
Tax effect on deferred tax asset utilised	**51,083**	-
	-	17,724
Over provision of tax	**(141,246)**	(345)
	(141,246)	17,379

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

MOVEMENT	2018 US$	2017 US$
Balance Brought Forward	**147,315**	147,162
Paid during the year, net of exchange loss(net)	**(6,069)**	(17,226)
	141,246	129,936
Over provision of tax	**(141,246)**	-
Current year provision	-	17,379
Balance Carried Forward	-	147,315

8. PROPERTY, PLANT & EQUIPMENT

2018	* Jack-up barge & floating storage Offloading vessel US$	Technical database US$	Total US$
At cost			
At beginning of year	-	-	-
Disposals			
At end of year	-	-	-
Accumulated depreciation			
At beginning of year	-	-	-
Charge for the year	-	-	-
Write back	-	-	-
At end of year	-	-	-
Net book value			
At 31.03.2018	-	-	-

2017	* 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
Disposals	(203,725,990)	(597,720)	(204,323,710)
At end of year	-	-	-
Accumulated depreciation			
At beginning of year	104,737,832	478,176	105,216,008
Charge for the year	13,481,841	75,262	13,557,103
Write back	(118,219,673)	(553,438)	(118,773,111)
At end of year	-	-	-
Net book value			
At 31.03.2017	-	-	-

During the year, the Company sold the jack-up barge & floating storage offloading vessels to a third party for a consideration of US$3,293,921.

9. INVESTMENT IN SUBSIDIARIES

	2018 US$	2017 US$
Investment in unquoted equity shares, at cost	-	67,702
Less: Sale proceeds on disposal of subsidiary during the year	-	(32,258)
Loss on exchange	-	(34,742)
Investment written off during the year	-	(702)
	-	-

Details of investment in subsidiary are as follows:-

Name of Company	Principal Activities	Country of Incorporation	Percentage of equity held % At 31.03.2018	% At 31.03.2017	Cost of investment At 31.3.2018 US$	At 31.3.2017 US$
Ivorene Oil Services Nigeria Limited	Integrated operation, maintenance & management of MOPU & FSO at offshore Nigeria	Nigeria	-	99.999	-	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

	2018 US$	2017 US$
Cash in hand	71	104
Cash at banks	85,151	237,075
	85,222	237,179

11. TRADE RECEIVABLES

	2018 US$	2017 US$
Trade receivables:		
Advance to suppliers	**145,665**	-
GST receivable	**154**	2,147
	145,819	2,147

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.

12. OTHER RECEIVABLES

	2018 US$	2017 US$
Other debtors	**-**	71,450
*Amount due from immediate holding company	**8,860,349**	8,855,956
*Amount due from a related company	**1,135,957**	817,680
*Amount due from intermediate holding company	**18,366,239**	18,130,000
^Unbilled revenue (related company)	**2,791,592**	3,499,075
	31,154,137	31,374,161
Less: impairment losses on related parties receivables	**(27,226,588)**	(26,985,956)
	3,927,549	4,388,205

*Amounts due from related parties are unsecured, interest-free and are receivable on demand.

^Unbilled revenue represents the revenue recognised on the project based on cost completion method.

Movement in the allowance for impairment losses

	2018 US$	2017 US$
Balance at beginning of the year	**26,985,956**	-
Impairment losses recognized on related party receivables	**240,632**	26,985,956
Balance at end of the year	**27,226,588**	26,985,956

13. TRADE AND OTHER PAYABLES

	2018 US$	2017 US$
Trade payables:		
Trade creditors	**128,520**	134,592
Other payables:		
Accruals	**162,743**	17,009
Due to intermediate holding company	**4,530,603**	4,592,211
Due to ultimate holding company	**190,098**	189,908
	5,011,964	4,933,720

13. TRADE AND OTHER PAYABLES, cont'd

Trade creditors

Trade creditors are normally settled as per prevailing trade practice.

Due to intermediate holding company

These non-trade amounts are 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

	2018 US$	2017 US$
Balance at the beginning of the year	-	9,799,941
Amount recognized as income during the year	-	(9,799,941)
Balance at the end of the year	-	-
Analysed as follows:		
Current	-	9,799,941
Non-current	-	-
	-	9,799,941

During the year, the jack-up barge & floating storage offloading vessels were sold and deferred revenue has been fully recognized as service income.

15. SHARE CAPITAL

	2018		2017	
	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.

16. 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.

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 US$ 1,135,957(2017: US$ 817,680) in respect of other receivables from related parties.

