MERCATOR

FULL YEAR AUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED MARCH 31, 2015

PART I INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

1.(a) An income statement and statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended March 31, 2015 (in US$'000s)

	Group Year Ended March 31,		
	2015	**2014**	**%**
Revenue	**56,347**	**75,300**	**-25%**
Vessel related costs	(46,665)	(51,911)	-10%
Depreciation expense	(35,434)	(35,389)	0%
Impairment of property and equipment	(63,515)	-	N/M
Provision for onerous contract	(18,857)	-	N/M
Employee costs and administrative expenses	(3,148)	(3,202)	-2%
Gain (Loss) on derivative financial instruments	1,153	(435)	N/M
Other expenses	(8,773)	(713)	1130%
Finance cost	(6,474)	(6,408)	1%
Loss before income tax	**(125,366)**	**(22,758)**	**451%**
Income tax	-	1	N/M
Loss for the year	**(125,366)**	**(22,757)**	**451%**
Other comprehensive loss :			
Items that may be reclassified subsequently to profit or loss:			
Available -for-sale investments :			
Gain (Loss) arising during the year	69	(282)	N/M
Reclassification from equity to profit or loss on impairment of available-for-sale investments	739	-	N/M
Other comprehensive income (loss) for the year, net of tax	**808**	**(282)**	**N/M**
Total comprehensive loss for the year	**(124,558)**	**(23,039)**	**441%**

N/M : Not meaningful

1.(a)(ii) Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income (in US$'000s)

		Group Year Ended March 31, 2015	2014	%
	Loss before income tax is arrived at after (charging) / crediting the following:			
(A)	Gain arising from change in fair value of option on convertible bond	331	109	204%
(B)	Net gain (loss) from option on forward freight agreement	822	(544)	N/M
(C)	Reversal of provision for onerous contract	951	995	-4%
(D)	Provision for onerous contract	(18,857)	-	N/M
(E)	Finance cost	(6,474)	(6,408)	1%
(F)	Depreciation of property and equipment	(35,434)	(35,389)	0%
(G)	Impairment of property and equipment	(63,515)	-	N/M
(H)	Allowance for doubtful debts and bad debts written off	(7,949)	(224)	3449%
(I)	Impairment in value of available-for-sale investment	(739)	-	N/M
(J)	Compensation for charter- in vessels	-	(489)	N/M
(K)	Foreign exchange adjustment gain (loss)	19	(58)	N/M

N/M : Not meaningful

1.(b)(i) **Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (in US$'000s)**

	Group		Company	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
ASSETS				
Current assets				
Cash and cash equivalents	8,434	7,829	4,592	5,713
Trade and other receivables	11,584	19,553	10,002	12,611
Inventories	1,514	1,239	1,416	250
	21,532	28,621	16,010	18,574
Asset classified as held for sale	8,000	-	8,000	-
Total current assets	29,532	28,621	24,010	18,574
Non-current assets				
Trade and other receivables	4,064	5,015	4,064	5,015
Subsidiaries	-	-	53,062	71,859
Available-for-sale investments	691	592	691	592
Property and equipment	374,937	478,972	267,728	347,376
Derivative financial instruments	1,346	1,015	1,346	1,015
Total non-current assets	381,038	485,594	326,891	425,857
Total assets	**410,570**	**514,215**	**350,901**	**444,431**
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	21,931	16,257	17,657	11,273
Provision for onerous contract	1,916	951	1,916	951
Borrowings	37,372	20,813	32,246	18,522
Income tax payable	4	4	4	4
	61,223	38,025	51,823	30,750
Liability directly associated with asset classified as held for sale	8,000	-	8,000	-
Total current liabilities	69,223	38,025	59,823	30,750
Non-current liabilities				
Borrowings	140,296	166,777	87,192	108,610
Provision for onerous contract	21,955	5,014	21,955	5,014
Trade and other payables	-	745	-	745
Total non-current liabilities	162,251	172,536	109,147	114,369
Capital and reserves				
Share capital	213,694	213,694	213,694	213,694
Capital reserve	2,634	2,634	2,634	2,634
Equity option reserve	1,855	1,855	1,855	1,855
Fair value adjustment reserve	69	(739)	69	(739)
Accumulated (losses)profits	(39,156)	86,210	(36,321)	81,868
Equity attributable to owners of the company	179,096	303,654	181,931	299,312
Total liabilities and equity	**410,570**	**514,215**	**350,901**	**444,431**

