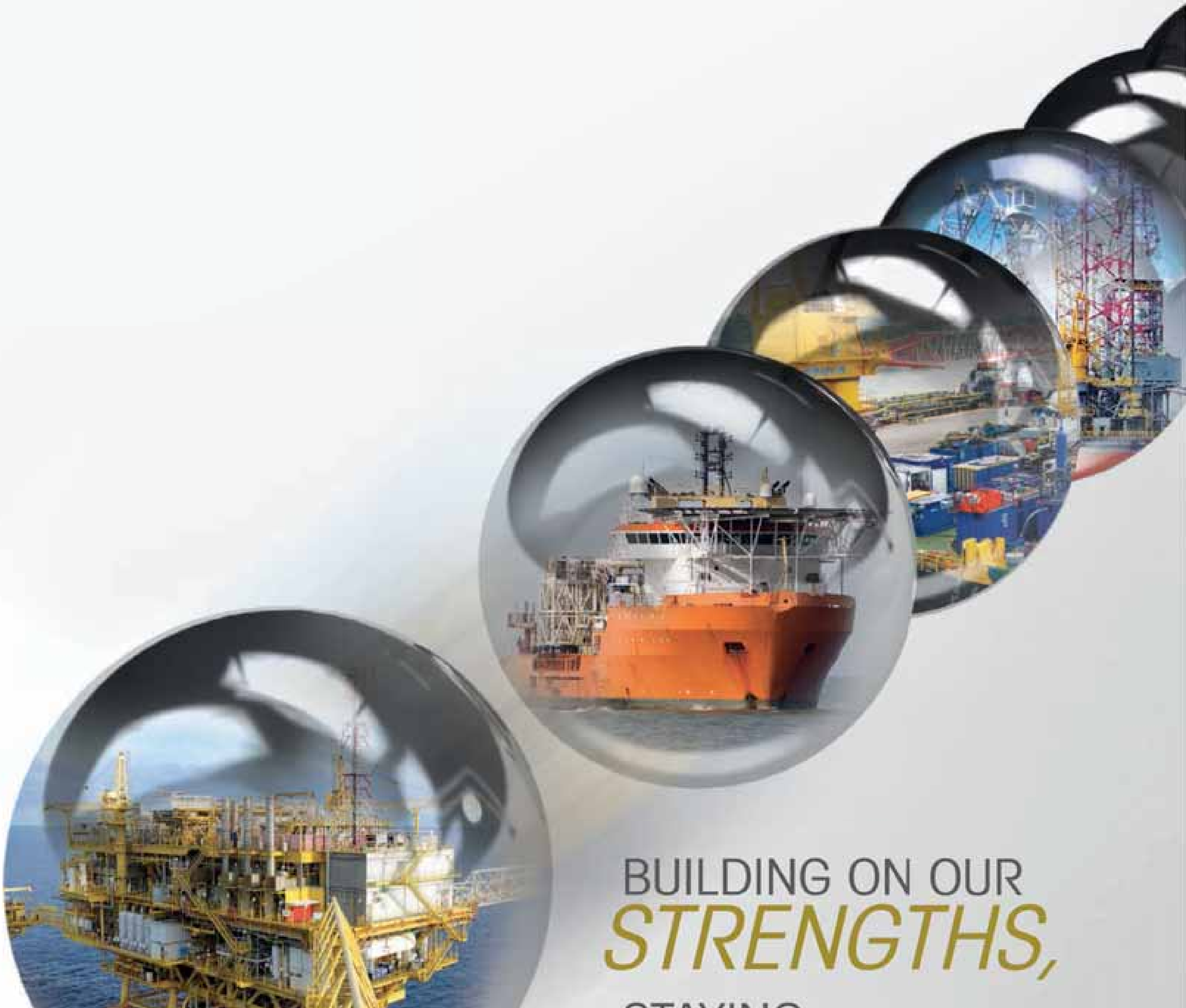


BUILDING ON OUR
STRENGTHS,
STAYING
RESILIENT
ANNUAL REPORT 2014/2015

Falcon Energy Group Limited

CONTENTS

OUR **OBJECTIVE**

To be a renowned international provider of offshore oil & gas products and services, and to enhance shareholders' value in all our business activities in the energy industry.

OUR **COMPANY**

Falcon Energy Group Limited (FEG) is an established player in the oil and gas industry, providing a spectrum of services to global oil companies and contractors, from the initial exploration stage to production and post-production stage.

The Marine Division operates a fleet of offshore support vessels and accommodation work barges, mainly for the production phase of oil and gas projects. The Oilfield and Drilling Services Division complements the Marine Division by providing agencies, logistics, procurement, general support and drilling services to a wide customer base. The Oilfield Projects Division executes various projects for oil companies. The Resources Division taps into the energy resource sector to carry out coal mining and other resources-related businesses.

A SYNERGY OF EXPERTISE

CHAIRMAN'S MESSAGE

I see this period as an opportunity for the Group to consolidate what we have achieved during the year. We have done much during the year, and it is good to take a pause and consolidate our position.

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Falcon Energy Group Limited ("FEG", or "the Group"), I am pleased to present to you our annual report for the financial year ended 31 March 2015 ("FY2015").

FY2015 was an eventful year for Falcon Energy Group Limited. One of the highlights of the year was the successful acquisition of mainboard-listed vessel operator CH Offshore ("CHO") in February 2015, increasing the Group's stake to 86.7% from 29.1% previously, thus making CHO a subsidiary. This marks a positive and significant corporate milestone, as it allows the Group to significantly expand its marine division, increase its fleet capabilities and broaden the suite of services for its clients.

The significant correction in crude oil price has resulted in a reduction of oil companies' exploration and production ("E&P") CAPEX and contributed to a fall in the reported profits of many drilling contractors, oilfield services companies, vessel chartering companies and shipyards. However, I see this period as an opportunity for the Group to consolidate what we have achieved during the year. We have done much during the year, and it is good to take a pause and consolidate our position.

The acquisition of CHO allows the Group to unlock synergistic value in CHO's businesses, increase operational efficiency, optimise the use of capital and place the enlarged Group in a stronger position to meet the challenging business environment that lies ahead.

I shall elaborate on other positive corporate developments later on in my message to Shareholders.

Financial performance

The Group recorded a creditable financial performance for FY2015 ended 31 March 2015, with profit attributable to Shareholders of US$22.7 million after a loss of deemed disposal and transaction cost related to CHO acquisition of approximately US$15.3 million. Taking into account the current business environment, and the fact that FY2014 profit was buoyed by a one-off gain of US$30.4 million (profit before tax) due to the disposal of two CJ-46 jack-up drilling rigs, the Company can be considered to have done well this year.

In appreciation of the strong support from our Shareholders, the Board of Directors is pleased to propose a final dividend for the year of S$0.01 cent per ordinary share, which is the same amount as the dividend paid out in FY2014.

CHAIRMAN'S MESSAGE

Building on our Strengths

There were a number of significant corporate developments during FY2015 that reinforced the Group's strength and capability to fulfil its vision to be the preferred oil and gas sector service provider for oil majors, companies and independent contractors; providing a wide range of services customised to fit the requirements of individual customers.

Business Development

We have been studying the market for liftboats in the last year. Liftboats are self-propelled, multi-purpose, self-elevating vessels and are used for providing accommodation, construction support and maintenance work. Liftboats have been predominantly used in the Gulf of Mexico, Middle East and West Africa but are still relatively new in the region. There is a good potential that demand for liftboats may increase in the regions as the industry adjusts itself so that liftboat operations become more cost effective.

As the Group is looking ahead for its next level of growth, we are considering moving into the liftboat market. Adding liftboats to the fleet is part of the Group's strategy to carve out a niche in the offshore and marine market, differentiate itself from its peers in the industry, and increase market penetration by providing a broader spectrum of work.

Medium Term Notes Programme

In September 2014, the Group established a S$500 million Multicurrency Medium Term Note programme ("Notes"). Under this programme, FEG may from time to time issue Notes in tranches, in Singapore dollars or other currencies.

The net proceeds arising from the issue of the Notes under the Programme will be used for general corporate purposes, including financing investments, general working capital and capital expenditure requirements of the Company or its subsidiaries.

Under this program, the first series of notes with a total amount of S$50 million was issued on 19 September 2014. These were three-year notes with an interest rate of 5.5% to be paid semi-annually with a callable option at year 2.

CHO offers an attractive platform to build on FEG's existing business and allow the Group to unlock synergistic value in CHO's businesses. By integrating our Marine Division with CHO, the Group will be able to offer a wider range of services to customers.

CHO becomes a subsidiary

In February 2015, FEG completed the acquisition of CHO, a SGX mainboard listed company primarily engaged in providing offshore support services for the oil and gas industry. Added to its previous stake of 29.1%, the Group now owns 86.7% of CHO, and the latter became a subsidiary of the Group.

CHO operates a fleet of 15 AHTS vessels and has a track record over 30 years in providing marine support services to oil and gas industry with customers spread across Southeast Asia, the Middle East, the Americas and Africa.

CHO offers an attractive platform to build on FEG's existing business and allow the Group to unlock synergistic value in CHO's businesses. By integrating our Marine Division with CHO, the Group will be able to offer a wider range of services to customers. The Group will also benefit from cost savings, economies of scale and an increase in operational efficiency. CHO has a strong financial position with much potential to be realised from rationalisation of operations, efficient management of capital and improved marketing. This acquisition will be able to add to the Group's bottom line in the year ahead.

Staying Resilient

Amidst the challenging business macro environment of an expected economic slowdown in the major world economies, and depressed crude oil price, the Group's strong financial position enables it to not only ride out the storm but to emerge stronger at the end of it. With our enlarged fleet, we have positioned ourselves on a strong growth trajectory for the long term.

Barring any unforeseen changes in the business environment, and taking into account the Group's disciplined implementation of its business strategy, and the recent corporate developments, I am cautiously optimistic on the outlook for the Group's business for the year ahead.

Acknowledgements

I would like to express my deepest appreciation to our shareholders, suppliers and business partners for their support and trust in FEG. I would like to thank the Board of Directors for their invaluable guidance as we steer the company towards its vision.

In this respect I would like to thank Mr Christopher Chan Guan Ngang, who has stepped down as Non-Executive Independent Director on 08 December 2014, for his contributions to the Group. At the same time, it is my pleasure to welcome Mr Lim Kuan Meng, who joined our board on 08 March 2015 as Non-Executive Independent Director.

Last, but not least, I would like to thank the management and staff for their dedication and hard work in contributing to the Group's success.

Tan Pong Tyea
Chairman and Chief Executive Officer

BUILDING ON OUR STRENGTHS

BUSINESS REVIEW

Marine | Oilfield and Drilling Services | Oilfield Projects | Resources

The current slump in the crude oil price is an opportune time for the Group to consolidate its strengths while the industry business cycle reaches its trough and the fundamentals for economic growth and demand for Energy resumes its long-term upward trend.

Although there has been a general reduction in the E&P CAPEX of both oil majors and national oil companies, there is a wide variation in terms of effect on different segments of the market. Generally, the production stage is less susceptible to CAPEX reduction as existing wells which are already producing need to be repaired, maintained or re-vitalised. The Group's strategy of focusing on the production stage of the oil and gas supply chain ensures a greater degree of stability in the business.

During FY2015, new markets were penetrated and the seeds were sown for future growth. The Group's operations are now spread over a wider area across the globe, including Southeast Asia, China, Mexico and the Middle East, servicing some of the world's largest oil majors such as Shell, Total, Chevron, Petronas, BP, CNOOC etc.

Marine Division

Revenue from the Marine Division decreased marginally by US$0.3 million from US$70.5 million in FY2014 to US$70.2 million in FY2015. Gross profit margin declined from 32.1% to 12.0% due to more use of third party vessels and a competitive market.

The Marine Division is expected to benefit from the addition of 15 Anchor Handling Tug Supply vessels ("AHTS") from CHO, which include 7 newer 12,240 brake horse power ("BHP") AHTS. This allows us to penetrate the AHTS segment of OSV market and widen the Group's customer base.

Oilfield and Drilling Services Division

Oilfield and Drilling Services Division complements the Marine Division by providing world-wide door-to-door logistics, procurement, agency services and drilling services for customers.

Oilfield Services is less directly affected by a cut in exploration and production capex, as it is centred on supporting the maintenance, repair and workover of production wells. Thus there is more scope for Oilfield Services to pick up the slack in the Marine Division.

With more resources allocated for marketing and cross-selling to Marine Division clients, it is expected that the revenue from Oilfield Services will grow steadily. Oilfield Services is a one-stop solutions centre for customers to ensure the smooth running of their operations.

Revenue from Oilfield and Drilling Services Division decreased marginally by approximately US$7.3 million from US$271.5 million in FY2014 to US$264.2 million in FY2015 due to the decrease in the provision of sundry services and absence of contribution from Drilling Services. Gross profit margin declined from 33.9% to 12.8%.

Currently, the Group has a 25% stake in a consortium that has five jack-up rigs (one KepFels Super B Class, and four GustoMSC CJ-50) which are under construction. The first rig, a KepFels Super B, is due for delivery in late 2015. We are currently negotiating with interested parties for a sale of this rig. The delivery of the remaining 4 rigs will start in 2017, by which time we expect that the drilling market would have recovered.

Oilfield Projects Division

Oilfield Projects Division secures projects from Marine Division customers for their one-off requirements such as construction of storage facilities for fuel oil and repair and refurbishment of vessels.

Revenue from Oilfield Projects Division decreased marginally by US$0.7 million to US$8.0 million in FY2015. However, gross profit margin increased from 25.6% to 33.0% in FY2015.

Resources Division

The Resources Division with its three Coal concessions in Kalimantan, Indonesia has not commenced production due to the greatly depressed coal price. Our investment in this sector is small and it has little significance for the Group as a whole. We are holding the reserve of this resources while keeping our options open.

Enlarged Fleet

With the acquisition of CHO, the Group now operates an enlarged fleet of 37 vessels in a great variety of functions, facilities, deck space, cranage, size and BHP configurations. The vessels can be used for supporting a wide range of offshore platform work including pipework, mud mixing, pumping or functioning as warebarge and powerbarge.

With the inclusion of the CHO fleet, the Group now operates 15 AHTS, 7 of which are the newer and larger 12,240 bhp, suitable for handling the newer and larger jackups and floaters, thus adding to the Group's service capabilities. The remainder of the fleet comprises accommodation barges, seismic survey vessel, and Multi-functional Support Vessels ("MFSV") and OSVs.

The Group's financial position was further strengthened by the acquisition of CHO and puts it in a good position to pursue long term sustainable growth.

Exploring new markets

The group is also exploring business opportunities in Thailand, Myanmar and Vietnam which also have large offshore oil and gas resources, and their governments have drawn up development plans for extraction and production of these resources.

The Group aims to grow beyond its roots in the region to be a global provider of a wide range of offshore and marine services. The countries in the Middle East and West Africa are actively developing their offshore oil and gas resources and are markets that the Group has targeted. In the Americas, Mexico's ongoing reforms of its oil and gas industry to allow foreign participation is expected to generate a big demand for oilfield and OSV services in the Gulf of Mexico.

Business outlook

We expect the oilfield business enviroment to be challenging this year due to the slump in the crude oil price. However, we will continue to build on our strengths and maintain a resilient business model to weather these uncertain times. The emphasis is on achieving long term sustainable growth and creating greater value for our Shareholders.