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

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 its current liabilities exceeded its current assets by US$ 853,374 (2017: US$453,504) and its total liabilities exceeded total assets by the same amount. However, management is confident that the Company will be able to continue as a going concern on the assumption that its ultimate holding company will provide financial support to meet its liabilities as and when they fall due.

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 has fixed interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

18. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2018 US$	2017 US$
Loans and receivables	**4,158,436**	4,625,384
Financial liabilities at amortised cost	**5,011,964**	4,933,720

19. 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.

	2018 US$	2017 US$
Service fees payable to intermediate holding Company	-	1,284,877
Expenses paid by intermediate holding Company	-	30,161
Interest paid to intermediate holding company	-	196,207
Interest received from intermediate holding company	-	71,239
Loan to intermediate holding company	**215,000**	18,050,000
Loan received from intermediate holding company		2,105,000
Loan repaid to intermediate holding company		14,152,815
Loan received from immediate holding company		3,000,000
Loan repaid to immediate holding company		7,280,100
Net gains from related party	**99,859**	177,887
Interest paid to ultimate holding company	-	18,722
Expenses paid by ultimate holding company	-	12,826
Loan repaid to ultimate holding company	-	500,000
Repayment of expenses to ultimate holding company	-	104,400
Loan repaid by Subsidiary	-	1,052,154
Services received from subsidiary	-	4,434,595
Payment made on behalf of related party	-	500,000
Expenses paid on behalf of immediate holding Company	**4,205**	-
Expenses paid on behalf of intermediate holding Company	**60,339**	-

Balances outstanding:

Outstanding balances with the related parties at 31 March 2018 sheet date are disclosed in Note 12 & 13.

19. RELATED PARTY TRANSACTIONS, cont'd

Compensation to Key Management Personnel

	2018	2017
	US$	US$
Salaries	-	21,877

20. 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.

	2018	2017
	US$	US$
Net debt	**4,926,742**	4,696,541
Total equity	**(853,374)**	(453,504)
Total capital	**4,073,368**	4,243,037

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

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

(This does not form part of the financials)
DETAILED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	2018	2017
Revenue	**US$**	**US$**
Sale of Services	-	44,755,288
Add:		
Novation income	-	73,000,000
Other construction income	**99,859**	177,887
Exchange gain	**5,034**	-
Miscellaneous income	-	200,168
Interest income	-	71,239
Amount due to subsidiary written back -trade	-	2,518,064
Creditor no longer payable -non-trade	-	6,250
	104,893	120,728,896
Less: Expenses		
Amortisation	-	75,262
Audit Fee	**5,844**	22,226
Audit fee -AIS MPA	-	5,207
Allowance for impairment on receivables-non-trade	**240,632**	26,985,956
Bad debts written off-trade	-	11,698,361
Bank charges	**5,317**	49,279
Catering expenses	-	538,001
Clearing & custom duty	-	162,848
Communication expenses	**29**	216
Consultancy fees	**333,942**	588,691
Conveyance	**106**	73
Depreciation	-	13,481,841
Electricity expenses	-	842
Entertainment	**395**	155
Escrow agent fee	-	10,000
Facility agent fee	-	15,295
General expenses	-	1,231
Gift expenses	-	5
GST	-	2,328
Handling fees	-	42,000
HO overheads	-	8,103
Hotel accommodation	-	32,831
Immigration expenses	-	68,500
Investment in subsidiary written off	-	702
Insurance	**1,691**	984,349
Internet charges	-	1,513

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

DETAILED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)

	2018 US$	2017 US$
Interest on borrowings	-	2,894,229
Librarian Fees	-	15,418
Loss on sale of fixed assets	-	82,256,679
Loss on exchange	-	37,377
Management fees	-	1,284,877
Mooring charges	-	63,138
Meet & greet expenses	-	93,846
Miscellaneous fees /survey	-	375,624
Notary charges	-	749
Office expenses	4	1,893
Office security	-	5,065
Payee expenses	-	66,807
Printing & Stationery	110	740
Professional Fee	51,383	325,179
Panama Fees for MOPU	-	10,587
Postage & courier	-	1,124
Relocation expense	-	11,124
Rent expenses	-	24,119
Repair and maintenance	-	33,130
Retainer service charges	-	13,191
Salary & Wages	-	3,716,737
Security trustee fee	-	15,295
Staff training	-	24,469
Stores, spares repairs & maintenance	-	1,560,909
System support expenses	-	793
Travelling expenses	6,556	616,335
Telephone expenses	-	2,221
TV subscription	-	1,316
VAT @ 5% on handling fees	-	2,100
Vehicle and other conveyance	-	2,662
VSAT & chat card	-	85,217
	646,009	148,318,765
(Loss)/profit before tax	(541,116)	(27,589,869)