1.(b)(ii) **Aggregate amount of the group's borrowings and debt securities**

(in US$ '000s)

	Group As at March 31, 2015		Group As at March 31, 2014	
	Secured	**Unsecured**	**Secured**	**Unsecured**
Amount repayable in one year or less	33,872	11,500	15,813	5,000
Amount repayable after one year	140,296	-	166,777	-
	174,168	11,500	182,590	5,000

Details of securities:
-Mortgage of vessels

1.(c) **Consolidated Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

(in US$'000s)

	Group	
	Year Ended Mar 31, 2015	Year Ended Mar 31, 2014
Operating activities		
Loss before income tax	**(125,366)**	**(22,758)**
Adjustments for :		
Depreciation expense	35,434	35,389
Finance cost (Note A)	6,474	6,408
Impairment loss on property & equipment	63,515	-
Impairment loss on available-for-sale investment	739	-
Provision for onerous contract	18,857	-
Reversal of provision for onerous contract	(951)	(995)
Allowance(Reversal of) for doubtful receivables	7,391	(46)
Write off of bad debts	558	270
Gain on fair value changes of derivative financial instruments	(331)	(109)
		-
Operating cash flows before movements in working capital	**6,320**	**18,159**
Trade and other receivables	971	(842)
Inventories	(275)	1,242
Trade and other payables	5,674	1,480
Cash paid in relation to termination of charter hire (Note B)	(745)	(2,020)
Cash generated from operations	**11,945**	**18,019**
Tax received	-	1
Net cash from operating activities	**11,945**	**18,020**
Investing activities		
Additions to property and equipment	(2,914)	(5,711)
Related expenses paid on disposal of property and equipment	-	(2,646)
Purchase of available-for-sale investments	(30)	(17)
Net cash used in investing activities	**(2,944)**	**(8,374)**
Financing activities		
Interest expenses paid	(5,778)	(5,726)
Proceeds from bank loans	11,000	12,200
Repayment of bank loans	(20,118)	(19,158)
Proceeds of loan from immediate holding company	6,500	-
Repayment of loan from immediate holding company	(4,000)	-
Proceeds from other borrowings	19,000	11,025
Repayment of other borrowings	(15,000)	(10,000)
Restricted deposits with banks	(2,000)	-
Net cash used in financing activities	**(10,396)**	**(11,659)**
Net decrease in cash and cash equivalents	(1,395)	(2,013)
Cash and cash equivalents at beginning of year	7,829	9,842
Cash and cash equivalents at end of the year (Note C)	**6,434**	**7,829**

1.(c) **Consolidated Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

(in US$'000s)

	Group	
	Year Ended Mar 31, 2015	Year Ended Mar 31, 2014
Note A		
The finance cost for the year includes the following non-cash items:		
Amortisation of borrowing costs	421	453
Non-cash interest expense for convertible bonds	275	217
Note B		
Non-cash items:		
The compensation on termination of charter hire includes the following :		
Compensation by issuance of share capital	-	4,214
Cash items:		
Cash paid in relation to termination of charter hire	745	2,020
Related items outstanding included in trade and other payables	745	1,490
	1,490	**7,724**
Note C		
Cash and cash equivalents at the end of the year is determined as follows:		
Cash and bank balances	8,434	7,829
Less: Pledged deposits	(2,000)	-
	6,434	**7,829**

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (in US$'000s)

	Group					
	Share capital	Capital reserve	Equity option reserve	Fair value adjustment reserve	Accumulated profits (losses)	Total
Balance at April 1, 2013	209,480	2,634	-	(457)	108,967	320,624
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(22,757)	(22,757)
Other comprehensive loss for the year	-	-	-	(282)	-	(282)
Transactions with owners, recognised directly in equity						
Recognition of equity component of convertible bonds	-	-	1,855	-	-	1,855
Issue of share capital	4,214	-	-	-	-	4,214
Balance at March 31, 2014	213,694	2,634	1,855	(739)	86,210	303,654
Balance at April 1, 2014	213,694	2,634	1,855	(739)	86,210	303,654
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(125,366)	(125,366)
Other comprehensive gain for the year	-	-	-	808	-	808
Balance at March 31, 2015	213,694	2,634	1,855	69	(39,156)	179,096

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (in US$'000s)