FINANCIAL HIGLIGHTS

INCOME STATEMENT

US$'000	FY2015[1]	FY2014[1]	FP2013[2]	FY2011[1]	FY2010[1]
Revenue	**342,441**	350,788	116,195	79,949	64,610
Gross Profit	**51,398**	117,015	33,005	17,858	24,615
Profit/(Loss) Before Tax	**30,860**	108,241	(1,701)	7,084	12,151
Profit/(Loss) After Tax	**27,830**	102,121	(2,395)	5,556	11,684
Profit/(Loss) After Tax (after Non-controlling interests)	**22,687**	60,768	(2,984)	3,274	11,303
Gross Profit Margin	**15.0%**	33.4%	28.4%	22.3%	38.1%
Profit/(Loss) Before Tax Margin	**9.0%**	30.9%	(1.5)%	8.9%	18.8%
Profit/(Loss) After Tax Margin	**8.1%**	29.1%	(2.1)%	6.9%	18.1%
Profit/(Loss) After Tax Margin (after Non-controlling interests)	**6.6%**	17.3%	(2.6)%	4.1%	17.5%
EPS/(LPS) Basic (US cents)	**2.77**	7.45	(0.37)	0.40	1.39
EPS/(LPS) Diluted (US cents)	**2.77**	7.45	(0.30)	0.40	1.34
Weighted Average Number of Shares for EPS ('000)	**820,248**	815,581	814,146	814,140	814,315
Weighted Average Number of shares for LPS ('000)	**820,248**	815,581	981,521	814,140	845,947

Notes:
(1) FY2015, FY2014, FY2011 and FY2010: 12 months audited
(2) FP2013: 15 months audited (restated)

STATEMENT OF FINANCIAL POSITION

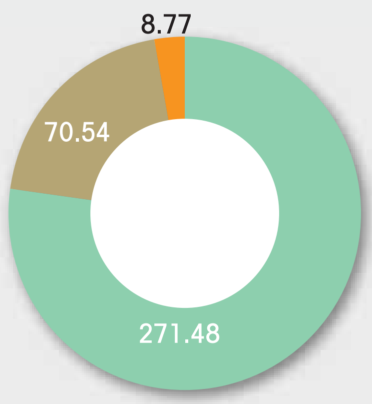
US$'000 (As at)	31-Mar-15	31-Mar-14	31-Mar-13 Restated	31-Dec-11	31-Dec-10
Current Assets	**327,740**	216,968	92,853	76,558	49,872
Non-Current Assets	**518,011**	358,232	295,252	291,758	248,460
Total Assets	**845,751**	575,200	388,105	368,316	298,332
Current Liabilities	**288,447**	179,412	74,743	67,909	33,337
Non-Current Liabilities	**247,176**	136,561	118,057	102,969	69,719
Total Liabilities	**535,623**	315,973	192,800	170,878	103,056
Net Current Assets	**39,293**	37,556	18,110	8,649	16,535
Net Assets	**310,128**	259,227	195,305	197,438	195,276
Shareholders' Equity	**252,965**	241,765	186,222	189,030	189,070
NAV Per Share (US Cents)	**31.25**	29.57	22.87	23.22	23.22
Total Debt	**380,116**	178,170	147,466	131,735	95,250
Total Cash and Cash Equivalents	**134,947**	46,928	15,890	14,512	14,814
Total Number of Shares (`000)	**809,497**	817,596	814,193	814,140	814,135

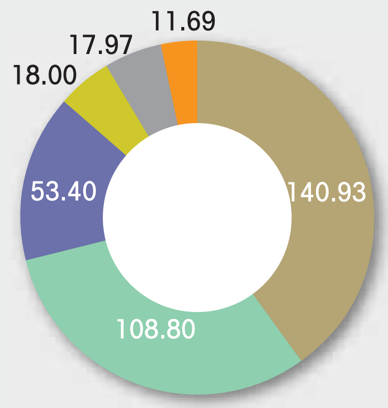
SEGMENTAL REVENUE

By Business (US$'m)	FY2015	FY2014
Marine	70.20	70.54
Oilfield and Drilling Services	264.21	271.48
Oilfield Projects	8.03	8.77
Total	342.44	**350.79**

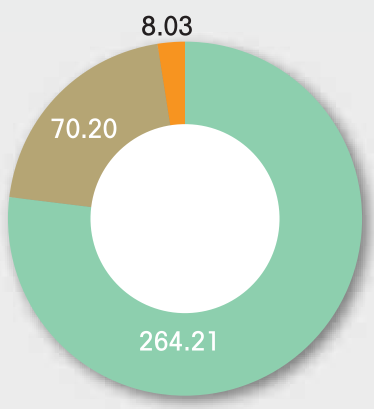
By Geographical (US$'m)	FY2015	FY2014
China	230.97	108.80
Indonesia	49.82	53.40
Singapore	22.85	140.93
Middle East	17.31	17.97
Mexico	4.29	11.69
Rest of the world	17.20	18.00
Total	342.44	**350.79**

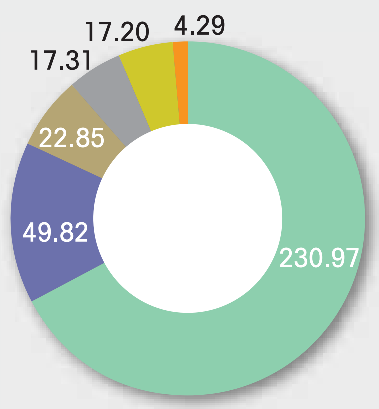
FY2014





FY2015





Oilfield and Drilling Services | Marine | Oilfield Projects

China | Indonesia | Singapore | Middle East | Mexico | Rest of the World

BOARD OF DIRECTORS

1 TAN PONG TYEA
Chairman and Chief Executive Officer

Mr Tan Pong Tyea became the Chairman and CEO of Falcon Energy Group Limited in May 2006 after Ruben Capital Ventures Limited bought over the majority stake in the company. Currently, he is also the Managing Director of Oilfield Services Company Ltd (OSCL). His focus now is to explore and develop potential businesses related to the oil and gas industry in order to further the Group's business objectives. He was the founder of the OSCL Group, which originated in 1983 when he ventured into the offshore marine services industry, particularly the business of owning, managing, operating and chartering out offshore support vessels to customers in the oil and gas industry. Mr Tan is also the Non-Executive Chairman of CH Offshore Ltd. He has more than 25 years' experiences servicing the oil companies and major contractors throughout the region. He holds a Master in Management Studies from Durham University, United Kingdom.

2 NEO CHIN LEE
Executive Director

Mr Neo Chin Lee was appointed as Executive Director of Falcon Energy Group Limited in June 2008 and is currently overseeing the business of the Marine Division. With over 30 years' experience in the offshore marine industry, he is currently an Executive Director of Asetanian Marine Pte Ltd. He graduated in Nautical Studies from Singapore Polytechnic and also holds a Higher Nautical Diploma from Liverpool Polytechnic, United Kingdom.

3 CAI WENXING
Executive Director

Mr Cai Wenxing was appointed as Executive Director in July 2006. He is responsible for overseeing the business operations of the Oilfield and Drilling Services and Oilfield Projects Divisions for Falcon Energy Group Limited. His role includes the exploration of new business opportunities and expansion worldwide. He is currently CEO of Terasa-Star International Shipping Pte Ltd, Longzhu Oilfield Services (S) Pte Ltd and CDS Oilfield Services Pte Ltd. With more than 20 years of experience in the oil and gas industry, he holds a Bachelor degree from the South China Normal University.

4 LIEN KAIT LONG
Non-Executive and Lead Independent Director

Mr Lien Kait Long was appointed as an Independent Director of Falcon Energy Group Limited in October 2004 and is also the Chairman of the Audit Committee. He has extensive experience in accounting and finance, corporate management and business investments. He has held a number of senior management positions and executive directorships in various public and private corporations in Singapore, Hong Kong and China. Currently, he serves as an independent director on the boards of several Singapore and Chinese companies listed on the Singapore Exchange. These listed companies are from diverse industries including manufacturing, telecommunications, offshore and marine, oil and gas, renewable energy, property, textile and packaging. He holds a Bachelor of Commerce from Nanyang University, and is a Fellow member of the Institute of Singapore Chartered Accountants and Certified Public Accountants Australia.

5 MAK YEN-CHEN ANDREW

Non-Executive and Independent Director

Mr Mak Yen-Chen Andrew was appointed a Non-Executive and Independent Director of Falcon Energy Group Limited in March 2014. He is a practising lawyer with more than 19 years' experience in legal practice. He is currently a partner with Loo & Partners LLP. Mr Mak is an independent director of Leader Environmental Technologies Limited (a company listed on the Main Board of the SGX-ST) and Far East Group Limited (a company listed on the Catalist Board of the SGXST). In addition, he also volunteers his time in community service. Amongst other appointments, Andrew Mak is a member of the Telok Blangah Citizens' Consultative Committee. He was awarded the Public Service Medal (PBM) by the President of Singapore in the 2012 Singapore National Day honours list. Andrew Mak graduated from the National University of Singapore in 1994 with a Bachelor of Laws (Second Class Honours Upper Division).

6 LIM KUAN MENG

Non-Executive and Independent Director

Mr Lim Kuan Meng was appointed a Non-Executive and Independent Director of Falcon Energy Group Limited in March 2015. He is the Chairman of the Nominating Committee, and a member of the Audit Committee and the Remuneration Committee.

Mr Lim spent about 18 years in Deloitte & Touche LLP where he was admitted as Partner in 2007 and left the firm in end July 2013. He is currently the Managing Partner of Pinnacle Partnership LLP and JB Chua & Co. He holds a Bachelor of Accountancy (Merit) from the Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

7 TAN SOOH WHYE

Alternate Director

Ms Tan Sooh Whye was appointed as Alternate Director to Mr Tan Pong Tyea in July 2006. She is currently a director of Asetanian Marine Pte Ltd and Ruben Capital Venture Ltd. She is responsible for the treasury, administrative and human resource for Asetanian Marine Pte Ltd and has been with the company for over 20 years. She graduated with a Bachelor of Arts in Economics and also holds a Diploma in Business Administration from Wilfrid Laurier University in Waterloo, Canada.

8 CAI WENTING

Alternate Director

Ms Cai Wenting was appointed as Alternate Director to Mr Cai Wenxing in July 2006. She is currently a director of Terasa-Star International Shipping Pte Ltd and Longzhu Oilfield Services (S) Pte Ltd, where she is responsible for the business operations and profitability. She graduated with a Master of Business Administration from the University of South Australia, Adelaide.

SENIOR MANAGEMENT

FRONT ROW (LEFT TO RIGHT): Ms Tan Sooh Whye, Mr Cai Wenxing, Mr Tan Pong Tyea, Mr Neo Chin Lee, Ms Cai Wenting
BACK ROW (LEFT TO RIGHT): Mr James William Noe, Mr Eric Shao Lei, Mr Gan Wah Kwang, Mr Steve Lau Tat Hoong, Mr Jimmy Wong Cheung Chai, Mr Derek Tan Jit Sin, Mr Tang Nee Chiang

CORPORATE OFFICE

Tan Pong Tyea
Chairman and Chief Executive Officer

Neo Chin Lee
Executive Director

Cai Wenxing
Executive Director

Tan Sooh Whye
Alternate Director

Cai Wenting
Alternate Director

Gan Wah Kwang
Chief Financial Officer

MARINE DIVISION

James William Noe
Chief Operating Officer

OILFIELD PROJECT DIVISION

Derek Tan Jit Sin
Director
Falcon Energy Projects Pte Ltd

OILFIELD SERVICES DIVISION

Tang Nee Chiang
General Manager
Longzhu Oilfield Services (S) Pte Ltd

Eric Shao Lei
Deputy General Manager
Terasa-Star International Shipping Pte Ltd

RESOURCES DIVISION

Steve Lau Tat Hoong
Director
Falcon Resources Management Pte Ltd

Jimmy Wong Cheung Chai
Director
Falcon Resources Management Pte Ltd

OUR SERVICES

EXPLORATION

- Seismic survey
- Transportation of essential supplies & personnel
- Towing of rigs & other vessels
- Accommodation facilities
- Refuelling & re-supply
- Storage facilities
- Well testing

DEVELOPMENT

- Towing & mooring of work barges & other construction vessels
- Transportation of cargo, essential supplies, equipment & personnel
- Construction & erection of production facilities
- Cranage & workshop services
- Warehousing & storage
- Pipe laying

PRODUCTION

- Topside & subsea repair & maintenance
- Work-over of oil wells
- Well services
- Cranage & workshop services
- Accommodation facilities
- Transportation of cargo, essential supplies, equipment & personnel
- Towing & mooring & anchor handling of facilities
- Standby duties

POST-PRODUCTION

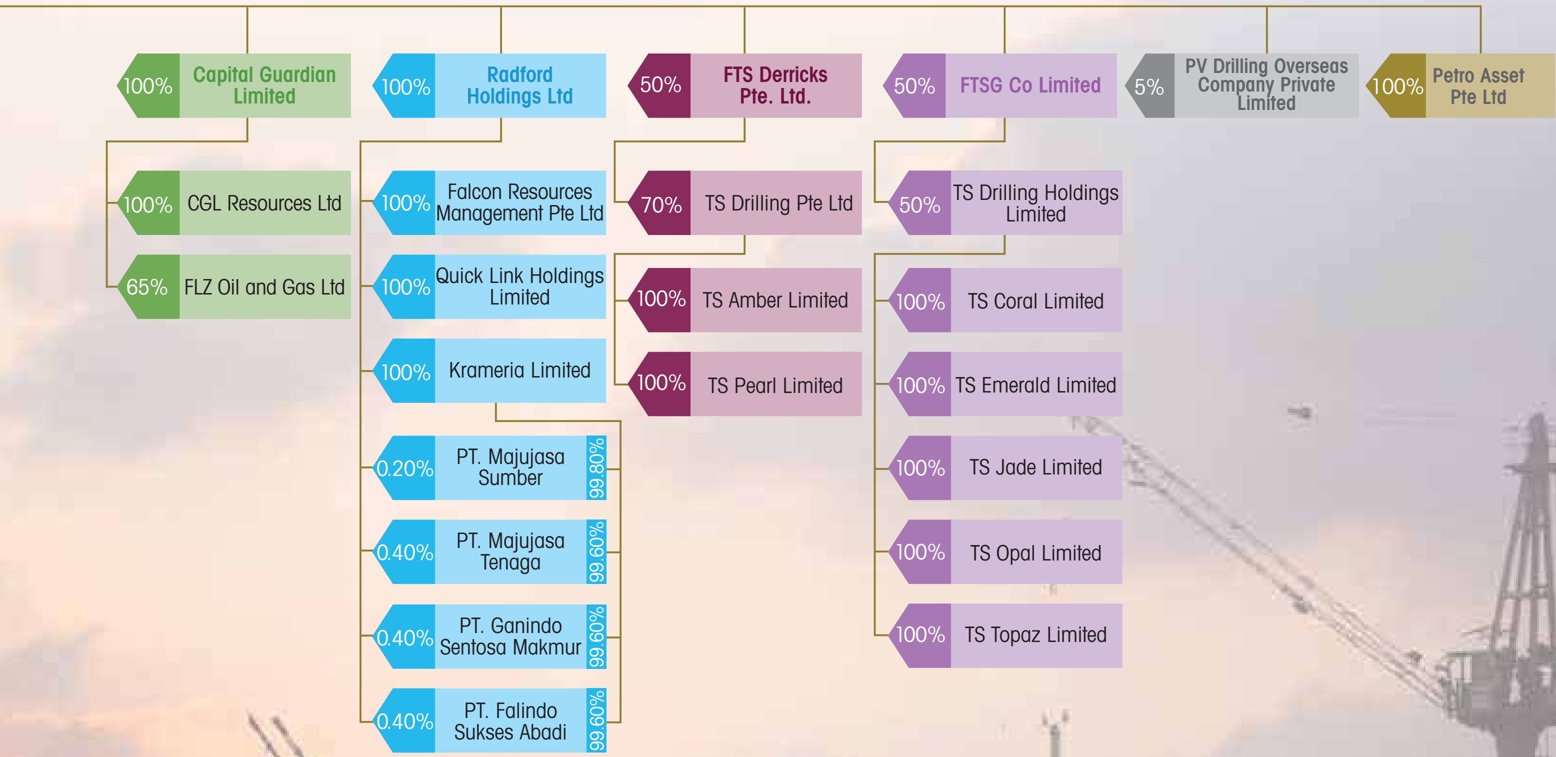
- De-commissioning of platforms & other production facilities
- Transportation of cargo, essential supplies, & personnel
- Demobilisation of equipment

