Mercator Lines (Singapore) Limited

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RESPONSE TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES IN RELATION TO THE GROUP'S FULL YEAR AUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

1. INTRODUCTION

Further to the announcement by Mercator Lines (Singapore) Limited (the "**Company**" and collectively with its subsidiaries, the "**Group**") on 22 May 2015 in relation to the financial statements of the Group for the financial year ended 31 March 2015, the Board of Directors of the Company (the "**Board**") wishes to clarify the announcement in response to the following queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 29 May 2015.

2. QUERIES FROM THE SGX-ST

The Company has been requested by the SGX-ST to disclose the following information:

(a) the Board's confirmation on (i) whether sufficient information is disclosed for the trading of the Company's securities to continue in an orderly manner; and (ii) the basis for its views; and

(b) where the Board is of the opinion on whether the Company and the Group can continue as going concerns. The Board should justify the basis of its opinion.

3. RESPONSE BY THE COMPANY

3.1 In relation to the query referred to in paragraph 2(a) above :

3.1.1 The Board confirms that, based on (i) the disclosures in 3.2 below, and (ii) the disclosures made by the Company on the SGXNET, including the following announcements listed below, sufficient information is available for the market to continue trading of the Company's securities in an orderly manner:

i. announcement in relation to the financial statements of the Group for the quarter ended 31 December 2014 released to SGX-ST on 28 January 2015;

ii. announcement in relation to the appointment of an independent financial advisor to assist with an assessment of the Company's financial position and to advise and assist, as appropriate, with the options available to the Company with respect to its financial affairs which was released to SGX-ST on 10 April 2015; and

iii. announcements in relation to the financial results and financial statements of the Group for the full year ended 31 March 2015 on 22 May 2015.

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3.1.2 The Board has reached this conclusion based on the fact that as at the date of this announcement, to the best of its knowledge, all information required to be disclosed by the Company under Rule 703 of the Listing Manual of the SGX-ST has been disclosed to the public via the disclosures made by the Company on the SGXNET.

3.2 In relation to the query referred to in paragraph 2(b) above :

3.2.1 The cash flow and financials of the Group has been substantially impacted due to fall in freight rates and deterioration in dry bulk markets.

3.2.2 The Group has appointed an Independent Financial Advisor ("IFA") to assess the financial options and establish various options. The Group has also appointed an investment bank ("IB") to help it raise equity to strengthen its financial position.

3.2.3 On 26 May 2015, the Company received statutory demands from Cargill International SA and Cargill Financial Solutions (together, "Cargill") in relation to certain deferred purchase contracts. The IFA and the Company is in regular discussion with Cargill and other creditors in relation to the Restructuring Plan (as defined below).

3.2.4 The Board and Management are working closely with IFA, IB, legal advisors and creditors to establish a refinancing, recapitalisation and restructuring plan (the "Restructuring Plan"). The Group, together with the IFA, IB and its legal advisors, are currently in negotiations with creditors (including Cargill) and potential investors in relation to the Restructuring Plan.

3.2.5 Based on the successful implementation of the Restructuring Plan and anticipated cash flows, the Board is of the view that Group & Company can continue as a going concern for the foreseeable future.

3.2.6 The situation is being monitored very closely and any material developments (including in relation to the Restructuring Plan) would be disclosed to SGX.

By Order of the Board

SHALABH MITTAL
Managing Director &Chief Executive Officer

3 June 2015