	Company					
	Share capital	Capital reserve	Equity option reserve	Fair value adjustment reserve	Accumulated profits (losses)	Total
Balance at April 1, 2013	209,480	2,634	-	(457)	104,513	316,170
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(22,645)	(22,645)
Other comprehensive loss for the year	-	-	-	(282)	-	(282)
Transactions with owners, recognised directly in equity						
Recognition of equity component of convertible bonds	-	-	1,855	-	-	1,855
Issue of share capital	4,214	-	-	-	-	4,214
Balance at March 31, 2014	213,694	2,634	1,855	(739)	81,868	299,312
Balance at April 1, 2014	213,694	2,634	1,855	(739)	81,868	299,312
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(118,189)	(118,189)
Other comprehensive gain for the year	-	-	-	808	-	808
Balance at March 31, 2015	213,694	2,634	1,855	69	(36,321)	181,931

1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share option or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all outstanding convertibles, as well as the number of shares held as treasury shares, if any against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Date	Description	Number of ordinary shares	Share proceeds
			US$'000
April 01, 2013	**At the beginning of the year**	**1,316,294,879**	**209,480**
May 02, 2013	**Shares issued during the year as compensation for early termination of chartered-in vessels**	**45,140,124**	**4,214**
March 31, 2014	**At the end of the year**	**1,361,435,003**	**213,694**
April 01, 2014	**At the beginning of the year**	**1,361,435,003**	**213,694**
March 31, 2015	**At the end of the year**	**1,361,435,003**	**213,694**

Based on the terms of Bond Agreement, the price fixed for conversion of Bond is 16.337 (2014 : 16.337) Singapore cents per share . If the Bond holders decide to exercise their option to convert all bonds into ordinary equity shares of the company, the total number of shares to be issued on conversion will be 144,177,633 shares (At March 31, 2014 : 144,177,633 shares).

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at March 31, 2015 - 1,361,435,003 shares
As at March 31, 2014 - 1,361,435,003 shares

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed, in accordance with which auditing standard practice.

The financial results were extracted from the audited consolidated financial statements of the Group for the year ended March 31, 2015. The consolidated financial statements were audited in accordance with Singapore Standards on Auditing.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter.)

The auditor's report is attached. Please refer to the Emphasis of matter along with the relevant Notes.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The group has applied the same accounting policies and methods of computation in financial statements for the year ended March 31, 2015 as compared with the audited financial statements for the year ended March 31, 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends :-

	Group	
	Year Ended March 31, 2015	**Year Ended March 31, 2014**
Earnings / (Loss) per ordinary share of the group, after deducting any provision for preference dividends:		
(a) Based on weighted average number of ordinary shares on issue; and	**(US$0.092)**	**(US$0.017)**
	i.e. (SG$0.13)	**i.e. (SG$0.021)**
Exchange rate 1 SGD=USD	1SG$=US$ 0.727	1SG$=US$ 0.794
(b) On a fully diluted basis *	*	*

*There is no dilutive potential ordinary shares and no corresponding diluted loss per share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Net asset value per ordinary share based on total number of issued shares at the end of the year equivalent to :	**US$0.13 i.e. S$0.18**	**US$0.22 i.e. S$0.28**	**US$0.13 i.e. S$0. 18**	**US$0.22 i.e. S$0.28**
Exchange rate	1SG$=US$0.727	1SG$=US$0.794	1SG$=US$0.727	1SG$=US$0.794

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue

Revenue for the year ended March 31, 2015 registered a decrease of 25% to US$56.3million as compared to US$75.3million for the year ended March 31, 2014.

The decrease in revenue for the year is mainly due to fall in spot / contract rates, unscheduled repairs.

Vessel related costs:

The Group's vessel related costs decreased by 10 % to US$46.7million for the year ended March 31, 2015 from US$51.9million for the year ended March 31, 2014. The decrease for the year is mainly due to reduction in number of voyage charters resulting in lower voyage expenses.

Depreciation

Depreciation expense remained constant at US$35.4million for the year ended March 31, 2015 as compared to the year ended March 31, 2014.

Impairment of property and equipment

Given the further deterioration of the dry bulk market the Group has considered it prudent to estimate the recoverable value of its owned vessels on the basis of the discounted cash flows from expected future earnings, using a projected 10 years charter rate. This is a change in estimate basis as compared to the previous year, which used the historical 10 years charter rate.