CORPORATE STRUCTURE

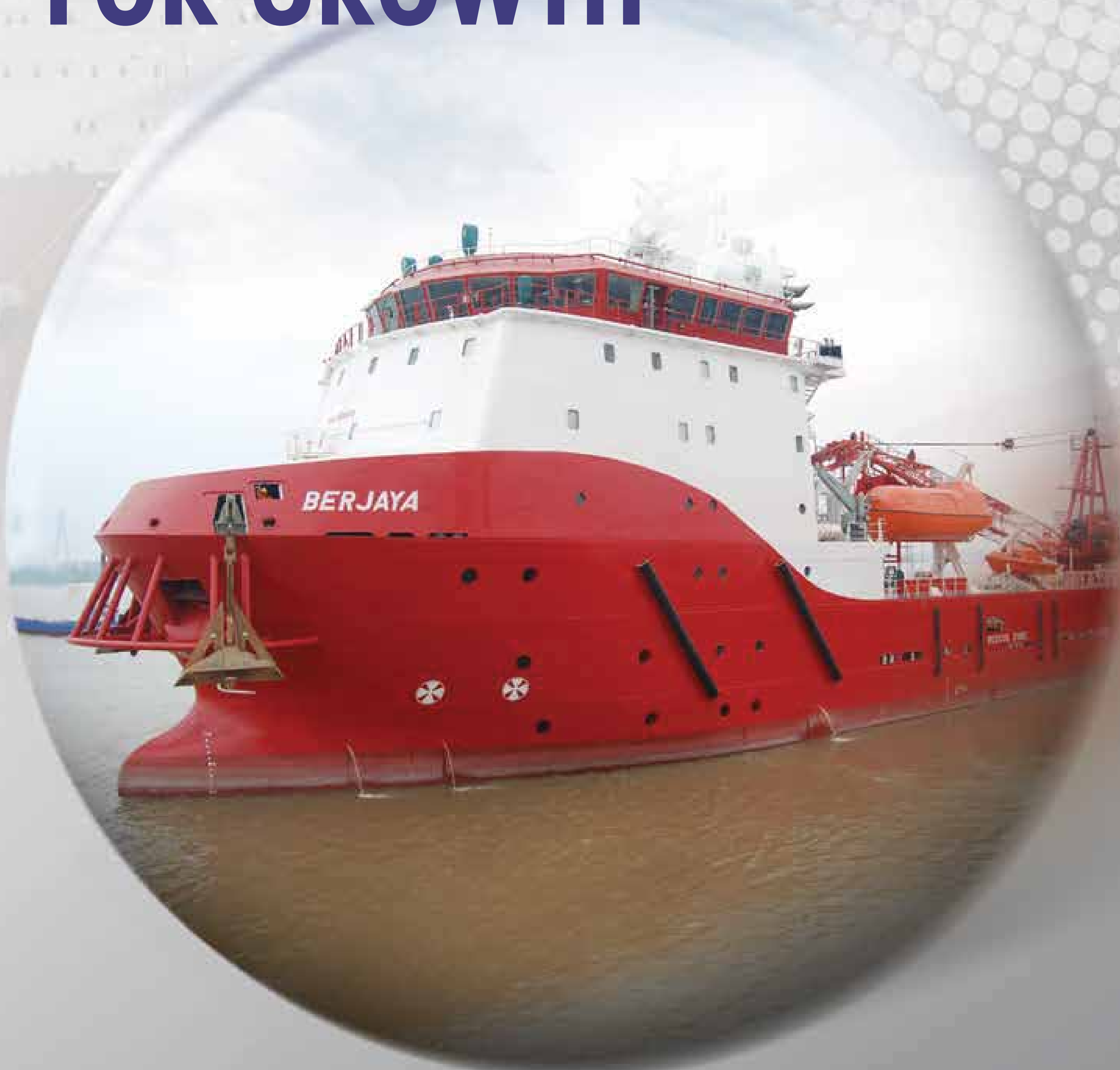
Falcon Energy

- 100% **Falcon Energy Projects Pte Ltd**
  - 100% Falcon Oilfield Projects Inc.
  - 100% Passiflora Capital Ltd
  - 100% Falcon Energy FZC
  - 40% Federal Offshore Services Pte Ltd
  - 49% Otira Corporation
- 100% **FEG Offshore Pte Ltd**
  - 100% Sears Marine S.A.
    - 50% Maritim Indah Sdn Bhd
  - 100% Axus Marine Pte Ltd
  - 100% PDE International Ltd
  - 100% PT. Bayu Maritim Berkah
  - 100% PT. Bayu Maritim Makmur
  - 90% PT. Bayu Maritim Group
- 100% **Oilfield Services Company Limited**
  - 100% Excel Marine S.A.
  - 100% Imel Assets Corp.
  - 100% Century Marine S.A.
  - 100% Morrison Marine Services S.A.
  - 100% Asetanian Marine Pte Ltd
    - 100% Aset Marine Pte Ltd
  - 100% Motley Trio Offshore Pte Ltd
  - 100% Imperial Marine S.A.
  - 100% Atlantic Marine S.A.
  - 100% Trio Victory Inc.
  - 100% Innovest Resources Limited
    - 50% Dictamismo S De R.L. De. C.V.
- 100% **Energian Pte. Ltd.**
  - 86.71% CH Offshore Ltd
    - 100% JN Offshore Services Pte. Ltd.
    - 100% Chuan Hup Agencies (Pte.) Ltd.
    - 100% Offshore Gold Shipping Pte Ltd
    - 100% Delaware Marine Pte Ltd
    - 100% Pembrooke Marine Pte Ltd
    - 100% Garo Pte. Ltd.
    - 100% Sea Glory Private Limited
    - 100% Venture Offshore Pte. Ltd.
      - 49% PT Bahtera Nusantara Indonesia
    - 49% Gemini Sprint Sdn Bhd
    - 49% Marineco Limited
- 100% **Falcon Oilfield Services Pte Ltd**
  - 100% Falcon Oilfield Services (USA) Inc.
  - 65% Astanient S.A. de C.V.
  - 65% Terasa-Star International Shipping Pte Ltd
    - 20.38% Longzhu Oilfield Services (S) Pte Ltd
  - 51.75% Longzhu Oilfield Services (S) Pte Ltd
    - 100% Petrolink FZC
  - 86.67% CDS Oilfield Services (S) Pte Ltd
    - 75% CDS Oilfield Services (TianJin) Co., Ltd

Group Limited



A NEW FOUNDATION FOR GROWTH



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Pong Tyea
Chairman and Chief Executive Officer

Neo Chin Lee
Executive Director

Cai Wenxing
Executive Director

Lien Kait Long
Non-Executive and Lead Independent Director

Mak Yen-Chen Andrew
Non-Executive and Independent Director

Lim Kuan Meng
Non-Executive and Independent Director
(Appointed on 08 March 2015)

Tan Sooh Whye
Alternate to Tan Pong Tyea

Cai Wenting
Alternate to Cai Wenxing

AUDIT COMMITTEE

Lien Kait Leong
Chairman

Mak Yen-Chen Andrew

Lim Kuan Meng

NOMINATING COMMITTEE

Lim Kuan Meng
Chairman

Tan Pong Tyea

Lien Kait Long

REMUNERATION COMMITTEE

Mak Yen-Chen Andrew
Chairman

Lien Kait Long

Lim Kuan Meng

COMPANY SECRETARIES

Lim Mee Fun

Peh Lei Eng

REGISTERED OFFICE

10 Anson Road
#33-15 International Plaza
Singapore 079903
Tel: (65) 6538 7177
Fax: (65) 6538 7188
Email: admin@feg.com.sg
Website: www.falconenergy.com.sg
Company Registration Number: 200403817G

SHARE REGISTRAR

Boardroom Corporate &
Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
#33-00 OUE Downtown Two
Singapore 068809

Partner-in-charge: **Chua How Kiat**
(Appointed with effect from financial year ended March 31, 2014)

INVESTOR RELATIONS

Wong Siew Lu
Tel: (65) 6538 7177
Email: slwong@feg.com.sg

WATERBROOKS CONSULTANTS PTE LTD

Wayne Koo
Tel: (65) 6100 2228
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PRINCIPAL BANKERS

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Oversea-Chinese Banking Corporation Limited
63 Chulia Street
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Singapore 049514

Standard Chartered Bank
8 Marina Boulevard, Level 27
Marina Bay Financial Centre (Tower 1)
Singapore 018981

REPORT ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

Falcon Energy Group Limited ("Company") and its subsidiaries (collectively, the "Group") recognise the importance of, and are committed to, maintaining good standards of corporate governance so as to enhance corporate transparency and accountability and protect the interests of shareholders.

As the Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company seeks to comply with the listing rules of the SGX-ST as prescribed in the Listing Manual of the SGX-ST ("Listing Rules") and is guided in its corporate governance practices by the revised Code of Corporate Governance issued in 2012 ("Code").

The Board of Directors ("Board") is pleased to outline the main corporate governance framework and practices of the Company in this report, with specific reference made to each of the principles set out in the Code. This report describes the Company's corporate governance practices that were in place throughout the financial year ended 31 March 2015. Other than deviations which are explained in this report, the Company has generally adhered to the principles and guidelines set out in the Code.

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Role of the Board of Directors

The Company is headed by an effective Board to lead and control the Company. The Board comprises experienced individuals from varied backgrounds with the relevant skills and core competencies to enable them to collectively and effectively contribute to the Company. A balanced mix of executive and non-executive, and independent and non-independent directors forms the Board. Directors are expected to act in good faith and in the interests of the Company.

The Board's primary role is to protect and enhance long-term shareholders' value. It sets the overall strategy for the Group and supervises the management. To fulfil this role, the Board is responsible for the overall corporate governance, strategic direction, formulation of polices and overseeing the investment and business of the Group. This includes the Company's compliance with laws and regulations that are relevant to the business, establishing goals and monitoring the management's performance in achieving these goals.

The Company has established financial authorisation and approval limits for operating and capital expenditure, the procurement of goods and services, and the acquisition and disposal of investments. Apart from its fiduciary duties and statutory responsibilities, the Board evaluates and approves important matters such as material acquisitions and disposal of assets, financial plans, capital expenditures, and major funding and investments proposals. It also reviews and approves the financial statements and annual reports and authorises announcements of financial results to be issued.

The Board has delegated the day-to-day management and running of the Company to the management headed by the Chief Executive Officer ("CEO"), Mr Tan Pong Tyea, and the Executive Director, Mr Neo Chin Lee. The two Executive Directors are involved in the supervision of the management of the Group's operations.

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of Board committees including an Audit Committee ("AC"), a Nominating Committee ("NC") and a Remuneration Committee ("RC"). These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored.

The number of Board and Board Committee meetings held during the financial period ended 31 March 2015 and the attendance of each director where relevant are as follows:

Types of Meetings	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Names of Directors	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Tan Pong Tyea (Alternate – Tan Sooh Whye)	4	4	–	–	1	1	–	–
Neo Chin Lee	4	4	–	–	–	–	–	–
Cai Wenxing (Alternate – Cai Wenting)	4	2	–	–	–	–	–	–
Lien Kait Long	4	4	4	4	1	1	1	1
Chan Guan Ngang Christoper^	4	3	4	3	1	1	1	1
Mak Yen-Chen Andrew	4	4	4	4	1	1	1	1
Lim Kuan Meng^	4	–	4	–	1	–	1	–

^ Mr Chan Guan Ngang Christopher resigned as independent director of the Company on 08 December 2014. Subsequent to his resignation, he also ceased to be a member of the AC and RC. On 08 March 2015, Mr Lim Kuan Meng was appointed an independent director of the Company. Following the resignation of Mr Chan Guang Ngang Christopher, Mr Lim Kuan Meng was appointed as Chairman of NC and a member of the AC and RC on 08 March 2015.

Directors' Meetings Held During the Financial Year

The Board meets at least four times in a year and holds special meetings at such other times as may be necessary to address any ad hoc significant matters. Matters before the Board are diligently deliberated by the Board to ensure that the interests of the Company are protected. Meetings via telephone or videoconference are permitted under the Company's Articles of Association. In between Board meetings, important matters are discussed in person or via telephone and are tabled for Board decision via circulating resolutions in writing. Supporting memorandum or papers are circulated to the directors where relevant.

Training

The Company recognises the importance of appropriate training for its directors. Newly-appointed directors will be given briefings and orientation on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors. Mr Lim Kuan Meng, who was appointed an independent director on 08 March 2015, had been given such briefings and orientation. The current directors have been made aware of and are familiar with their duties and obligations. In this regard, the Company does not provide a formal letter to directors outlining their duties and obligations.

The directors will also be briefed from time to time on regulatory changes which have an important bearing on the Company and the directors' obligations towards the Company.

Principle 2: Board Composition and Guidance

The Board comprises six (6) directors, three (3) of whom are independent, and two (2) alternate directors. The directors of the Company as at the date of this report are as follows:

Executive Directors :	
Tan Pong Tyea	(Chairman and Chief Executive Officer)
Neo Chin Lee	(Executive Director)
Cai Wenxing	(Executive Director)
Non-Executive Directors :	
Lien Kait Long	(Lead Independent Director)
Mak Yen-Chen Andrew	(Independent Director)
Lim Kuan Meng	(Independent Director)
Alternate Directors :	
Tan Sooh Whye	(Alternate Director to Tan Pong Tyea)
Cai Wenting	(Alternate Director to Cai Wenxing)

The Board composition was changed in 2014 and 2015:

(a) On 08 December 2014, Mr Chan Guan Ngang Christopher resigned as independent director of the Company. Subsequent to his resignation, he also ceased to be Chairman of NC and member of AC and RC.

(b) On 08 March 2015, Mr Lim Kuan Meng was appointed an independent director of the Company.

(c) Following the resignation of Mr Chan Guan Ngang Christopher, Mr Lim Kuan Meng was appointed as Chairman of the RC and a member of the AC and NC on 08 March 2015.

With independent directors making up half of the Board composition, the Company has adhered to the Code. The independent directors have participated actively in the decision-making process during Board deliberations. Accordingly, there is a strong and independent element on the Board to enable the Board to exercise objective judgement on corporate affairs independently from the management.

The Board examines its size with a view towards determining the impact of its effectiveness. The composition of the Board is also reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience.

For the year under review, the NC is of the view that the current Board size is appropriate and effective, taking into account the nature and scope of the Company's operations.

Independent Members of the Board of Directors

A director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interests of the Company, is considered to be independent.

The NC reviews the independence of each director on an annual basis, and as and when circumstances require, based on the Code's definition of what constitutes an independent director.

Mr Lien Kait Long has served as an independent director of the Company for more than ten years since his initial appointment in 2004. The Board has subjected his independence to a particular rigorous review.

Taking into the account the view of the NC, the Board concurs that Mr Lien Kait Long has continued to demonstrate his strong independence in character and judgment in the discharge of his responsibilities as a director of the Company. He has continued to express his individual viewpoints and sought clarification as he deemed required, including through direct access to the employees.

Based on declaration of independence received from Mr Lien Kait Long that he has no association with the management that could compromise his independence and after taking into account these factors, the Board has concluded that Mr Lien Kait Long continues to be considered as an independent director notwithstanding that he has served for more than nine years from his first appointment.

The NC is of the view that the three (3) independent directors (who represent half of the Board) are independent and no individual or small group of individuals dominates the Board's decision-making process.

Principle 3: Chairman and Chief Executive Officer

The Group's Chairman and Chief Executive Officer ("CEO") is Mr Tan Pong Tyea. He has in-depth knowledge of the business and operations of the Group. The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure (i.e. where the CEO and chairman of the Board is the same person), so as to ensure that the decision-making process of the Group would not be unnecessarily hindered. Moreover the scale of the business does not warrant a meaningful separation of the roles. In addition, in view of Mr Tan's past performance, integrity and objectivity in discharging his responsibilities, the Board fully supports the retention of his role as Executive Chairman and CEO. In connection therewith, Mr Lien Kait Long is the lead independent director and is available to shareholders where they have concerns which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer ("CFO") has failed to resolve or for which such contact is inappropriate.

As the Chairman and CEO, Mr Tan Pong Tyea is responsible for, inter alia, the day-to-day running of the Group and the exercise of control over the quality, quantity and timeliness of information flow between the Board and the management. He also schedules Board meetings, oversees the preparation of the agenda for Board meetings and assists in ensuring compliance with the Group's guidelines on corporate governance. Mr Tan has played an instrumental role in developing the business of the Group and has also provided the Group with strong leadership and vision.

Although the roles and responsibilities for both the Chairman and CEO are vested in Mr Tan, the Board believes that there are adequate measures in place against an uneven concentration of power and authority in one individual, for example, all major decisions made by Mr Tan will be reviewed by the Board. Mr Tan's performance and appointment to the Board will be reviewed periodically by the NC.

Principle 4 : Board Membership

Nominating Committee

The NC is currently chaired by Mr Lim Kuan Meng with Mr Tan Pong Tyea and Mr Lien Kait Long as members.

The NC's primary functions are to evaluate and to review nominations for appointment and re-appointment to the Board and the various committees, to assess the effectiveness of the Board, to nominate any director for re-election at the AGM, having regard to the director's contribution and performance, and to determine whether or not the director is independent.

The NC also determines annually whether a director with multiple board representations and other principal commitments is able to and has adequately discharge his duties as a director of the Company,

The NC is of the view that it would not be appropriate to set a maximum number of directorships that a director may hold as the contribution of each director would depend on his individual circumstances, including whether he has other principal commitments, full time position and other additional responsibilities. The Board shares this view.

Under the Company's existing Articles of Association, at each annual general meeting ("AGM") of the Company, at least one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) shall retire from office by rotation and subject themselves for re-nomination and re-election at regular intervals and at least once every three (3) years.

Newly appointed director(s) shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.

In the event that the appointment of a new director is required, the NC will seek to identify the competence required for the Board to fulfil its responsibilities and may engage recruitment consultants or other independent experts to undertake research on, or assess potential candidates for new positions on the Board.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director.

The NC has recommended to the Board the nomination of Mr Tan Pong Tyea, Mr Cai Wenxing and Mr Lim Kuan Meng for re-election at the forthcoming AGM of the Company. The Board has accepted the NC's recommendation.

Principle 5: Board Performance

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholder's value.

For the year under review, a formal assessment of the effectiveness of the Board as a whole was undertaken by the NC. The NC was of the view that the performance of the Board as a whole was satisfactory.

Principle 6: Access to Information

Directors are from time to time furnished with detailed information concerning the Group to enable them to be fully cognizant of the decisions and actions of the Group's executive management. All directors have unrestricted access to the Company's records and information to enable them to constantly keep track of the Group's financial position. Detailed Board papers are prepared for each meeting of the Board and are normally circulated before each meeting. The Board papers include sufficient information from the management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. All directors have separate and independent access to all levels of senior executives in the Group and the Company Secretaries, and are encouraged to speak to other employees to seek additional information if they so require.

At least one of the Company Secretaries attends all Board meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations which are applicable to the Company are complied with.

Each director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as directors.

(B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Remuneration Committee

Until 08 December 2014, the RC was constituted by Mr Mak Yen-Chen Andrew as the Chairman of the RC with Mr Lien Kait Long and Mr Chan Guan Ngang Christopher as members. Mr Chan Guan Ngang Christopher resigned as independent director of the Company on 08 December 2014 and subsequent to his resignation, he also ceased to be Chairman of NC and member of the AC and RC. Mr Lim Kuan Meng was appointed an independent director of the Company and member of RC on 08 March 2015.

The RC is currently chaired by Mr Mak Yen-Chen Andrew with Mr Lien Kait Long and Mr Lim Kuan Meng as members.

The primary functions of the RC are to review and recommend the remuneration packages for the directors, CEO and key management personnel, to cover all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind, and to implement and administer the Falcon Energy Group Employee Share Option Scheme ("Scheme").

In discharging its functions, the RC may, at the Company's expense, obtain such independent legal and other professional advice as it deems necessary.

No director is involved in determining his own remuneration.

Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors.

The RC adopted a Director's Fee framework in which the non-executive and independent directors will receive directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the directors and the need to pay competitive fees to attract, retain and motivate the directors. Directors' fees are recommended by the Board for the approval of the shareholders at the Company's AGM.

The Executive Directors do not receive directors' fees. The remuneration for the key management personnel comprises a basic salary, a benefit component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

The RC reviews the remuneration of Executive Directors and key management personnel on an annual basis to ensure that it commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. Their performance is reviewed periodically by the RC and the Board.

Employee Share Option Scheme

The Scheme was implemented on 28 October 2004 as an incentive plan for employees of the Group based on individual performance.

