MERCATOR OFFSHORE ASSETS HOLDING PTE. LTD.
(Incorporated in the Republic of Singapore)
(Reg No: 201403178W)

FINANCIAL STATEMENTS - 31 MARCH 2018

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DIRECTOR'S STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The director presents his report to the members together with the audited financial statements of Mercator Offshore Assets Holding Pte Ltd. (the "Company") for the year ended 31 March 2018.

1. Opinion of the director

In my 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 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. Director

The director of the Company in office at the date of this statement is as follows:

SHALABH MITTAL

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. Director's Interest in Shares or Debentures:

According to the register of director's 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 period 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. Auditors

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

The Sole Director,

SHALABH MITTAL
Director

Date 24 MAY 2018

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCATOR OFFSHORE ASSETS HOLDING PTE. LTD.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Mercator Offshore Assets Holding 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$ 5,736 (2017: US$26,361,511) during the financial year ended 31 March 2018 and as of that date, its current liabilities exceeded its current assets by US$ 26,184,190 (2017: US$26,178,454) and its total liabilities exceeded total assets by US$ 26,184,190 (2017: US$26,178,454). 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. 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.

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 RAJAN ASSOCIATES
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

Date: 24 MAY 2018

MERCATOR OFFSHORE ASSETS HOLDING 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			
Investment in Subsidiaries	6	-	-
		-	-
Current Assets			
Cash and cash equivalents	7	5,732	6,808
Amount due from immediate holding company	8	-	-
		5,732	6,808
Current Liabilities			
Amount due to subsidiaries	9	26,186,110	26,181,685
Accruals		3,812	3,577
		26,189,922	26,185,262
Net Current (liabilities)		(26,184,190)	(26,178,454)
Net (liabilities)/assets		(26,184,190)	(26,178,454)
Equity			
Share capital	10	240,090	240,090
Accumulated (losses)		(26,424,280)	(26,418,544)
		(26,184,190)	(26,178,454)

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

MERCATOR OFFSHORE ASSETS HOLDING PTE. LTD.
(Incorporated in the Republic of Singapore)

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

	Note	2018 US$	2017 US$
Revenue		-	-
Gain on exchange		81	44
Other operating expenses		(5,817)	(26,361,555)
Loss before tax	4	(5,736)	(26,361,511)
Tax expense	5	-	-
Loss after tax		(5,736)	(26,361,511)
Other comprehensive income		-	-
Total comprehensive income		(5,736)	(26,361,511)

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

MERCATOR OFFSHORE ASSETS HOLDING PTE. LTD.
(Incorporated in the Republic of Singapore)

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

	Share capital US$	Accumulated (losses) for the year US$	Total US$
Balance at 31 March 2016	**240,090**	**(57,033)**	**183,057**
Total comprehensive income	-	(26,361,511)	(26,361,511)
Balance at 31 March 2017	**240,090**	**(26,418,544)**	**(26,178,454)**
Total comprehensive income	-	(5,736)	(5,736)
Balance at 31 March 2018	**240,090**	**(26,424,280)**	**(26,184,190)**

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

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		**(5,736)**	(26,361,511)
Adjustments for:			
Allowance for impairment		**-**	26,353,715
Operating loss before working capital changes		**(5,736)**	(7,796)
Change in working capital			
Other payables		**235**	(823)
Cash (used in) operating activities		**(5,501)**	(8,619)
Cash flows from investing activities			
Amount due from immediate holding company		**-**	(5,453,711)
Net cash (used in) investing activities		**-**	(5,453,711)
Cash flows from financing activities			
Amount due to subsidiaries		**4,425**	6,639,700
Amount due to immediate holding company		**-**	(1,179,912)
Net cash from financing activities		**4,425**	5,459,788
Net change in cash and cash equivalents		**(1,076)**	(2,542)
Cash and cash equivalents at beginning of year		**6,808**	9,350
Cash and cash equivalents at the end of year	7	**5,732**	6,808

(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 activity of the Company is that of investment holding.

The Company's immediate holding company is Mercator Energy 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$ 26,184,190 and US$ 26,178,454 as at 31 March 2018 and 31 March 2017 respectively. The Company incurred a net loss of US$ 5,736 (2017: US$26,361,511) during the financial year ended 31 March 2018 and as of that date, its current liabilities exceeded its current assets by US$ 26,184,190 (2017: US$26,178,454). 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.

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....

2.4 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 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D....

2.5 Financial instruments, cont'd....

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.

2.6 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D....

2.6 Impairment of financial assets, cont'd....

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.

2.7 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.

2.8 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.

2.9 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.

2.10 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D....

2.11 Revenue recognition

The Company has been dormant during the year.

2.12 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.

2.13 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.

2.14 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D....

2.14 Taxes, cont'd....

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 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.

2.16 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.

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.

3.2 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.

Impairment of investment in subsidiaries

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 as at 31 March 2018 were NIL (2017: US$ NIL).

Impairment of loans and receivables

The impairment of amounts due from immediate holding company 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 due from immediate holding company as at 31 March 2018 were US$ NIL (2017: US$ NIL).