Accordingly, the Group determined that the value of its vessels is impaired and it has recorded an allowance for impairment of US$63.5million for the year ended March 31, 2015. The allowance of US$63.5million includes US$27.9millon of provision on account of sale of a vessel, which has been subsequently sold in the Financial Year 2015-16 at a sale price of US$8million.

Had previous year's estimate basis (i.e., historical 10 years charter rate) been used, no allowance for impairment would have been required as at March 31, 2015.

No allowance for impairment was required in the corresponding previous year ended March 31, 2014.

Provision for onerous contract

Considering the fall in the freight rate the Company has made provision for onerous contract, in respect of a contract for long term chartered-in vessel which is effective from January 1, 2016 for the entire tenor of its contract till May 2020. Accordingly, the Company has provided for onerous contract of US$18.9million for the year ended March 31, 2015. Had the company continued with the same estimate basis as previous financial year of estimating the economic benefits expected to be received from the charter out contract for the next one year as against providing for the entire tenor of the contract till May 2020, the provision for onerous contract for the year would have been lowered by US$17.9million.

No provision for onerous contract was recognized in profit or loss in the corresponding previous year ended March 31, 2014.

Employee costs and administrative expenses

Employee costs and administrative expenses has remained almost constant at US$3.2million for the year ended March 31, 2015 as compared to the year ended March 31, 2014.

Derivative financial instruments

The derivative financial instruments comprises of Freight Forward Agreements (FFAs) and option on convertible bond.

During the year ended March 31, 2015, the Group recorded a gain of US$0.82million on FFAs and a gain of US$0.33million on option on convertible bond.

Other expenses

Other expenses of US$8.8million mainly relates to the write-off /allowance of doubtful receivables.

The Group has written off US$0.6million towards bad debts, provided US$7.5million as allowance against recoveries from trade receivables and US$0.7million as allowance for impairment of available for sale investments.

The Group had for the period ended March 31, 2014 provided an amount of US$0.7million for allowance for bad debts and other expenses.

Finance costs

Finance costs has remained almost constant at US$6.5million for the year ended March 31, 2015 as compared to US$6.4million for the year ended March 31, 2014.

Loss

The above analysis has resulted in loss attributable to the equity holders of the Company of US$125.4million for the year ended March 31, 2015.

As explained above, the loss includes exceptional items of US$91.1million out of which US$82.4million relates to non-cash items comprising of US$63.5million for allowance of impairment of property and equipment and US$18.9million for provision for onerous contract.

Statement of financial position and consolidated statement of cash flows

Current assets

Current assets of the Group as at March 31, 2015 increased to US$29.5million from US$28.6million as at March 31, 2014 mainly due to reclassification of a marine vessel held for disposal with the carrying amount of US$8million as asset held for sale and an offset of lower trade and other receivables due to the decrease in revenue and increase in allowance for doubtful receivables.

Non-current assets

Non-current assets of the Group includes advance charter hire, available -for- sale investment, property and equipment and fair value of option on convertible bond.

Non-current assets of the Group as at March 31, 2015 decreased to US$381.0million from US$485.6million as at March 31, 2014. The decrease of US$104.6million is mainly due to allowance for impairment (US$63.5million as explained above on page 12), re-classification of non-current asset as asset held for sale (US$8million as explained above in Current assets), depreciation charge for the current year (US$35.4million) and reduction in advance charter hire (US$1.0million). This decrease has been offset by capitalization of dry dock cost and changes in fair value of option on convertible bond.

Current liabilities

Current liabilities of the Group as at March 31, 2015 increased to US$69.2million from US$38.0million as at March 31, 2014 mainly due to increase in loan due for repayment within the next one year.

Non-current liabilities

Non-current liabilities of the Group as at March 31, 2015 decreased to US$162.3million from US$172.5million as at March 31, 2014. This was mainly due to reclassification of borrowings to Current Liabilities which is set-off by the non-current portion of the provision for onerous contract.

Equity

Equity of the Group as at March 31, 2015 decreased to US$179.1million from US$303.7million as at March 31, 2014.

This is primarily due to loss of US$125.4million for the year.

Debt to Equity

The debt to equity ratio of the Group stood at 1.04 as at March 31, 2015 (March 31, 2014:0.62). The increase is primarily due to reduction in equity.

9. Where a forecast, or a prospect statement has been previously disclosed to shareholders, any variance between it and the actual results.