Principle 9: Disclosure on Remuneration

A breakdown, showing the level and mix of each individual director's remuneration paid for the financial year ended 31 March 2015 is as follows:

	Fees	Salary(i)	Bonus	Profit Sharing	Other Benefits(ii)	Share Options	Total
	%	%	%	%	%	%	%
S$500,000 and above							
Tan Pong Tyea	–	79	13	–	8	–	100
Cai Wenxing	–	85	15	–	–	–	100
S$250,000 to S$500,000							
Neo Chin Lee	–	77	10	–	13	–	100
Cai Wenting(2)	–	85	15	–	–	–	100
Below S$250,000							
Tan Sooh Whye (1)	–	73	13	–	14	–	100
Lien Kait Long	100	–	–	–	–	–	100
Chan Guan Ngang Christopher (3)	100	–	–	–	–	–	100
Mak Yen-Chen Andrew	100	–	–	–	–	–	100
Lim Kuan Meng (4)	100	–	–	–	–	–	100

(1) Alternate to Tan Pong Tyea
(2) Alternate to Cai Wenxing
(3) Resigned on 08 December 2014
(4) Appointed on 08 March 2015
(i) salary is inclusive of CPF contribution;
(ii) other benefits refer to benefits-in-kind such as car, allowances, club membership, etc. made available to directors as appropriate.

The remuneration of each individual executive director and key management personnel (who are not Director and CEO) is not disclosed in dollar terms as the remuneration of the executive directors and key management personnel is a commercially sensitive matter, given that the Company operates in a highly competitive environment where potential poaching of employees by competitors is fairly common.

The remuneration of independent directors comprises only directors' fees.

Remuneration of Key Management Personnel

The remuneration of the key management personnel of the Group for the financial year ended 31 March 2015 is as follows:

	Fees	Salary(i)	Bonus	Profit Sharing	Other Benefits(ii)	Share Options	Total
	%	%	%	%	%	%	%
S$250,000 to S$500,000							
Tan Jit Sin	–	75	13	–	12	–	100
Gan Wah Kwang	–	79	13	–	8	–	100
Tang Nee Chiang	–	85	15	–	–	–	100
Below S$250,000							
James William Noe*	–	100	–	–	–	–	100

(i) salary is inclusive of CPF contribution;
(ii) other benefits refer to allowances, club membership, etc. made available to key management personnel as appropriate.
* Mr James William Noe was appointed as Chief Operating Officer for Marine and Liftboat Division on 9 March 2015.

Remuneration of employee who are immediate family members of a Director or the CEO

Details of employees whose remuneration exceeds S$50,000 and are immediate family members of a director or the CEO are set out below:

	Relationship with director or the CEO
Below S$250,000	
Wong Cheung Chai	Spouse of Ms Tan Sooh Whye, the Alternate Director to Mr Tan Pong Tyea Brother-in-law of Mr Tan Pong Tyea, Chairman and CEO of the Company
Wong Tshun Wah, Kingsley	Spouse of Ms Cai Wenting, the Alternate Director to Mr Cai Wenxing Brother-in-law of Mr Cai Wenxing, the Executive Director of the Company
Lim Tze Kern	Nephew of Mr Neo Chin Lee, the Executive Director of the Company

The remuneration paid to these employees is determined on the same basis as the remuneration of other unrelated employees.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

As stated above, the Board's primary role is to protect and enhance long-term value and returns for the shareholders. In the discharge of its duties to the shareholders, the Board, when presenting annual financial statements and quarterly results announcements, seeks to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. The Management will provide the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis.

Principle 11: Risk Management and Internal Controls

The Company does not have a Risk Management Committee. However, the Board and the management regularly review the Group's businesses and operations to identify areas of business risks and the appropriate measures to control and mitigate these risks. The management is accountable to the Board for ensuring the effectiveness of risk management and adherence to risk appetite limits. The management reviews all significant control policies and procedures and highlights all significant matters to the directors and the AC.

The Board recognizes its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board notes that no system of internal control and risk management could provide absolute assurance that the Group will not adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal control and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The AC will:

(i) satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;

(ii) ensure that a review of the effectiveness of the Group's material controls including financial, operating and compliance controls and risk management, is conducted at least annually. Such reviews can be carried out by the internal auditors and/or the external auditors; and

(iii) ensure that the internal control recommendations made by the internal and external auditors have been implemented by the management.

Assurance from CEO and CFO

The Board has received written assurance from the CEO and CFO that:

(1) the Group's financial records have been properly maintained and the financial statements in respect of financial year ended 31 March 2015 give a true and fair view of the Group's operations and finances;

(2) the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective to address all the risks which may occur from time to time

Based on the findings by the external auditors and the various management controls put in place as well as the assurance from CEO and CFO, the Board with the concurrence of the AC is of the view that the Group's internal controls are adequate to address financial, operational and compliance risks in meeting the needs of the Group and provide reasonable (though not absolute) assurance against material financial misstatements and loss, and safeguard the Group's assets. The management continues to focus on improving the standard of internal controls and corporate governance.

Principle 12: Audit Committee

Until 08 December 2014, the AC was constituted by Mr Lien Kait Long as the Chairman of the AC with Mr Mak Yen-Chen Andrew and Mr Chan Guan Ngang Christopher as members. Mr Chan Guan Ngang Christopher resigned as an Independent director of the Company on 08 December 2014 and subsequent to his resignation, he also ceased to be a member of the AC. Mr Lim Kuan Meng was appointed an independent director of the Company and member of the AC on 08 March 2015.

The AC is currently chaired by Mr Lien Kait Long with Mr Mak Yen-Chen Andrew and Mr Lim Kuan Meng as members.

The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities.

The primary functions of the AC are:

(i) To review the audit plans of the external and internal auditors;

(ii) To review the external and internal auditors' reports;

(iii) To review the co-operation given by the Company's officers to the external and internal auditors;

(iv) To review the financial statements of the Company and the Group before their submission to the Board;

(v) To nominate the external auditors for appointment or re-appointment and approve the terms of engagement of the external auditors;

(vi) To review non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;

(vii) To review the adequacy of the internal audit function;

(viii) To evaluate the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, and risk management, by reviewing written reports from the internal and external auditors, and the management's responses and actions to correct any deficiencies;

(ix) To review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual issued by SGX-ST, and by such amendments made thereto from time to time; and

(x) To review interested person transactions as defined in Chapter 9 of the Listing Manual of the SGX-ST.

Apart from the duties listed above the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore or other applicable law, rule or regulation, which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC has been given full access to and has obtained the co-operation of the management. The AC has reasonable resources to enable it to discharge its functions properly.

Summary of the AC's activities

The AC met four times during the year under review. The CEO, CFO, Company Secretaries, external and internal auditors are invited to the meetings. The AC meets annually with the external and internal auditors separately, without the presence of the management. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC.

The AC reviews the quarterly and full year results announcements before submission to the Board for approval. The AC also reviews the audit plan and audit findings presented by the external auditors. The external auditors provide regular updates and briefing to the AC on the changes or amendments to the accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The AC has undertaken a review of all the non-audit services provided by the external auditors during the year under review and is satisfied that such services would not, in the AC's opinion, affect the independence and objectivity of the external auditors. Having satisfied as to the foregoing and that Listing Rule 712 has been complied with, the AC has recommended the re-appointment of Deloitte & Touche LLP as external auditors at the forthcoming AGM.

Both the AC and Board have reviewed the appointment of different auditors for its subsidiaries and significant associated companies and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company has complied with Listing Rule 716.

Whistle-blowing Policy

The Company has adopted a policy and procedure on whistle-blowing as part of the Company's system of internal controls. This is to ensure that arrangements are in place in order to detect and deter any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement, financial reports and records of the Company. The Group provides an avenue for employees to bring their complaints responsibly, or to report any possible improprieties in matters of financial reporting or other matters that they may encounter, to the AC without fear of reprisal.

The AC has not received any complaints as at the date of this report.

Principle 13: Internal Audit

The Group has outsourced its internal audit function to Ernst & Young Advisory Pte Ltd ("EY"). The aim of the internal audit function is to promote internal control in the Group and to monitor the performance and effective application of internal audit procedures. The internal auditors plans their internal audit schedules in consultation with, but independent of, the management and the internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The internal auditors report primarily to the Chairman of the AC. The AC has reviewed the internal audit report prepared by EY and will follow up with the management on the implementation of the recommendations by the internal auditor.

The AC has reviewed and discussed internal audit reports in the course of the financial year ended 31 March 2015. Internal audits are conducted based on a rotational internal audit plan that is approved by the AC prior to the commencement of the outsourced internal audits. The AC will be following up with management on the implementation of the internal audit recommendations by the internal auditors.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principles 14: Shareholders rights

The Company is committed to treat all shareholders fairly and equitably to facilitate the exercise of their ownership rights by providing them with adequate, timely and sufficient information pertaining to the changes of Group's business which could have a material impact on the Company's share price.

Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Principles 15: Communication with Shareholders

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meeting. The Company also ensures that all shareholders besides exercising their voting rights at the general meetings convened by the Company, they are encouraged to participate actively and also voice their concerns on any matters relating to the Group. Shareholders are advised to attend the AGM to ensure a high level of accountability and to stay informed of the Group's development.

Disclosure of information

The Company does not practise selective disclosure. In line with continuing disclosure obligations of the Company pursuant to the Listing Rules and the Companies Act (Chapter 50) of Singapore ("Act"), the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Information is communicated to the shareholders on a timely basis through:

– annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Act and Singapore Financial Reporting Standards;
– quarterly financial statements containing a summary of the financial information and affairs of the Group for the year that are published through the SGXNET and news releases;
– notices and explanatory memoranda for general meetings;
– press and analyst briefings for the Group's quarterly and full year results as well as other briefings, as appropriate;
– press releases on major developments of the Group; and
– disclosures to the SGX.

Principles 16: Conduct of shareholder meetings

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. The Chairmen of the AC, the RC and the NC are available at the meetings to answer those questions relating to the work of these committees. The external auditors are also present to assist the directors in addressing any relevant queries by the shareholders.

While acknowledging that voting by poll may enhance corporate governance and leads to greater transparency of the level of support of each resolution, the Company feels that manual polling procedures are logistically and administratively burdensome and not cost effective and efficient. Electronic polling though efficient in terms of speed is expensive. Nevertheless, the Board is working towards adhering to the requirements of the Listing Rules where all resolutions are to be voted on by poll for general meetings held on or after 1 August 2015.

(E) DEALING IN SECURITIES

In line with Listing Rule 1207(19) on Dealings in Securities issued by the SGX-ST, the Group has procedures in place prohibiting dealings in the Company's shares by its officers while in possession of price sensitive information and during the period commencing two weeks prior to the announcement of the Company's quarterly results and one month prior to the announcement of the Company's full year results. Directors and executives are also expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods. Employees who attend management committee meetings have to observe the "closed window" periods.

The Board confirms that for the financial year ended 31 March 2015, the Company has complied with Listing Rule 1207(19).

(F) MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of the CEO, directors or controlling shareholders during the financial year ended 31 March 2015.

(G) INTERESTED PERSON TRANSACTIONS

The Company has established review and approval procedures to ensure that all transactions with interested persons entered into by the Group are reported in a timely manner to the AC and those transactions are conducted on an arm's length basis and are not prejudicial to the interest of the Group and its shareholders. Save for the following interested person transactions as disclosed below, there were no interested person transactions entered into by the Company for the financial year under review:

Name of interested person	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 Listing Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Rule 920 (excluding transactions less than S$100,000)
	US$'000	US$'000
Cai Wenxing (1)		
– Rental of premises	259	–
CDS International Forwarding (TianJin) Co. Ltd (2)		
– Purchase of services	2,320	–
– Sale of services	386	–

Note :
(1) Mr Cai Wenxing is a director of the Company.
(2) Mr Cai Wenxing is a director of the Company. He holds 70% of the equity interests in CDS International Forwarding (Tianjin) Co. Ltd.

DISCLOSURE ON COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2012

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	(a) The Company has complied with all the principles and guidelines of the Code, save for the following: • *Chairman and Chief Executive Officer ("CEO")* The Group's Chairman and CEO is Mr Tan Pong Tyea, whom has in-depth knowledge of the business and operations of the Group. The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure (i.e. where the CEO and chairman of the Board is the same person), so to ensure the decision-making process of the Group would not be unnecessarily hindered. • *Disclosure of the remuneration of directors and key management personnel* The company has not disclosed the exact details of the remuneration of each individual directors and key management personnel due to sensitive nature of such information and a disclosure of such would be prejudicial to the Company's interests.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(b) • *Chairman and Chief Executive Officer* In connection therewith, the Board appointed Mr Lien Kait Leong as the lead independent director, who is available to the shareholders where they have concerns which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer ("CFO") has failed to resolve or for which such contact is inappropriate. • *Disclosure of the remuneration of directors and key management personnel* The Remuneration Committee review and recommend the remuneration packages for the directors, CEO and key management personnel. It is to ensure that the remuneration structure is competitive and sufficient to attract, retain and motivate Directors and key management personnel to run the Company successfully in order to maximize shareholders' value. The members of the Remuneration committee do not participate in any decisions concerning their own remuneration.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	(a) Please refer to Principle 1 of the Corporate Governance Report.

Guideline	Questions	How has the Company complied?
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	(a) The Board believes in having an appropriate balance and diversity of skills, experience, gender and knowledge.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	(b) The Nominating Committee is of the view that the current Board comprises directors with financial, legal and business management backgrounds. The board comprises six directors, three of whom are independent, and two alternate directors.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(c) The Nominating Committee examines the Board size with a view towards determining the impact of its effectiveness. The composition of the Board is also reviewed on an annual basis to ensure the Board has appropriate mix of expertise and experience.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Mr Lim Kuan Meng was appointed as independent director on 08 March 2015. Please refer to the Principle 4 of the Corporate Governance Report for details on the nomination process.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	(a) Yes. Mr Lim Kuan Meng, who was appointed on 08 March 2015, had been given briefing and orientation on the business activities of the Group and its strategic directions, as well as his duties and responsibilities as director.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(b) The current directors have been made aware of and are familiar with their duties and obligations. They will also be briefed from time to time on regulatory changes which have an important bearing on the Company and the directors' obligation towards the Company.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	(a) The Nominating Committee and the Board share the view that it would not be appropriate to set a maximum number of directorships that a director may hold.
	(b) If a maximum number has not been determined, what are the reasons?	(b) The reason that a maximum number has not been determined is because the contribution of each director would depend on his individual circumstances, including whether he has other principal commitments, full time positions and other additional responsibilities.
	(c) What are the specific considerations in deciding on the capacity of directors?	(c) In considering the re-appointment of Directors, the Nominating Committee determines annually whether a director with multiple board representations and other principle commitments is able to and has adequately discharge his duties as a director of the Company.

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on as its performance for the financial year? (b) Has the Board met its performance objectives?	(a) Please refer to the board evaluation process described under the section entitled "Board Performance" in the Corporate Governance Report. (b) Yes. The Nominating Committee has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. As the Executive Chairman and the Chief Executive Officer is the same person, the requirement of the Code that at least half the Board comprises Independent Directors is satisfied as there are three Independent Non-Executive Directors on the Board.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No (b) Not applicable
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. Mr Lien Kait Long has served as an independent director of the Company for more than ten years since his initial appointment in 2004. The board has subjected his independence to a particular rigorous review. Taking into the account the view of the Nominating Committee, the Board concurs that Mr Lien Kait Long has continued to demonstrate his strong independence in character and judgement in the discharge of his responsibilities as a director of the Company. He has continued to express his individual viewpoints and sought clarification as he deemed required, including through direct access to the employees. Based on the declaration of independence received from Mr Lien Kait Long that he has no association with the management that could compromise his independence and after taking into account these factors, the Board has concluded that Mr Lien Kait Long continues to be considered as independent director.

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance- related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Company has disclosed a breakdown of each Director's and the CEO's remuneration (in percentage terms) into fees, salary, bonus, profit sharing, other benefits, share options, but did not disclose the exact details of their remuneration as it is not the best interest of the Company as such details as sensitive in nature.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/ fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	(a) The Company has disclosed a breakdown key management personnel's remuneration (in percentage terms) into fees, salary, bonus, profit sharing, other benefits, share options, but did not disclose in dollar terms as the remuneration of the executive directors and key management personnel is a commercially sensitive matter, given that the Company operates in a highly competitive environment where potential poaching of employees by competitors is fairly common.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(b) The Company is of the view not to disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO) due to the sensitive nature of such information. It is not in the best interest of the Company as the industry which the Company operates in is highly competitive in respect of the recruitment of experienced executives
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Yes. Please refer to the "Remuneration of employees who are immediate family members of a Director or the CEO" section in Corporate Governance report.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	(a) Please refer to the section entitled "Level and Mix of Remuneration" in the Corporate Governance Report.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	(b) Please refer to the section entitled "Level and Mix of Remuneration" in the Corporate Governance Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	(c) Please refer to the section entitled "Level and Mix of Remuneration" in the Corporate Governance Report.

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to the section entitled "Access to Information" in the Corporate Governance report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	No. Please refer to the explanation set out under the section entitled "Internal Audit" in the Corporate Governance report.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	(a) Please refer to the section entitled "Risk Management and Internal Control" in the Corporate Governance Report.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(b) Yes. Please refer to the section entitled "Risk Management and Internal Control" in the Corporate Governance Report.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	(a) The fees paid to external auditors for audit and non audit services for the financial year ended 31 March 2015 were US$245,000 and US$57,000 respectively.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(b) The Audit Committee has undertaken a review of all the non-audit services provided by external auditors during the year is satisfied that such services would not, in the AC's opinion, affect the independence and objectivity of the external auditors.