4. (LOSS) BEFORE TAX

	2018 US$	2017 US$
Allowance for impairment on immediate holding company receivables-non-trade	-	5,453,711
Allowance for impairment on investment in subsidiaries	-	20,900,004

5. TAX EXPENSE

There is no tax expense as the Company has no chargeable income.

6. INVESTMENT IN SUBSIDIARIES

	2018 US$	2017 US$
Unquoted shares at cost	**20,900,004**	20,900,004
Less: provision for impairment	**(20,900,004)**	(20,900,004)
	-	-

Movement in the allowance for impairment losses

	2018 US$	2017 US$
Balance at beginning of the year	**20,900,004**	-
Impairment losses recognized on investments	-	20,900,004
Balance at end of the year	**20,900,004**	20,900,004

Details of the subsidiaries are as follows:

Company	Principal Activities	Country of Incorporation	Cost of investment 2018 US$	Cost of investment 2017 US$	Effective Percentage of equity held 2018 %	Effective Percentage of equity held 2017 %
Mercator Offshore (P) Pte Ltd.*	Construction of Mobile Production Unit that is incidental to Oil & Gas extraction services	Singapore	**20,900,000**	20,900,000	95	95
Mercator Okoro FPU Pte Ltd**	Construction of Mobile Production Unit that is incidental to Oil & Gas extraction services	Singapore	**2**	2	100	100
Mercator Okwok FPU Pte Ltd	Construction of Mobile Production Unit that is incidental to Oil & Gas extraction services	Singapore	**2**	2	100	100
			20,900,004	20,900,004		

7. CASH AND CASH EQUIVALENTS

	2018 US$	2017 US$
Cash at bank	**5,732**	6,808
	5,732	6,808

8. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY

	2018 US$	2017 US$
Non-trade receivables	**5,453,711**	5,453,711
Less: Allowance for impairment loss	**(5,453,711)**	(5,453,711)
Balance at end of the year	**-**	-

Movement in the allowance for impairment losses

	2018 US$	2017 US$
Balance at beginning of the year	**(5,453,711)**	-
Impairment loss recognized during the year	**-**	(5,453,711)
Balance at end of the year	**(5,453,711)**	(5,453,711)

9. AMOUNT DUE TO SUBSIDIARIES

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

10. SHARE CAPITAL

	2018		2017	
	Number of shares	**US$**	Number of shares	US$
Balance at beginning of the year	**300,000**	**240,090**	300,000	240,090
Balance at end of the year	**300,000**	**240,090**	300,000	240,090

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.

11. 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 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.

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

a) Price risk, cont'd....

(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 has no interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

(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 not exposed to any credit risk.

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 its current liabilities exceeded its current assets by US$ 26,184,190 (2017: US$26,178,454) and its total liabilities exceeded total assets by the same amount.

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				
Cash and cash equivalents	5,732	5,732	5,732	-
Total undiscounted financial assets	**5,732**	**5,732**	**5,732**	-
	Carrying amount US$	Contractual cash flows US$	One year or less US$	Two to five years US$
Financial liabilities				
Amount due to subsidiaries	26,186,110	26,186,110	26,186,110	-
Accruals	3,812	3,812	3,812	-
Total undiscounted financial liabilities	**26,189,922**	**26,189,922**	**26,189,922**	-

11. 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				
Cash and cash equivalents	6,808	6,808	6,808	-
Total undiscounted financial assets	**6,808**	**6,808**	**6,808**	-
	Carrying amount US$	Contractual cash flows US$	One year or less US$	Two to five years US$
Financial liabilities				
Amount due to subsidiaries	26,181,685	26,181,685	26,181,685	-
Accruals	3,577	3,577	3,577	-
Total undiscounted financial liabilities	**26,185,262**	**26,185,262**	**26,185,262**	-

12. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2018 US$	2017 US$
Loans and receivables	**5,732**	6,808
Financial liabilities at amortised cost	**26,189,922**	26,185,262

13. 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.

14. 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$
Loan received from immediate holding company	-	450,000
Loan repaid to immediate holding company	-	7,090,000
Expenses paid on behalf by immediate holding company	-	6,377
Loan repaid to subsidiaries	-	3,105,400
Loan received from subsidiaries	-	9,745,100
Expenses paid on behalf of subsidiary	**3,941**	-

Outstanding balances at 31 March 2018, arising from loans receivables/payables within 12 months from balance sheet date are disclosed in Note 9.

MERCATOR OFFSHORE ASSETS HOLDING PTE. LTD.
(Incorporated in the Republic of Singapore)

(This does not form part of the audited statements)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	2018 US$	2017 US$
Revenue	-	-
Gain on exchange	81	44
Less:- Operating expenses		
Audit fee	3,812	3,991
Audit Fees - AIS MPA	-	1,540
Allowance for impairment-non-trade	-	5,453,711
Allowance for impairment-investment in subsidiaries	-	20,900,004
Bank charges	346	333
General expenses	366	-
Penalty	147	-
Professional fee	297	1,202
Secretarial charges	849	774
	5,817	26,361,555
Net (loss) for the year	(5,736)	(26,361,511)