None

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The dry bulk shipping industry continues to remain volatile with market rate for Panamax vessels closing at a rate of USD 4,780 per day as on 31 March 2015 and the Baltic Dry Index (BDI) dropped to 602 points as on 31 March 2015. The BDI dropped to an unprecedented low levels of 509 on 18 February 2015 compared to the peak of 11,793 in 2008. The average market rate for Panamax vessels for FY 2015 was USD 6,304 per day as against USD 10,308 in previous year indicating almost a 39% fall. The falling commodity prices, an oversupply of new bulk carriers and weakening international demand resulted in a sharp downturn in global trade and with that, demand for dry bulk commodities resulting in historical fall in freight rates.

Going forward, the industry is expected to remain challenging due to continued new delivery of vessels and slowdown in the Chinese economy. As per market reports, the current order book of dry bulk ships stands at a level of 19.9% as against 21% in the previous year. The total dry bulk fleet is expected to grow by about 4% in CY 2015 and 6% in CY 2016. Total seaborne dry bulk trade on the other hand is expected to grow at about 5% in CY 2015. In Q1 CY 2015, demolition of 125 vessels for 8.6 million dwt has been recorded, an increase of 154% over the same period last year. A more balanced demand and supply tonnage in the market is expected to improve the freight rates, pointing to prospects of recovery in the dry bulk market going forward. In addition, strong demolition, reduced fleet growth and limited contracting for new buildings is expected to contribute in the recovery. (Market reports: Clarksons, Banchero Costa)

The financial strength of the Company has come under strain due to the continued deterioration of the dry bulk shipping markets. To assess the impact of the recent sharp deterioration of the dry bulk shipping market which has led to a reduction in freight rates and further decline in dry bulk asset values, the Company has appointed an independent financial advisor to assist with an assessment of its financial position and to advise and assist, as appropriate, with the options available to the Company with respect to its financial affairs.

The Company is still in process of this assessment and will make further announcements as and when appropriate.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and -

(b) (i) Amount per share : Nil

(ii) Previous corresponding period: Nil

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated.) –

Not applicable

(d) The date the dividend is payable – Not applicable

12. If no dividend has been declared (recommended), a statement to that effect.

In view of losses, no dividend has been declared during the period being reported.

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PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) The Group provides to customers dry bulk marine vessels on time charter or contracts of affreightment which can be short -term or long -term (defined by management as contracts of 11 months or more).
The Group engages in a mix of short -term and long - term contracts. The long term charters provide stability to the Group's revenues and cash flows. The short term charters provide the Group with flexibility to take advantage of periods of higher spot market pricing to improve profit margins.

In monitoring this mix, management uses the aggregate number of contract days for the entire fleet of marine vessels in the year which are derived from short term and long term contracts. Dollar amounts are not attributed to the contract days for the purpose of this monitoring.

The products carried are largely coal and iron ore.

(b) The Group's revenue from external customers is detailed below.
Revenue from external customers are attributed to the countries based on the registered addresses of charterers.

For the year ended	March 31, 2015 US$'000	March 31, 2014 US$'000
Singapore	16,354	17,013
Greece	7,520	-
Hong Kong	-	14,674
India	-	1,925
Others (individually less than 10%)	32,473	41,688
Total revenue	**56,347**	**75,300**

*Changes in Revenue Pattern from external customer is due to the international nature of shipping business.

(c) The Group's revenue derived from customers who individually account for 7% or more of the Group's revenue are detailed below.

	March 31, 2015		March 31, 2014	
	US$'000	Percentage of Group's Revenue (%)	US$'000	Percentage of Group's Revenue (%)
Customer 1	4,257	8	8,903	12
Customer 2	4,012	7	5,312	7
Customer 3	4,005	7	5,304	7

The Group's significant non-current assets comprise marine vessels which are deployed in international waters. Assets and capital expenditure are therefore not analysed by geographical segment.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

There are no material changes.