Guideline	Questions	How has the Company complied?
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	(a) Please refer to the section entitled "Communications with Shareholders" in the Corporate Governance Report.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(b) The Group has specifically entrusted an investor relations team comprising the Chairman and CEO, the CFO, the investor relations manager and an external investor relation firm with the responsibility of facilitating communications with shareholders and analysts and attending to their queries and concerns.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(c) Please refer to the section entitled "Communications with Shareholders" in the Corporate Governance Report.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	For the financial year ended 31 March 2015, a final tax exempt one-tier dividend of S$0.01 per share has been proposed, subject to shareholders' approval at the forthcoming AGM. The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

REPORT OF THE DIRECTORS

The directors present their report together with the audited 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.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Tan Pong Tyea
Neo Chin Lee
Cai Wenxing
Lien Kait Long
Mak Yen-Chen Andrew
Lim Kuan Meng (Appointed on March 8, 2015)
Tan Sooh Whye (Alternate Director to Tan Pong Tyea)
Cai Wenting (Alternate Director to Cai Wenxing)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraphs 3, 5 and 6 of the Report of the Directors.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital, share options, warrants and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Direct interest		**Indirect interest**	
Name of director and companies in which interest are held	**At April 1, 2014**	**At March 31, 2015**	**At April 1, 2014**	**At March 31, 2015**
The Company (Ordinary shares)				
Tan Pong Tyea	417,960,700	417,960,700	88,393,051	88,393,051
Neo Chin Lee	12,000,000	13,000,000	–	–
Cai Wenxing	–	–	70,933,592	70,933,592
Lien Kait Long	75,000	75,000	–	–
Tan Sooh Whye	10,000,000	10,600,000	4,209,500	4,209,500
Cai Wenting	23,716,216	23,716,216	–	–

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(cont'd)*

	Direct interest		Indirect interest	
Name of director and companies in which interest are held	**At April 1, 2014**	**At March 31, 2015**	**At April 1, 2014**	**At March 31, 2015**
The Company (Shares options)				
Neo Chin Lee	400,000	400,000	–	–
Cai Wenxing	250,000	250,000	–	–
Lien Kait Long	200,000	–	–	–
Tan Soon Whye	–	–	150,000	150,000
Cai Wenting	150,000	150,000	–	–
The Company (Warrants)				
Tan Pong Tyea	41,796,070	41,796,070	8,839,303	8,839,303
Neo Chin Lee	1,200,000	1,200,000	–	–
Cai Wenxing	–	–	7,093,358	7,093,358
Lien Kait Long	7,500	7,500	–	–
Tan Sooh Whye	1,000,000	1,060,000	420,950	420,950
Cai Wenting	2,371,621	2,371,621	–	–

* Tan Pong Tyea and Tan Sooh Whye are siblings.
** Cai Wenxing and Cai Wenting are siblings.

By virtue of Section 7 of the Singapore Companies Act, Tan Pong Tyea is deemed to have an interest in all the related corporations of the Company.

The directors' interest in the shares and options of the Company as at April 21, 2015 were the same at March 31, 2015.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit, which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

The Falcon Energy Group Employee Share Option Scheme (the "Scheme") is administered by the Remuneration Committee ("Committee") comprising:

Mak Yen-Chen Andrew	–	Independent non-executive (Chairman)
Lien Kait Long	–	Independent non-executive
Lim Kuan Meng	–	Independent non-executive (Appointed on March 8, 2015)

As Tan Pong Tyea is a Controlling Shareholder, he is not eligible to participate in the Scheme.

The Committee may grant options to eligible employees at any time during the period when the Scheme is in force, subject to terms and conditions set out in the Scheme.

According to the terms and conditions set out in the Scheme, the exercise price for each share in respect of which an option is exercisable shall be determined by the Committee, in its absolute discretion, on the date of grant, at:

- a price equal to the Market Price *; or
- a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that:
  - i. the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be determined by the Committee and permitted by the Singapore Exchange Securities Trading Limited and approved by the Company in General Meetings); and
  - ii. the prior approval of the Company in General Meeting shall have been obtained for the making of offers and grant of options under the Scheme at a discount not exceeding the maximum discount as aforesaid (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall unless revoked, authorise the making of offers and grants of options under the Scheme at such discount for the duration of the Scheme).

The aggregate number of new shares over which the Committee may grant options on any date, when added to the number of new shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued share capital of the Company on the date preceding the date of grant of an option.

* *market price – a price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five consecutive trading days, immediately preceding the Date of Grant of that option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST.*

5 **SHARE OPTIONS** *(cont'd)*

(b) ***Unissued shares under option and options exercised***

The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company. The numbers of outstanding share options under the scheme are as follows:

Number of options to subscribe for ordinary shares of the Company

Date of grant	Balance at 1.4.2014	Exercised	Cancelled/ Lapsed	Balance at 31.03.2015	Exercise price per share	Exercisable period
5.6.2009	4,550,000	–	(200,000)	4,350,000	S$0.40	5.6.2011 to 5.6.2019

In respect of options granted in 2009, 800,000 options were granted to Executive Directors, 600,000 options were granted to non-executive directors and 3,200,000 options were granted to employees.

Holders of the above share options have no right to participate in any share issues of any other Company. No employees or employee of related corporations has received 5% or more of the total options available under this scheme except as disclosed below.

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual).

The information on directors and key executive officers of the Company participating in the Scheme is as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of the financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Neo Chin Lee	–	400,000	–	–	400,000
Cai Wenxing	–	250,000	–	–	250,000
Lien Kait Long	–	200,000	–	(200,000)	–
Cai Wenting	–	150,000	–	–	150,000
Name of key executive officers					
Gan Wah Kwang	–	250,000	–	–	250,000
Tan Jit Sin	–	250,000	–	–	250,000

6 WARRANTS

On November 1, 2010, the Company issued 162,826,994 warrants, of which 9,222,339 warrants were exercised and 153,596,455 warrants were expired and lapsed in 2014.

On December 19, 2013, the Company issued 81,998,638 bonus warrants, out of which 26,866 warrants were exercised during the financial year and 81,971,772 remained outstanding as at March 31, 2015. Each bonus warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S$0.43 per share.

7 AUDIT COMMITTEE

The members of the Audit Committee are as follows:

Lien Kait Long	–	Independent non-executive (Chairman)
Mak Yen-Chen Andrew	–	Independent non-executive
Lim Kuan Meng	–	Independent non-executive (Appointed on March 8, 2015)

The Audit Committee has met 4 times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plan of the external auditors, their audit report, their management letter and the management's response;

b) the Group's financial and operating results and accounting policies;

c) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

e) internal control and procedures, including the internal auditor's internal audit plan and internal audit findings;

f) the co-ordination between the external auditors and management, the assistance given by management to the auditors and addressing any issues and matters arising from the audits;

g) to consider and make recommendation on the re-appointment of the external auditors; and

h) Interested Person Transactions falling within the scope of the Audit Committee's term of reference.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has reviewed the independence of Deloitte & Touche LLP including the volume of non-audit services supplied by Deloitte & Touche LLP and is satisfied of Deloitte & Touche LLP's position as an independent external auditor. The nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

7 AUDIT COMMITTEE *(cont'd)*

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group and of the Company at the forthcoming AGM of the Company.

8 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

…………………………………………..
Tan Pong Tyea

…………………………………………..
Cai Wenxing

July 3, 2015

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 49 to 136 are drawn up 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 financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

…………………………………………..
Tan Pong Tyea

…………………………………………..
Cai Wenxing

July 3, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FALCON ENERGY GROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Falcon Energy Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement 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, statement of changes in equity and 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 49 to 136.

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 financial statements 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 the 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.

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 financial position of the Group and of the Company as at March 31, 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FALCON ENERGY GROUP LIMITED

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 by those subsidiary corporations 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

July 3, 2015

STATEMENTS OF FINANCIAL POSITION

March 31, 2015

	Note	Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
ASSETS					
Current assets					
Cash and bank balances	6	134,947	46,928	35,528	3,226
Trade receivables	7	105,599	112,463	–	–
Other receivables	8	86,754	56,161	376,623	189,989
Inventories	9	440	1,416	–	–
Total current assets		327,740	216,968	412,151	193,215
Non-current assets					
Other receivables	8	23,591	2,125	22,183	–
Property, plant and equipment	10	436,497	227,953	6,518	6,583
Subsidiaries	11	–	–	179,358	176,552
Associates	12	42,802	102,332	–	–
Joint ventures	13	3,348	22,191	–	22,183
Available-for-sale investments	14	2,098	1,049	2,098	1,049
Other intangible assets	15	2,937	2,257	–	–
Deferred tax assets	16	362	325	–	–
Goodwill	17	6,376	–	–	–
Total non-current assets		518,011	358,232	210,157	206,367
Total assets		845,751	575,200	622,308	399,582
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	18	57,095	91,177	–	–
Other payables	19	50,445	32,589	120,382	94,469
Current portion of finance leases	20	163	172	17	19
Current portion of bank overdraft and borrowings	22	176,934	54,085	124,131	656
Derivative financial liability	23	–	8	–	–
Income tax payable		3,810	1,381	55	43
Total current liabilities		288,447	179,412	244,585	95,187
Non-current liabilities					
Deferred tax liabilities	16	14,929	5,128	–	–
Other payables	19	29,228	7,520	–	–
Finance leases	20	285	417	49	72
Notes payable	21	36,064	–	36,064	–
Bank overdraft and borrowings	22	166,670	123,496	50,719	2,546
Total non-current liabilities		247,176	136,561	86,832	2,618

STATEMENTS OF FINANCIAL POSITION

March 31, 2015

	Note	Group		Company	
		2015	2014	2015	2014
		US$'000	US$'000	US$'000	US$'000
Capital, reserves and non-controlling interests					
Share capital	24	229,528	229,519	229,528	229,519
Treasury shares	25	(3,757)	(1,727)	(3,757)	(1,727)
Capital reserve	27	11,824	11,824	11,824	11,824
Share-based payments	28	639	639	639	639
Merger reserve	29	(151,692)	(151,692)	–	–
Foreign currency translation reserve		(167)	(327)	–	–
Accumulated profits		166,590	153,529	52,657	61,522
Equity attributable to owners of the Company		252,965	241,765	290,891	301,777
Non-controlling interests		57,163	17,462	–	–
Total equity		310,128	259,227	290,891	301,777
Total liabilities and equity		845,751	575,200	622,308	399,582

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended March 31, 2015

	Note	Group	
		2015	**2014**
		US$'000	**US$'000**
Revenue	30	342,441	350,788
Cost of sales		(291,043)	(233,773)
Gross profit		51,398	117,015
Other operating income	31	20,852	10,561
Administrative expenses		(30,436)	(21,291)
Finance costs	32	(7,518)	(5,213)
Share of net profit of associates	12	3,590	7,182
Share of net profit (loss) of joint ventures	13	4,103	(13)
Loss on deemed disposal of previously held interest in associate	41	(10,662)	–
Loss on deemed disposal of previously held interest in subsidiary	42	(467)	–
Profit before income tax	34	30,860	108,241
Income tax expense	33	(3,030)	(6,120)
Profit for the year		27,830	102,121
Profit attributable to:			
Owners of the Company		22,687	60,768
Non-controlling interests		5,143	41,353
Total		27,830	102,121
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation of foreign entities		75	(37)
Total comprehensive income for the year		27,905	102,084
Total comprehensive income attributable to:			
Owners of the Company		22,847	60,744
Non-controlling interests		5,058	41,340
Total		27,905	102,084
Earnings per share (US cents)			
– Basic	35	2.77	7.45
– Diluted	35	2.77	7.45

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended March 31, 2015

	Note	Share capital	Treasury reserve	Warrants reserve	Capital reserve	Share option reserve	Merger reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable equity holders of the parent	Non-controlling interests	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group												
Balance at April 1, 2013		225,844	–	12,534	–	639	(151,692)	(303)	99,200	186,222	9,083	195,305
Total comprehensive income for the year:												
Profit for the year		–	–	–	–	–	–	–	60,768	60,768	41,353	102,121
Other comprehensive income for the year		–	–	–	–	–	–	(24)	–	(24)	(13)	(37)
Total		–	–	–	–	–	–	(24)	60,768	60,744	41,340	102,084
Transactions with owners, recognised directly in equity:												
Repurchase of shares	25	–	(1,727)	–	–	–	–	–	–	(1,727)	–	(1,727)
Exercise of warrants	24, 26	3,675	–	(710)	–	–	–	–	–	2,965	–	2,965
Transfer to capital reserve pursuant to expiry of warrants	26	–	–	(11,824)	11,824	–	–	–	–	–	–	–
Dividends paid	36	–	–	–	–	–	–	–	(6,439)	(6,439)	(32,961)	(39,400)
Total		3,675	(1,727)	(12,534)	11,824	–	–	–	(6,439)	(5,201)	(32,961)	(38,162)
Balance at March 31, 2014		229,519	(1,727)	–	11,824	639	(151,692)	(327)	153,529	241,765	17,462	259,227

Year ended March 31, 2015

	Note	Share capital	Treasury reserve	Warrants reserve	Capital reserve	Share option reserve	Merger reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable equity holders of the parent	Non-controlling interests	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group												
Balance at April 1, 2014		229,519	(1,727)	–	11,824	639	(151,692)	(327)	153,529	241,765	17,462	259,227
Total comprehensive income for the year:												
Profit for the year		–	–	–	–	–	–	–	22,687	22,687	5,143	27,830
Other comprehensive income for the year		–	–	–	–	–	–	160	–	160	(85)	75
Total		–	–	–	–	–	–	160	22,687	22,847	5,058	27,905
Transactions with owners, recognised directly in equity:												
Repurchase of shares	25	–	(2,030)	–	–	–	–	–	–	(2,030)	–	(2,030)
Exercise of warrants	24, 26	9	–	–	–	–	–	–	–	9	–	9
Acquisition of subsidiary	41	–	–	–	–	–	–	–	–	–	37,104	37,104
Disposal of subsidiary	42	–	–	–	–	–	–	–	–	–	(2,461)	(2,461)
Dividends paid	36	–	–	–	–	–	–	–	(9,626)	(9,626)	–	(9,626)
Total		9	(2,030)	–	–	–	–	–	(9,626)	(11,647)	34,643	22,996
Balance at March 31, 2015		229,528	(3,757)	–	11,824	639	(151,692)	(167)	166,590	252,965	57,163	310,128

STATEMENTS OF CHANGES IN EQUITY

Year ended March 31, 2015

	Note	Share capital	Treasury shares	Capital reserve	Warrants reserve	Share option reserve	Accumulated profits	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Company								
Balance at April 1, 2013		225,844	–	–	12,534	639	41,739	280,756
Profit for the year, representing total comprehensive income for the year		–	–	–	–	–	26,222	26,222
Transactions with owners, recognised directly in equity:								
Exercise of warrants	24, 26	2,965	–	–	–	–	–	2,965
Transfer to capital reserve pursuant to the exercise of warrants	26	710	–	–	(710)	–	–	–
Transfer to capital reserve pursuant to the expiry of warrants		–	–	11,824	(11,824)	–	–	–
Repurchase of shares	25	–	(1,727)	–	–	–	–	(1,727)
Dividends paid	36	–	–	–	–	–	(6,439)	(6,439)
Total		3,675	(1,727)	11,824	(12,534)	–	(6,439)	(5,201)
Balance at March 31, 2014		229,519	(1,727)	11,824	–	639	61,522	301,777
Profit for the year, representing total comprehensive income for the year		–	–	–	–	–	761	761
Transactions with owners, recognised directly in equity:								
Exercise of warrants	24, 26	9	–	–	–	–	–	9
Repurchase of shares	25	–	(2,030)	–	–	–	–	(2,030)
Dividends paid	36	–	–	–	–	–	(9,626)	(9,626)
Total		9	(2,030)	–	–	–	(9,626)	(11,647)
Balance at March 31, 2015		229,528	(3,757)	11,824	–	639	52,657	290,891

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2015

	Group	
	2015	2014
	US$'000	US$'000
Operating activities		
Profit before income tax	30,860	108,241
Adjustments for:		
Depreciation of property, plant and equipment	13,998	13,885
Interest expense	7,263	5,251
Amortisation of term loan issuing costs	143	–
Amortisation of notes payable transaction costs	117	–
Interest income	(308)	(34)
Allowance for doubtful trade debts	2,153	3,564
Trade debts written off	469	–
Share of net profit of associates	(3,590)	(7,182)
Share of net (profit) loss of joint ventures	(4,103)	13
Changes in fair value of derivative financial instrument	(5)	(38)
Gain on bargain purchase	–	(7)
Gain on disposal of property, plant and equipment (Note B)	(17,152)	(7,263)
Loss on deemed disposal of previously held interest in associate	10,662	–
Loss on deemed disposal of previously held interest in subsidiary	467	–
Net foreign exchange losses	(6,540)	14
Operating cash flows before movements in working capital	34,434	116,444
Inventories	976	(392)
Trade receivables	12,387	(91,456)
Other receivables (Note B)	(69,192)	33,177
Trade payables	(37,981)	80,507
Other payables	110,549	11,928
Cash generated from operations	51,173	150,208
Income tax paid	(661)	(753)
Net cash from operating activities	50,512	149,455
Investing activities		
Interest received	308	34
Investment in joint ventures	(50)	(22,188)
(Advances to) Repayment from associates	(6,674)	762
Purchase of available-for-sale investment	(1,049)	(1,049)
Purchase of property, plant and equipment (Note A)	(51,869)	(71,906)
Proceeds from disposal of property, plant and equipment (Note B)	1,169	3,008
Purchase of intangible assets	(677)	(235)
Dividend received from associates	6,391	3,292
Net cash (outflow)/inflow from acquisition of a subsidiary (Note 41)	(96,176)	66
Net cash outflow from disposal of a subsidiary (Note 42)	(2,794)	–
Net cash used in investing activities	(151,421)	(88,216)

CONSOLIDATED
STATEMENT OF CASH FLOWS

Year ended March 31, 2015

	Group	
	2015	2014
	US$'000	US$'000
Financing activities		
Interest paid	(7,258)	(5,251)
Share buy–back	(2,030)	(1,727)
Proceeds from exercise of warrants	9	2,965
Dividend paid	(9,626)	(6,439)
Fixed deposits and bank balances pledged	(31,157)	(3,334)
Proceeds of borrowings	267,163	71,397
Proceeds from issuance of notes payable, net of transaction costs	39,469	–
Repayment of borrowings	(97,280)	(40,861)
Repayment to finance leases obligations	(224)	(168)
Dividend paid to non-controlling shareholders of subsidiary	–	(32,961)
Repayment to directors	(4,999)	(3,516)
Advance from (Repayment to) related parties	4,502	(12,291)
Repayment to joint ventures	–	(1,340)
Net cash from (used in) financing activities	158,569	(33,526)
Net increase in cash and cash equivalents	57,660	27,713
Cash and cash equivalents at beginning of year	40,600	12,896
Effect of exchange rate changes on the balance of cash held in foreign currencies	(1,141)	(9)
Cash and cash equivalents at end of year (Note 6)	97,119	40,600
Cash and cash equivalents represent:		
Bank and cash balance	30,485	45,993
Bank overdraft (Note 22)	(343)	–
Fixed deposits	104,462	935
	134,604	46,928
Less: fixed deposits and bank balances pledged	(37,485)	(6,328)
Cash and cash equivalents in statement of cash flows	97,119	40,600

Notes to statement of cash flows:

A: During the year, the Group purchased property, plant and equipment with an aggregate cost of US$52,640,000 (2014 : US$78,598,000) out of which US$686,000 (2014 : US$6,356,000) was made up of deposits for property, plant and equipment paid in the prior year. Of the total purchase, US$85,000 (2014 : US$336,000) was acquired under finance lease arrangement.

B: During the year, property, plant and equipment with carrying amount of US$22,844,000 (2014 : US$22,771,000) were disposed of where a certain portion of the gain on disposal amounting to US$17,337,000 (2014 : US$7,836,000) was deferred (Note 19). Cash proceeds of US$1,169,000 (2014 : US$3,008,000) were received in respect of the disposal of property, plant and equipment and the remaining of US$56,164,000 (2014 : US$34,862,000) was by means of receivables due from joint ventures (Note 8).

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 200403817G) is incorporated in Republic of Singapore with its principal place of business and registered office at 10 Anson Road, #33-15 International Plaza, Singapore 079903. The Company is listed on mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") from September 8, 2009. The financial statements are expressed in United States dollars.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 11, 12 and 13 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended March 31, 2015 were authorised for issue by the Board of Directors on July 3, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment,* leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in significant changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

In the current year, the Group has applied for the first time FRS 110, FRS 111, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance.

The impact of the application of these Standards is set out below.

Impact of the application of FRS 112

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements (please see Notes 11, 12 and 13 for details).

At the date of authorisation of these financial statements, the following FRSs and Improvements to FRSs that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs and Improvements to FRSs in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Key requirements for FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 will take effect from financial years beginning on or after January 1, 2018. The Group is currently evaluating the impact of the changes in the period of initial adoption.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after January 1, 2017. The Group is currently evaluating the impact of the changes in the period of initial adoption.

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 103 *Business Combinations*	Accounting for contingent consideration in a business combination	Clarified that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. Amendments are effective for business combinations for which the acquisition date is on or after July 1, 2014.
FRS 108 *Operating Segments*	Aggregation of Operating Segments	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'.
	Reconciliation of the total of the reportable segments' assets to the entity's assets	Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Standard	Topic	Key amendment
FRS 24 *Related Party Disclosures*	Key Management Personnel	Clarified that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components for such compensation is not required.

The Group is currently evaluating the potential impact of the above Improvements to Financial Reporting Standards (January 2014).

Improvements to Financial Reporting Standards (February 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 113 *Fair Value Measurement*	Scope of portfolio exception	The scope of the portfolio exception for measuring the fair value of a Group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, FRS 39, even if those contracts do not meet the definitions of financial assets or financial liabilities within FRS 32. Consistent with the prospective initial application of FRS 113, the amendment must be applied prospectively from the beginning of the annual period in which FRS 113 was initially applied.

The Group is currently evaluating the potential impact of the above Improvements to Financial Reporting Standards (February 2014).

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payments transaction of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment award transactions of the acquirer in accordance with FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

FINANCIAL INSTRUMENT – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Available-for-sale financial assets

Certain shares held by the Group are classified as being available for sale and are stated at cost less impairment in recoverable value as the cost approximates the fair value. Impairment losses are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank overdrafts, bank loans and notes payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate, namely interest rate swaps. Further details of derivative financial instruments are disclosed in Note 23 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

The Group as lessee

Assets held under finance lease are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rental are recognised as an expense in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets less residual value, other than freehold land and construction work-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	–	20 years
Leasehold office premises	–	Over the remaining lease period of 54 years
Vessels	–	15 to 20 years
Dry-docking	–	3 to 5 years
Plant and machinery	–	3 to 10 years
Furniture and fittings	–	3 to 10 years
Renovation	–	3 years
Motor vehicles	–	4 to 10 years

Depreciation is not provided on construction work-in-progress and freehold land.

Dry-docking expenditure for major overhauls of floating equipment is deferred when incurred and amortised over a period from the current dry-docking date to the next estimated dry-docking date (normally takes place every three to five years).

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

Fully depreciated assets still in use are retained in the financial statements until they are no longer in use.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Club membership

Club membership with indefinite useful life is not amortised and is measured at cost less any accumulated impairment loss.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Mining concession

Mining concession are stated at cost less accumulated amortisation and are amortised on a unit-of-production method from the date of commencement of commercial production which approximates the date from which they are available for use.

Pre-mining expenses

Pre-mining expenses, consisting of cost incurred in connection with the mining activities, are expensed in the current period, except that such costs may be deferred when permit to conduct exploration and mining activities in the area of interest is still valid and provided that one of the following conditions is met:

- Exploration and evaluation activities in the area of interest have not at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or in relation to the area are continuing; or
- Such costs are expected to be recovered through successful development and exploration of the area of interest or through its sale.

The ultimate recovery of such pre-mining expenses carried forward is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. Each area of interest is reviewed at the end of each accounting period. Pre-mining expenses in respect of an area of interest, which has been abandoned, or for which a decision has been made by the Group against the commercial visibility of the area of interest are written-off in the year the decision is made.

Pre-mining expenses represent the accumulated costs relating to general investigation, administration and licensing, geology and geophysics expenditures and costs incurred to develop a mine before the commencement of the commercial operations. Pre-mining expenses is amortised using the unit-of-production method, which is calculated from the date of commercial production of the respective area of interest.

The net carrying value is reviewed regularly and, to the extent this value exceeds its recoverable value, that excess is provided for or written-off in the period that the excess is determined.

One consequence of coal mining is land subsidence caused by the resettlement of the land above the underground mining sites. Depending on the circumstances, the Group may relocate inhabitants from the land above the underground mining sites prior to mining those sites or the Group may compensate the inhabitants for losses or damages from land subsidence after the underground sites have been mined. The Group may also be required to make payments for restoration, rehabilitation or environmental protection of the land after the underground sites have been mined. An estimate of such costs is recognised in the period in which the obligation is identified and is charged as an expense in proportion to the coal extracted.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

ASSOCIATES AND JOINT VENTURES - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets, relating to the joint arrangement. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses.

Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from the disposal of a part interest in the associate or joint venture is included in the determination of the gain and loss on disposal of the associate or joint venture. In addition, the Group accounts of all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets and liabilities, the Group reclassifies the gain or loss from the equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use equity method when an investment in an associate becomes an investment in joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with its associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

SHARE-BASED PAYMENTS – The Group has an employee share option scheme under which it can issue equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

WARRANTS RESERVE – Warrants reserve consists of the consideration paid by the Company. The consideration paid in respect of any warrant exercised will be transferred from the warrants reserve to the share capital account. Upon the expiry of the warrants, the balance of the warrants reserve will be available to the owners of the Company.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, and other allowances.

Rendering of services

Charter hire income is recognised on straight-line basis over the term of the relevant lease.

Revenue from rendering of marine services is recognised in the period in which the services are rendered.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Management fee income

Management fee income is recognised in the period in which the services are rendered.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Novation income

Novation income is recognised when the Group has transferred the rights and obligations of the contracts to the buyer.

Dividend income

Dividend income from investments is recognised when the shareholders right to receive payment have been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Government grant

Government grant is recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdraft, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

SEGMENT REPORTING – An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

The Group determines and presents operating segments based on information that is internally provided to the Group's chief operating decision maker and the Board. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker and the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's accounting policies

The management is of the opinion that there are no instances of application of judgement that are expected to have a significant effect on the amounts recognised in the financial statements apart from the key sources of estimation described below.

(i) Control over FTS Derricks Pte Ltd

The Group has 50% gross ownership interest in FTS Derricks Pte Ltd ("FTS") as at March 31, 2015. Determining whether the Group has control over FTS requires management to exercise its judgement. In exercising its judgement, management considers the proportion of its voting rights and whether it can control the relevant activities of FTS. Management concluded that the Group does not have sufficient dominant vesting interest to exert control over FTS and therefore the Group only has significant influence over FTS. The carrying amount of the Group's investment in FTS is disclosed in Note 12 to the financial statements.

(ii) Revenue from construction contracts

As described in Note 2 to the financial statements, revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the proportion of cost incurred to date in relation to the estimated total costs for the respective contracts, provided that the outcome can be reliably estimated. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately. There computations are based on the presumption that the outcome of a project can be estimated reliably.

Management has performed cost studies, taking into account the costs to date and costs to complete each project, foreseeable losses and applicable liquidated damages, if any. Management has also reviewed the status of such projects and is satisfied that the estimates to complete are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(cont'd)*

(iii) Event after the end of the reporting period

As described in Note 43 of the financial statements, management has determined that the settlement in respect of the claim relating to the receivable from a certain client of the Group's subsidiary, CH Offshore Ltd ("CHO"), is a non-adjusting subsequent event as the condition that the receivable is recoverable did not exist as at the end of the reporting period and the assumption made in determining the recoverable amount as at March 31, 2015 is consistent with available information at that date.

(b) 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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Allowances for bad and doubtful debts

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of the Group's trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

(ii) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The management has evaluated the carrying values of the vessels through the valuation obtained and assessed that there is no impairment required. The carrying amounts of the Group's property, plant and equipment are disclosed in Note 10 to the financial statements.

(iii) Impairment in investment in subsidiaries, associates and joint venture

Determining whether investments in subsidiaries, associates and joint venture are impaired requires an estimation of the value in use of those investments for investments with indication of impairment. The value in use calculation requires the Group to estimate the future cash-flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of those investments based on such estimates and is confident that the allowance for impairment, where necessary, is adequate. The carrying amounts of the investments in subsidiaries, associates and joint venture are disclosed in Notes 11, 12 and 13 to the financial statements respectively.

(iv) Income tax provision

The Group is subject to income taxes arising mainly in Singapore, Indonesia and Mexico. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and deductibility of certain expense ("uncertain tax positions") at each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amounts of the Group's and the Company's current tax and deferred tax provision are disclosed in the statement of financial position and Note 16 respectively.

3 **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY** *(cont'd)*

(v) Useful life and residual value of property, plant and equipment

As described in Note 2, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method.

The Group reviews the residual values of vessels periodically to ensure that the amount is consistent with the future economic benefits embodied in these vessels at the point of disposal. Significant judgment is required in determining the residual values of its vessels.

In determining the residual values of its vessels, the Group considers the net proceeds that would be obtained from disposal of the assets in the resale or scrap markets, fluctuations in scrap steel prices and industry practices.

The depreciation expense and carrying value of property, plant and equipment are disclosed in Note 10 to the financial statements.

(vi) Impairment of mining concession and pre-mining expenses

The Group's accounting policy for pre-mining expenses in certain items of expenditure is being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically visible extraction operation can be established. Any such estimates and assumptions may change as new information becomes available, if, after having capitalised, the expenditure is unlikely to be recoverable, the relevant capitalised amount will be written off to the statement of profit or loss and other comprehensive income.

The Group's mining operation has been in the development stage since its establishment on March 2, 2012. The key to the realisation of major component of the Group's mining operation is dependent, among others, upon the ability to obtain, maintain and renew necessary approval from the Government of the Republic of Indonesia. Further, the success of its future operations might significantly be affected, among others, by the availability of actual coal reserve, geological conditions, fluctuation of coal prices, and compliance with any future new regulation which might affect the coal industry, the outcome of which cannot be presently determined.

The carrying amounts of the Group's mining concession and pre-mining expenses are disclosed in Note 15 to the financial statements.

(vii) Acquisition of subsidiary

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities (including contingent liabilities) is recorded as goodwill.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(cont'd)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The fair value of the identifiable assets and liabilities at the acquisition date is disclosed in Note 41 to the financial statements.

(viii) Carrying amount of goodwill

Information relating to the carrying amount and management's assessment of goodwill is provided in Note 17. Based on the assessment as noted in Note 17, management expects the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	347,621	213,975	434,281	193,170
Available-for-sale financial assets	2,098	1,049	2,098	1,049
Financial liabilities				
Borrowings and payables at amortised cost	486,173	301,620	331,362	97,762
Derivative financial liability	–	8	–	–

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group and the Company do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

(c) Financial risk management policies and objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. The Group's overall financial risk management seeks to minimise potential adverse effects of financial performance of the Group. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

(i) *Market risk*

The Group's activities expose primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Management monitors risks associated with changes in foreign currency exchange rates and interest rates and will consider appropriate measures should the need arises.

There has been no significant change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

(ii) *Foreign currency risk management*

The Group transacts businesses significantly in Singapore Dollars ("S$"), Indonesian Ringgit ("IDR"), United Arab Emirates Dirham ("UAE") and Euro Dollars ("Euro"). Transactions in other currencies ("others"), e.g. Hong Kong Dollars, Thai Baht, Mexican Peso and United States Dollars are limited and such exposures to foreign exchange risk are minimal.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies at the reporting date are as follows:

Group	2015					2014				
(US$'000)	**S$**	**IDR**	**UAE**	**Euro**	**Others**	**S$**	**IDR**	**UAE**	**Euro**	**Others**
Cash and bank balances	39,547	38	199	10,198	148	3,111	113	36	3,930	436
Trade receivables	911	–	1,990	28,728	75	735	–	2,416	–	273
Other receivables	1,622	5,052	161	5,141	27	486	3,102	86	–	105
Trade payables	(10,554)	(571)	(786)	–	(139)	(7,881)	(1,012)	(255)	–	(2,368)
Other payables	(3,431)	(2,885)	(132)	–	–	(2,094)	(4,157)	(1)	–	–
Finance leases	(382)	–	–	–	–	(565)	(19)	–	–	–
Notes payable	(36,064)	–	–	–	–	–	–	–	–	–
Bank overdraft and borrowings	(186,260)	–	–	–	–	(13,417)	–	–	–	–

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** *(cont'd)*

Company	2015					2014				
(US$'000)	S$	IDR	UAE	Euro	Others	S$	IDR	UAE	Euro	Others
Cash and bank balances	35,147	–	–	–	–	209	–	–	–	–
Other receivables	1,104	–	–	–	–	64	–	–	–	–
Other payables	(1,191)	–	–	–	–	(440)	–	–	–	–
Notes payable	(36,064)	–	–	–	–	–	–	–	–	–
Bank overdraft and borrowings	(174,,854)	–	–	–	–	(3,203)	–	–	–	–

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, profit will (decrease) increase:

Profit or loss	S$ Impact		IDR Impact		UAE Impact		Euro Impact		Others Impact	
(US$'000)	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Group	(19,461)	(1,963)	163	(197)	143	228	4,407	393	11	(155)
Company	(17,586)	(337)	–	–	–	–	–	–	–	–

* *Amount less than US$1,000*

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the reverse of the above amount will be the impact to the profit or loss.

(iii) *Interest rate risk management*

Summary quantitative data of the Group's interest-bearing financial instrument can be found in section (v) of this note. The Group is exposed to interest rate risks as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider restructuring the Group's credit facilities should the need arise.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year would decrease/increase by US$1,196,000 (2014 : US$879,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Company's profit for the year would decrease/increase by US$709,000 (2014 : US$14,500). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

(iv) *Credit risk management*

Credit risk refers to the risk that debtors/counterparties will default on their obligations to repay the amount owing to the Group, resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

A substantial portion of the Group's revenue is on credit terms. These credit terms are normally contractual. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered.

Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

The table below is an analysis of trade receivables, which are not secured by any collateral or credit enhancement, as at the end of the reporting period:

	Group	
	2015	**2014**
	US$'000	**US$'000**
Not past due and not impaired	54,172	38,485
Past due but not impaired		
91 days to 180 days	43,300	63,416
> 180 days to 1 year	5,259	7,221
> 1 year and < 2 years	2,454	2,452
> 2 years and < 3 years	79	889
> 3 years	335	–
	105,599	112,463
Impaired receivables – individually assessed	6,818	4,665
Less: Allowance for doubtful debts	(6,818)	(4,665)
Total trade receivables, net	105,599	112,463

(i) Financial assets that are not past due and not impaired

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

(ii) Financial assets that are past due but not impaired

The Group has not made any allowance for remaining balances past due at the reporting date as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The maximum amount the Group could be forced to settle under the financial guarantee contract in Note 40, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$7,415,000 (2014 : US$10,710,000). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

As at 31 March 2015, 67% (2014 : 20%) of the Group's revenue are derived from customers in China which represent concentration risk within this geographical location. There is concentration of credit risk as 64% (2014: 38%) of the Group's trade receivable at the end of the financial year relate to one (2014 : one) customer.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

(v) *Liquidity risk management*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management manages liquidity risk by maintaining adequate reserve and actual cash flows and matching the maturity profiles of financial assets and liabilities, and monitoring the utilisation of bank borrowings and ensure compliance with loan covenants.

Liquidity and interest risk analyses

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statement of financial position.

	Weighted average effective interest rate	On demand or less than 1 year	Between 1 to 5 years	Adjustments	Total
	%	US$'000	US$'000	US$'000	US$'000
Group					
2015					
Non-interest bearing	–	220,976	22,183	–	243,159
Variable interest rate	0.75	105,245	–	(783)	104,462
Total		326,221	22,183	(783)	347,621
2014					
Non-interest bearing	–	213,040	–	–	213,040
Variable interest rate	0.47	939	–	(4)	935
Total		213,979	–	(4)	213,975
Company					
2015					
Non-interest bearing	–	379,057	22,183	–	401,240
Variable interest rate	0.83	33,315	–	(274)	33,041
Total		412,372	22,183	(274)	434,281
2014					
Non-interest bearing	–	192,855	–	–	192,855
Variable interest rate	0.69	316	–	(1)	315
Total		193,171	–	(1)	193,170

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate	On demand or less than 1 year	Between 1 to 5 years	After 5 years	Adjustments	Total
	%	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
2015						
Non-interest bearing	–	106,056	–	–	–	106,056
Fixed interest rate	6.27	174	38,353	–	(2,015)	36,512
Variable interest rate	3.02	182,952	169,885	18,640	(27,872)	343,605
Total		289,182	208,238	18,640	(29,887)	486,173
2014						
Non-interest bearing	–	123,450	–	–	–	123,450
Fixed interest rate	5.64	1,138	446	–	(90)	1,494
Variable interest rate	2.68	55,217	126,230	10,858	(15,629)	176,676
Total		179,805	126,676	10,858	(15,719)	301,620
Company						
2015						
Non-interest bearing	–	120,382	–	–	–	120,382
Fixed interest rate	4.87	70	38,048	–	(1,988)	36,130
Variable interest rate	2.84	128,394	58,631	325	(12,500)	174,850
Total		248,846	96,679	325	(14,488)	331,362
2014						
Non-interest bearing	–	94,469	–	–	–	94,469
Fixed interest rate	5.09	20	76	–	(5)	91
Variable interest rate	2.01	669	2,132	620	(219)	3,202
Total		95,158	2,208	620	(224)	97,762

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** *(cont'd)*

Derivative financial instruments

In 2014, the Group's derivative financial instruments comprise of interest rate swaps with contracted net cash outflows amounting to US$16,000.

(vi) *Fair value of financial assets and financial liabilities*

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option models as appropriate.

The fair values of the current financial assets and financial liabilities carried at amortised cost as reported on the statement of financial position approximate their carrying amounts due to their relative short-term maturity.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The derivative financial liability as disclosed in Note 23 to the financial statements is classified under Level 2. Management estimates the fair value using discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no significant transfers between the levels of the fair value hierarchy in March 31, 2014 and March 31, 2015.

Management consider that the carrying amounts of financial assets and financial liabilities are recorded at amortised cost in the financial statements and approximate their fair values.

(d) Capital risk management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the bank borrowings (Note 22), finance leases (Note 20) and notes payable (Note 21), and equity attributable to owners of the Company, which comprises issued capital, reserves and retained earnings as disclosed in the notes to the financial statements.

The capital structure of the Company consists of debt, which includes the bank borrowings (Note 22), finance leases (Note 20) and notes payable (Note 21), and equity attributable to owners of the Company, which comprises issued capital and reserves net of accumulated losses.

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed financial covenants requirements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

The Group's net debt to equity ratio as at the end of the reporting period are as follows:

	Group	
	2015	2014
	US$'000	US$'000
Total debt	380,116	178,170
Cash and cash equivalents	(134,947)	(46,928)
Net debt	245,169	131,242
Equity attributable to the owners of the Company	252,965	241,765
Net debt to equity ratio	97%	54%

The Group's and the Company's overall strategy remains unchanged from prior year.

5A RELATED COMPANY TRANSACTIONS

Related companies in these financial statements refer to members of the Company's group of companies.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entities entered into the following transactions with related companies:

	Group	
	2015	2014
	US$'000	US$'000
Associates		
Management fee income	(4,351)	–
Rendering of services	(255)	–
Sale of goods	(771)	–
Bareboat charges	4,436	4,526
Joint ventures		
Management fee income	(285)	–
Sale of vessels	(57,929)	(40,000)

5B RELATED PARTY TRANSACTIONS

Some of the transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless stated otherwise.

Details of transactions between the Group and related parties are disclosed below:

	Group	
	2015	2014
	US$'000	US$'000
Entities controlled by common directors and shareholders of the Company:		
Rendering of services	(395)	(134)
Purchase of services	2,320	5
Directors and shareholders of the Company:		
Rental expense	294	298

Compensation of directors and key management personnel

The remuneration of the Company's directors and other members of key management during the year were as follows:

	Group	
	2015	2014
	US$'000	US$'000
Short-term benefits	2,735	2,847
Post-employment benefits	74	104
Total	2,809	2,951

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Cash on hand and bank balances	30,485	45,993	2,487	2,911
Fixed deposits	104,462	935	33,041	315
Total	134,947	46,928	35,528	3,226
Less: Fixed deposits and bank balances pledged	(37,485)	(6,328)	(33,041)	(315)
Total	97,462	40,600	2,487	2,911
Bank overdraft (Note 22)	(343)	–	(343)	–
Cash and cash equivalents in statement of cash flows	97,119	40,600	2,144	2,911

6 CASH AND BANK BALANCES *(cont'd)*

Fixed deposits bear interests at effective interest rates ranging from 0.25% to 1.30% (2014 : 0.25% to 0.69%) per annum and for a tenure of 30 days to a year (2014 : 30 days to a year). The following are pledged to financial institution in respect of banking facilities provided to the Company and the subsidiaries (Note 22):

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Pledged fixed deposits	33,596	871	33,041	315
Bank balances	3,889	5,457	–	–
Total	37,485	6,328	33,041	315

7 TRADE RECEIVABLES

	Group	
	2015	2014
	US$'000	US$'000
Outside parties	112,034	116,711
Less: Allowance for doubtful debts	(6,818)	(4,665)
Net	105,216	112,046
Related parties (Note 5B)	383	417
Total	105,599	112,463
Movement in the above allowance:		
Balance at beginning of the year	4,665	8,338
Increase in allowance recognised in profit or loss (Note 34)	2,153	3,564
Amount written off	–	(7,237)
Balance at end of the year	6,818	4,665

The average credit period on sales of goods is 90 days (2014 : 90 days). No interest is charged on the outstanding trade receivable balance.

7 TRADE RECEIVABLES *(cont'd)*

The allowance for doubtful receivables has been determined by reference to past default experience and the review of the trade receivables listing by management. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Management is of opinion that no further credit allowance is required in excess of the allowance for doubtful debts.

Included in trade receivables due from outside parties above are contracts in progress at the end of the reporting period as follows:

	Group	
	2015	2014
	US$'000	US$'000
Costs incurred to date plus recognised profits	232,376	69,925
Accumulated billings	(165,131)	(26,290)
Net	67,245	43,635
Amount due from contract customers included in outside parties	67,245	43,635

8 OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Deposits for property, plant and equipment	118	804	–	–
Prepayments	3,152	2,898	53	45
Sundry deposits	2,629	3,363	92	91
Sundry receivables	13,275	16,322	1,008	99
Due from joint ventures (Note 5A and Note 13)	61,483	34,862	–	–
Due from related parties (Note 5B)	30	37	–	–
Due from associates (Note 5A and Note 12)	29,658	–	22,952	–
Due from subsidiaries (Note 5A and Note 11)	–	–	374,701	189,754
Total	110,345	58,286	398,806	189,989
Less: Non-current portion	(23,591)	(2,125)	(22,183)	–
Current portion	86,754	56,161	376,623	189,989

8 OTHER RECEIVABLES *(cont'd)*

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Non-current portion is made up of:				
Deposits for property, plant and equipment	118	804	–	–
Due from associate (Note 12)	22,183	–	22,183	–
Prepayments	1,290	1,321	–	–
Total	23,591	2,125	22,183	–

The amounts due from joint ventures, related parties, associates and subsidiaries are unsecured, interest-free and repayable on demand except for an amount due from associate which is due more than one year after the reporting period. Management has considered that the carrying value of the receivable approximates to its fair value as at the end of reporting period.

In determining the recoverability of receivables from subsidiaries, joint ventures, related parties and associates, the Company considers the financial strength and performance of the subsidiaries, joint ventures, related parties and associates. Accordingly, management believes that no allowance for doubtful debts is required.

In determining the recoverability of other receivables from third parties, the Group considers any changes in the credit quality of the third parties from the date credit was initially granted up to end of the reporting period. The Group's sundry receivables from third parties are neither past due nor impaired and have been assessed to be creditworthy, based on the credit evaluation process performed by management.

9 INVENTORIES

	Group	
	2015	2014
	US$'000	US$'000
Equipment components, at cost	440	1,416

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Freehold land	Leasehold office premises	Vessels	Dry-docking	Plant and machinery	Furniture and fittings	Renovation	Motor vehicles	Construction work-in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group											
Cost:											
At April 1, 2013	1,653	60	6,579	216,301	10,005	822	400	1,072	1,521	609	239,022
Translation adjustment	(44)	(2)	–	–	–	–	(2)	4	(13)	–	(57)
Additions	–	–	13,536	55,153	2,705	44	34	–	464	306	72,242
Transfer from deposits for property, plant and equipment (Note 8)	–	–	–	6,342	–	–	–	–	–	14	6,356
Acquired on acquisition of subsidiary (Note 41)	–	–	–	–	–	43	–	–	–	–	43
Disposal	–	–	–	(23,697)	(377)	(3)	–	–	(21)	–	(24,098)
At March 31, 2014	1,609	58	20,115	254,099	12,333	906	432	1,076	1,951	929	293,508
Translation adjustment	(130)	(8)	–	–	–	13	(5)	–	5	–	(125)
Additions	–	–	4,086	43,475	1,602	133	4	631	427	2,282	52,640
Acquired on acquisition of subsidiary (Note 41)	–	–	–	186,880	5,620	–	48	–	–	322	192,870
Written off	–	–	–	–	(1,206)	(1)	(9)	(69)	–	–	(1,285)
Transfer	–	–	–	–	–	–	–	–	–	–	–
Disposal of a subsidiary (Note 42)	–	–	–	–	–	(5)	–	–	–	–	(5)
Disposal	–	–	–	(20,851)	–	(10)	–	–	(68)	(2,316)	(23,245)
At March 31, 2015	1,479	50	24,201	463,603	18,349	1,036	470	1,638	2,315	1,217	514,358

10 PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Buildings	Freehold land	Leasehold office premises	Vessels	Dry-docking	Plant and machinery	Furniture and fittings	Renovation	Motor vehicles	Construction work-in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group											
Accumulated depreciation:											
At April 1, 2013	374	–	184	46,628	3,097	607	314	775	1,033	–	53,012
Translation adjustment	(13)	–	–	–	–	1	(2)	4	(5)	–	(15)
Depreciation	74	–	355	11,939	963	85	33	221	215	–	13,885
Eliminated on disposal	–	–	–	(1,185)	(119)	(3)	–	–	(20)	–	(1,327)
At March 31, 2014	435	–	539	57,382	3,941	690	345	1,000	1,223	–	65,555
Translation adjustment	(48)	–	–	–	–	5	4	59	(23)	–	(3)
Depreciation	72	–	405	11,933	1,093	86	31	123	255	–	13,998
Written off	–	–	–	–	(1,206)	(1)	(9)	(69)	–	–	(1,285)
Eliminated on disposal of a subsidiary (Note 42)	–	–	–	–	–	(3)	–	–	–	–	(3)
Eliminated on disposal	–	–	–	(341)	–	(8)	–	–	(52)	–	(401)
At March 31, 2015	459	–	944	68,974	3,828	769	371	1,113	1,403	–	77,861
Carrying amount:											
At March 31, 2014	1,174	58	19,576	196,717	8,392	216	87	76	728	929	227,953
At March 31, 2015	1,020	50	23,257	394,629	14,521	267	99	525	912	1,217	436,497

10 PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Leasehold office premises	Furniture and fittings	Plant and machinery	Renovation	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Company						
Cost:						
At April 1, 2013	6,579	93	207	530	–	7,409
Additions	–	–	14	–	184	198
At March 31, 2014	6,579	93	221	530	184	7,607
Additions	–	–	22	–	175	197
At March 31, 2015	6,579	93	243	530	359	7,804
Accumulated depreciation:						
At April 1, 2013	184	40	179	298	–	701
Depreciation	114	13	17	176	3	323
At March 31, 2014	298	53	196	474	3	1,024
Depreciation	114	14	12	56	66	262
At March 31, 2015	412	67	208	530	69	1,286
Carrying amount:						
At March 31, 2014	6,281	40	25	56	181	6,583
At March 31, 2015	6,167	26	35	–	290	6,518

The carrying amounts of the Group's certain plant and equipment includes an amount of US$382,000 (2014 : US$373,000) secured in respect of assets held under finance leases (Note 20).

The Group and the Company have the following pledges to secure banking facilities (Note 22) granted to the Group and the Company.

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Leasehold office premises	23,257	19,576	6,167	6,281
Vessels and dry-docking	197,351	195,597	–	–
Total	220,608	215,173	6,167	6,281

11 SUBSIDIARIES

	Company 2015 US$'000	Company 2014 US$'000
Unquoted equity shares, at cost	166,684	166,683
Deemed investment in subsidiaries	12,674	9,869
Total	179,358	176,552

The deemed investment in subsidiaries relates to the amount due from subsidiaries which is unsecured, interest-free and not expected to be repaid in the foreseeable future.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in the financial statements.

Details of the Company's subsidiaries as at the end of the financial year are as follows:

Name of entity	Effective equity interest and voting power held 2015 %	Effective equity interest and voting power held 2014 %	Place of incorporation/ operation	Principal activities
Held by the Company:				
Capital Guardian Limited (8)	100	100	Hong Kong	Investment holding
Energian Pte Ltd (2)	100	100	Singapore	Investment holding
Falcon Energy Projects Pte Ltd (2)	100	100	Singapore	Investment holding
Falcon Oilfield Services Pte Ltd (2)	100	100	Singapore	Investment holding
FEG Offshore Pte Ltd (2)	100	100	Singapore	Investment holding
Petro Asset Pte Ltd (12)	100	–	Singapore	Dormant
FTS Derricks Pte Ltd (2) (6)	–	65	Singapore	Investment holding, rigs owner and operators
Oilfield Services Company Limited (3) (8)	100	100	Hong Kong	Investment holding
Radford Holdings Limited (8)	100	100	Hong Kong	Investment holding
Held by FTS Derricks Pte Ltd:				
TS Drilling Pte Ltd (2) (6) (70% equity interest held by FTS Derricks Pte Ltd)	–	45.50	Singapore	Trading, owning and operating of rigs
TS Amber Ltd (1) (6) (9)	–	45.50	British Virgin Islands	Trading, owning and operating of rigs
TS Pearl Ltd (1) (6) (9)	–	45.50	British Virgin Islands	Trading, owning and operating of rigs

11 **SUBSIDIARIES** *(cont'd)*

Name of entity	Effective equity interest and voting power held 2015 %	2014 %	Place of incorporation/ operation	Principal activities
Held by Capital Guardian Limited:				
CGL Resources Limited (8)	100	100	Labuan	Coal trading and related activities
FLZ Oil & Gas Limited (8)	65	65	Labuan	Crude oil trading and related activities
Held by Energian Pte Ltd:				
Chuan Hup Agencies Pte Ltd (9) (11)	86.71	–	Singapore	Ship manager
CH Offshore Ltd (5) (9)	86.71	–	Singapore	Vessel owner and charterer
Delaware Marine Pte Ltd (9) (11)	86.71	–	Singapore	Dormant
Garo Pte Ltd (9) (11)	86.71	–	Singapore	Dormant
JN Offshore Services Pte Ltd (9) (11)	86.71	–	Singapore	Dormant
Offshore Gold Shipping Pte Ltd (9) (11)	86.71	–	Singapore	Ship owning and chartering
Pembrooke Marine Pte Ltd (9) (11)	86.71	–	Singapore	Ship owning and chartering
Sea Glory Private Limited (9) (11)	86.71	-	Singapore	Vessel owner and charterer
Venture Offshore Pte Ltd (9) (11)	86.71	-	Singapore	Investment holding
Held by Falcon Energy Projects Pte Ltd:				
Falcon Oilfield Projects Inc (1) (9)	100	100	British Virgin Islands	Project management
Falcon Energy FZC (8)	100	100	United Arab Emirates	Marketing and business development
Passiflora Capital Limited (1) (8)	100	100	British Virgin Islands	Bareboat charterer
Held by Falcon Oilfield Services Pte Ltd:				
Astanient S.A. de C.V. (10)	65	65	Republic of Mexico	Providing services to oil field companies
CDS Oilfield Service (S) Pte Ltd (2)	86.67	86.67	Singapore	Shipping agent
CDS Oilfield Service (Tianjin) Co., Ltd (3) (8)	65	65	People's Republic of China	International trade logistics and oilfield services of engineering technical and consultation