15. A breakdown of sales as follows

	Year ended 31 March, 2015 US$'000 Group	Year ended 31 March, 2014 US$'000 Group	% increase / (decrease) US$'000 Group
(a) Sales for the first half year	30,874	35,316	(13%)
(b) Operating loss after tax before deducting minority interests reported for first half year	(13,419)	(12,177)	10%
(c) Sales for second half year	25,473	39,984	(36%)
(d) Operating loss after tax before deducting minority interests reported for second half year	(111,947)	(10,580)	N/M

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	Year ended	
	March 31, 2015	**March 31, 2014**
(a) Ordinary - Interim	-	-
(b) Ordinary -Final	-	-
(c) Preference	-	-
(d) Total	-	-

17. Interested Persons Transactions –

Name of interested person and nature of transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
MCS Holdings Pte Ltd	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Charter Hire income for vessel hire	-	US$1.5million	-	-
Charter Hire expense for vessel hire	-	(US$0.8million)	-	-
Mercator International Pte Ltd (MIPL				
Interest payable on bonds	-	-	(US$1.3million)	(US$1.3million)
Interest payable on short term loan	-	-	(US$0.02million)	-
Target Ship Management Pte Ltd				
Ship Management fee	-	-	(US$0.98million)	-
Reimbursable expenses	-	-	(US$10.39million)	-

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) of the listing manual.

On behalf of the Board of Directors

Name : Shalabh Mittal
Designation : Managing Director & CEO
Dated: 22nd May 2015

Name : Huang Yuan Chiang
Designation : Director

Deloitte.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MERCATOR LINES (SINGAPORE) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Mercator Lines (Singapore) Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Company as at March 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 72.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

SINGAPORE 2015
28th SEA GAMES
OFFICIAL PROFESSIONAL SERVICES PARTNER

Deloitte.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MERCATOR LINES (SINGAPORE) LIMITED

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at March 31, 2015 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which describes that the Group and the Company have incurred net losses of US$125,366,000 (2014 : US$22,757,000) and US$118,189,000 (2014 : US$22,645,000) for the year ended March 31, 2015 respectively and as at March 31, 2015, the Group and the Company have net current liabilities of US$39,691,000 (2014 : US$9,404,000) and US$35,813,000 (2014 : US$12,176,000) respectively. Additionally, as described in Note 3(a)(i), due to substantial fall in freight rates and deterioration in dry bulk markets, the cash flows and financial position of the Group and Company has been impacted adversely. Management has appointed an independent financial advisor to assist with an assessment of the financial position and to establish the options available with respect to their financial affairs. The independent financial advisor is working closely with the management and the lenders to establish the refinancing and restructuring plan. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern and, therefore, they may be unable to realise their assets and discharge their liabilities in the normal course of business.

The financial statements have been prepared on the going concern basis because, as described in Note 3(a)(i), the lenders have not sought to enforce their security and legal rights to call on the outstanding debt and the directors have a reasonable expectation that the Group and Company will have adequate cash flows which would allow them to continue in operational existence in the foreseeable future. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation.

Our opinion is not modified in respect of this matter.

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 and the subsidiary incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

May 22, 2015

28th SEA GAMES
OFFICIAL PROFESSIONAL SERVICES PARTNER

MERCATOR LINES (SINGAPORE) LIMITED
AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

1 GENERAL

The Company (Registration No. 200507205N) is incorporated in Singapore with its registered address and principal place of business at 8 Temasek Boulevard, #07-02, Suntec Tower Three, Singapore 038988. The Company is listed on the Main Board of Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States dollars.

The principal activities of the Company are those of chartering of maritime vessels (bulk carriers) to customers on short-term and long-term contracts and the provision of marine transportation services. The principal activities of the subsidiaries are disclosed in Note 11.

During the year, the Group and the Company have incurred net losses of US$125,366,000 (2014 : US$22,757,000) and US$118,189,000 (2014 : US$22,645,000) for the year ended March 31, 2015 respectively. As at March 31, 2015, the Group and the Company have net current liabilities of US$39,691,000 (2014 : US$9,404,000) and US$35,813,000 (2014 : US$12,176,000) respectively. Additionally, as described in Note 3(a)(i), due to substantial fall in freight rates and deterioration in dry bulk markets, the cash flows and financial position of the Group and Company has been impacted adversely. Management has appointed an independent financial advisor to assist with an assessment of its financial position and to establish the options available with respect to its financial affairs. The independent financial advisor is working closely with management and the lenders to establish the refinancing and restructuring plan. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern.

The financial statements have been prepared on the going concern basis because, as described in Note 3(a)(i), the lenders have not sought to enforce their security and legal rights to call on the outstanding debt and the directors have a reasonable expectation that the Group and Company will have adequate cash flows which would allow the Group and the Company to continue in operational existence in the foreseeable future.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2015 were authorised for issue by the Board of Directors on May 22, 2015.