11 **SUBSIDIARIES** *(cont'd)*

Name of entity	Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2015	2014		
	%	%		
Falcon Oilfield Services (USA) Inc. (3) (8)	100	100	United States of America	Providing services to oilfield companies
Longzhu Oilfield Services (S) Pte Ltd (2)	65	65	Singapore	Shipping agencies for offshore oilfields, explorations, construction and marine transportations
Petrolink FZC (8)	100	100	United Arab Emirates	Import, export and trading in oil and gas field equipment and marine equipment related accessories
Terasa-Star International Shipping Pte Ltd (2)	65	65	Singapore	Provision of shipping and transportation services and sales of demulsifies
Held by FEG Offshore Pte Ltd:				
Axus Marine Pte Ltd (2)	100	100	Singapore	Vessel owner and charterer
PDE International Ltd (3)	100	100	Labuan	Vessel owner and charterer
PT Bayu Maritim Makmur (4)	100	100	Indonesia	Vessel owner and charterer
PT Bayu Maritim Berkah (4)	100	100	Indonesia	Vessel owner and charterer
PT Bayu Maritim Group (8)	90	90	Indonesia	Investment holding
Sears Marine S.A. (1) (8)	100	100	Republic of Panama	Vessel owner and charterer
Held by Oilfield Services Company Limited:				
Asetanian Marine Pte Ltd (2)	100	100	Singapore	Ship manager
Atlantic Marine S.A. (1) (9)	100	100	Republic of Panama	Vessel owner and charterer
Century Marine S.A. (1) (9)	100	100	Republic of Panama	Vessel owner and charterer
Excel Marine S.A. (1) (9)	100	100	Republic of Panama	Vessel owner and charterer
Imel Assets Corporation (1) (9)	100	100	Republic of Panama	Vessel owner and charterer
Imperial Marine S.A. (1) (8)	100	100	Republic of Panama	Vessel owner and charterer
Innovest Resources Ltd (1) (9)	100	100	British Virgin Islands	Vessel owner and charterer

11 SUBSIDIARIES *(cont'd)*

Name of entity	Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2015	2014		
	%	%		
Held by Oilfield Services Company Limited: *(cont'd)*				
Morrison Marine Services S.A. (1) (9)	100	100	Republic of Panama	Vessel owner and charterer
Motley Trio Offshore Pte Ltd (1) (9)	100	100	British Virgin Islands	Vessel owner and charterer
Aset Marine Pte Ltd (8)	100	100	Singapore	Ship manager
Trio Victory Inc (1) (9)	100	100	British Virgin Islands	Vessel owner and charterer
Held by Radford Holdings Limited:				
Falcon Resource Management Pte Ltd (2)	100	100	Singapore	Mining management and other related services; and investment holding
Krameria Limited (8)	100	100	Hong Kong	Investment holding
PT Ganindo Sentosa Makmur (8)	100	100	Indonesia	Dormant
PT Falindo Sukses Abadi (8)	100	100	Indonesia	Dormant
PT Majujasa Sumber (4)	100	100	Indonesia	Coal trading and mining activities
PT Majujasa Tenaga (5) (8)	100	100	Indonesia	Coal trading and mining activities
Quick Link Holdings Limited (8)	100	100	Hong Kong	Investment holding

Notes:

(1) Not required to be audited by law in the country of incorporation.
(2) Audited by Deloitte & Touche LLP, Singapore.
(3) Audited by other firms of auditors.
(4) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.
(5) During the current financial year, the Group acquired an additional 57.64% of the equity interest in CH Offshore Ltd ("CHO"), previously a 29.07% associate of the Group. As a result of the additional equity interest, the investment in CHO has been reclassified from associate (Note 12) to subsidiary. As at March 31, 2015, the market value of the quoted equity shares held by the Group was approximately US$202,320,000 (equivalent to S$278,190,000).
(6) During the current financial year, the Group diluted 15% of the equity interest in FTS Derricks Pte Ltd, previously a 65% subsidiary of the Group. As a result of the dilution, the investment in FTS Derricks Pte Ltd has been reclassified from subsidiary to associate (Note 12).
(7) Subsidiary was acquired during the year and not considered to be a material subsidiary of the Group.
(8) Not considered to be a material subsidiary of the Group.
(9) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.
(10) Audited by DFK Lopez Novelo, S.C.P.
(11) Subsidiary is part of the CHO Group that was acquired during the year.
(12) Subsidiary was incorporated during the year and not considered to be a material subsidiary of the Group.

11 SUBSIDIARIES *(cont'd)*

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2015	**2014**
Investment holding	Singapore	4	4
Investment holding	Hong Kong	5	5
Ship manager	Singapore	2	2
Vessel owner and charterer	Singapore	1	1
Vessel owner and charterer	Republic of Panama	7	7
Vessel owner and charterer	British Virgin Islands	3	3
Vessel owner and charterer	Indonesia	2	2
Vessel owner and charterer	Labuan	1	1
Coal trading and mining activities	Indonesia	2	2
Coal trading and related activities	Labuan	1	1
Project Management	British Virgin Islands	1	1
Providing services to oilfield companies	United States of America	1	1
Mining management and other related services; and investment holding	Singapore	1	1
Marketing and business development	United Arab Emirates	1	1
Import, export and trading in oil and gas field equipment and marine equipment related accessories	United Arab Emirates	1	1
Bareboat charterer	British Virgin Islands	1	1
Dormant	Indonesia	2	2
Dormant	Singapore	1	–
		37	36

11 **SUBSIDIARIES** *(cont'd)*

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2015	2014
Investment holding	Singapore	1	–
Investment holding	Indonesia	1	1
Ship manager	Singapore	1	–
Providing services to oil field companies	Republic of Mexico	1	1
Vessel owner and charterer	Singapore	4	–
Shipping agent	Singapore	1	1
International trade logistics and oilfield services of engineering technical and consultation	People's Republic of China	1	1
Dormant	Singapore	3	–
Shipping agencies for offshore oilfields, explorations, construction and marine transportations	Singapore	1	1
Provision of shipping and transportation services and sales of demulsifies	Singapore	1	1
Investment holding, rigs owner and operators	Singapore	–	1
Crude oil trading and related activities	Labuan	1	1
Trading, owning and operating of rigs	Singapore	–	1
Trading, owning and operating of rigs	British Virgin Islands	–	2
		16	11

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ operation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015	2014	2015	2014
		%	%	US$'000	US$'000	US$'000	US$'000
CH Offshore Ltd [(1)]	Singapore	13.29	–	155	–	37,259	–
Longzhu Oilfield Services (S) Pte Ltd	Singapore	35.00	35.00	4,688	4,208	14,810	10,122
FTS Derricks Pte Ltd [(2)]	Singapore	–	45.50	–	36,270	–	2,837
Individually immaterial subsidiaries with non-controlling interests				300	875	5,094	4,503
				5,143	41,353	57,163	17,462

11 **SUBSIDIARIES** *(cont'd)*

(1) During the current financial year, the Group acquired an additional 57.64% of the equity interest in CH Offshore Ltd ("CHO"), previously a 29.07% associate of the Group. As a result of the additional equity interest, the investment in CHO has been reclassified from associate (Note 12) to subsidiary.

(2) During the current financial year, the Group diluted 15% of the equity interest in FTS Derricks Pte Ltd, previously a 65% subsidiary of the Group. As a result of the dilution, the investment in FTS Derricks Pte Ltd has been reclassified from subsidiary to associate (Note 12).

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Statement of financial position	CH Offshore Ltd		Longzhu Oilfield Services (S) Pte Ltd		FTS Derricks Pte Ltd	
	2015	2014	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Current assets	79,606	–	94,927	94,456	–	15,487
Non-current assets	228,588	–	24,449	20,944	–	12
Current liabilities	(12,065)	–	(66,120)	(76,695)	–	(10,151)
Non-current liabilities	(15,774)	–	(10,907)	(9,750)	–	–
Equity attributable to owners of the Company	243,096	–	27,539	18,833	–	2,511
Non-controlling interests	37,259	–	14,810	10,122	–	2,837
Statement of profit or loss and other comprehensive income						
Revenue	2,621	–	246,433	124,211	–	128,437
Expenses	(1,454)	–	(233,038)	(112,186)	–	(61,922)
Profit for the year	1,167	–	13,395	12,025	–	66,515
Profit attributable to owners of the Company	1,012	–	8,707	7,817	–	30,245
Profit attributable to non-controlling interests	155	–	4,688	4,208	–	36,270
Profit for the year, representing total comprehensive income for the year	1,167	–	13,395	12,025	–	66,515
Dividends declared to non-controlling interests	–	–	–	–	–	(14,721)
Cash flows information						
Net cash inflow from operating activities	5,602	–	7,697	5,373	–	112,676
Net cash outflow from investing activities	(917)	–	(1,277)	(2,086)	–	(39,572)
Net cash (outflow) inflow from financing activities	–	–	(2,921)	4,915	–	(60,398)
Net cash inflow	4,685	–	3,499	8,202	–	12,706

There were no significant restrictions on the Company or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group.

12 ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Quoted equity shares, at cost	–	104,774	–	–
Unquoted equity shares, at cost	9,003	5,656	*	–
Amount receivables – non-trade	12,677	–	–	–
Share of post-acquisition profit, net of dividend received and amortisation of deferred gain	21,122	(8,098)	–	–
Total	42,802	102,332	*	–

* *Amount less than US$1,000*

The amount receivables are unsecured, interest-free and repayable upon disposal of the associated companies. The amounts receivable from the associated companies, in substance, form part of the Group's net investment in the associated companies.

Details of the Group's associates as at the end of the financial year are as follows:

Name of entity	Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2015	2014		
	%	%		
Held by company:				
FTS Derricks Pte Ltd (6)	50	–	Singapore	Investment holding, rigs owner and operators
Held by Falcon Energy Projects Pte Ltd:				
Federal Offshore Services Pte Ltd (1) (5)	40	40	Singapore	Vessel owner and charterer
Otira Corporation (2) (5)	49	49	British Virgin Islands	Bareboat charterer
Held by Energian Pte Ltd:				
CH Offshore Ltd (3) (4) (7)	–	29.07	Singapore	Vessel owner and charterer
PT Bahtera Nusantara Indonesia (5) (8)	42.49	–	Indonesia	Vessel owner and charterer
Gemini Sprint Sdn Bhd (5) (8)	42.49	–	Malaysia	Vessel chartering
Marineco Limited (5) (8)	42.49	–	Malaysia	Vessel owner and charterer

12 ASSOCIATES *(cont'd)*

All of the above associates are accounted for using the equity method in this consolidated financial statements.

Notes:
(1) Audited by Ernst & Young LLP, Singapore
(2) Not required to be audited by law in the country of incorporation.
(3) A public listed Company on SGX with June 30 financial year end and audited by Deloitte & Touche LLP, Singapore. In 2014, the market value of the quoted equity shares held by the Group was approximately US$66,653,000 (equivalent to S$84,050,000).
(4) The Group has pledged the shares of the associate to secure banking facilities granted to the Group (Note 22).
(5) Not considered to be a material associate of the Group.
(6) During the current financial year, the Group diluted 15% of the equity interest in FTS Derricks Pte Ltd, previously a 65% subsidiary of the Group. As a result of the dilution, the investment in FTS Derricks Pte Ltd has been reclassified from subsidiary (Note 11) to associate.
(7) During the current financial year, the Group acquired an additional 57.64% of the equity interest in CH Offshore Ltd ("CHO"), previously a 29.07% associate of the Group. As a result of the additional equity interest, the investment in CHO has been reclassified from associate to subsidiary (Note 11).
(8) Associate is part of the CHO Group that was acquired during the year.

There are no associates that are material to the Group.

There were no significant restrictions on the associates' ability to transfer funds to the group in the form of cash dividends.

The following amounts are included in the Group's financial statements as a result of the equity accounting of the associates.

	Group	
	2015	**2014**
Statement of Financial Position	**US$'000**	**US$'000**
Total assets	236,526	311,225
Total liabilities	(158,810)	(34,677)
Net assets	77,716	276,548
Group's share of associates' net assets	30,125	102,332
Amount receivables – non-trade	12,677	–
Total	42,802	102,332
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	42,374	42,694
Profit for the year, representing total comprehensive income for the year	21,409	33,294
Group's share of associates' profit for the year, representing Group's share of total comprehensive income for the year	3,590	7,182
Dividend received	6,391	3,292

13 JOINT VENTURES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Unquoted equity shares, at cost	57	7	–	2
Share of post-acquisition profit,net of dividend received and amortisation of deferred gain	3,291	3	–	–
Deemed investment in joint ventures	–	22,181	–	22,181
Total	3,348	22,191	–	22,183

In 2014, the deemed investment in joint ventures relate to the down payment amount made by the Group's subsidiary, FTS Derricks Pte Ltd ("FTS") for the purchase of five rigs from two third party shipyards on the basis that the shareholders agreed in principle of the joint investment arrangement. As at March 31, 2014, the Group's capital commitment on the purchase of the five rigs based on 25% shareholdings amounted to US$252,230,000 (Note 39).

In March 2015:

(i) The joint venture agreement between the various parties has lapsed due to un-fulfilment of certain conditions. In addition, the Group announced that FTS has issued an aggregate of 300 new ordinary shares at an issue price of S$300 each in the share capital of FTS to Mr Cai Wenxing ("Mr Cai"), an existing shareholder of FTS and a director of the Company, thereby increasing its issued and paid-up share capital from S$1,000 to S$91,000. The increase of the issued and paid up share capital in FTS was due to the capitalisation of a shareholder's loan amounting to S$90,000 extended by Mr Cai to FTS. As a result of the capitalisation, the Company's interest in the share capital of FTS has been diluted from 65% to 50% (the "Dilution"). In addition, there is a change in the Board of Directors of FTS resulting in Mr Cai gaining control of FTS and the practical ability to direct the relevant activities of FTS. Consequently, management has assessed that FTS is no longer a subsidiary and accounted it as an associated company (Note 12); and

(ii) The Group entered into a Memorandum of Agreement with a third party and a subsidiary of the Group, FTSG Co. Limited ("FTSG") to distribute four out of five rigs contracted by FTS equally between FTSG and the third party ("Distribution of Rigs"). In addition, the party taking over the rigs shall procure the release of the guarantee given to the shipyard by the Group and provide such replacement guarantee as may be required by the said shipyard. As at the end of the reporting period, certain conditions in relation to the Distribution of Rigs has not been fulfilled as the performance guarantee given by the Group to the shipyard has not been discharged by the third party taking over the rigs (Note 40).

As a result of the above events, the previously recorded amount of deemed investment in joint ventures has been reclassified to other receivables – amount due from associates (Note 8) as at March 31, 2015.

13 JOINT VENTURES *(cont'd)*

Name of entity	Effective equity interest and voting power held 2015 %	2014 %	Place of incorporation/ operation	Principal
Held by the Company:				
FTSG Co. Limited (1) (3)	50	50	British Virgin Islands	Investment holding
Held by FTFG Co Limited:				
TS Drilling Holdings Limited (1) (3)	25	25	British Virgin Islands	Investment holding
TS Coral Limited (1) (3)	25	25	British Virgin Islands	Rig owner and operator
TS Opal Limited (1) (3)	25	25	British Virgin Islands	Rig owner and operator
TS Emerald Limited (1) (3)	25	25	British Virgin Islands	Rig owner and operator
TS Jade Limited (1) (3)	25	25	British Virgin Islands	Rig owner and operator
TS Topaz Limited (1) (3)	25	25	British Virgin Islands	Rig owner and operator
Held by Oilfield Services Company Limited:				
Dictamismo S De R.L. De C.V. (4)	50	50	Mexico	Vessel owner and charter
Held by FEG Offshore Pte Ltd:				
Maritim Indah Sdn Bhd (2) (3)	50	–	Brunei	Vessel owner and charter

Notes:
(1) Not required to be audited by law in the country of incorporation.
(2) During the current financial year, the Group acquired a 50% equity interest in Maritim Indah Sdn Bhd.
(3) Not considered to be a material joint venture of the Group.
(4) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.

The following amounts are included in the Group's financial statements as a result of the equity accounting of the joint ventures.

	2015 US$'000	2014 US$'000
Dictamismo S De R.L. De C.V ("Dictamismo")	2,698	7
Other joint ventures	650	3
Deemed investment in joint ventures	–	22,181
Total	3,348	22,191

13 JOINT VENTURES *(cont'd)*

The summarised financial information of the material joint ventures, not adjusted for the Group's proportionate share, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Dictamismo	
	2015	**2014**
Statement of Financial Position	**US$'000**	**US$'000**
Current assets	9,717	2,787
Non-current assets	37,833	39,833
Current liabilities	(2,314)	(620)
Non-current liabilities	(39,886)	(42,032)
Net assets (liabilities)	5,350	(32)
Non-controlling interests	–	–
Net assets (liabilities) attributable to the owners of Company	5,350	(32)
Proportion of the Group's ownership in the joint ventures	50%	50%
Group's share of net assets (liabilities)	2,675	(16)
Other adjustments	23	23
Carrying amount of the investment	2,698	7
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	9,925	837
Profit (loss) after tax	5,182	(45)
Other comprehensive income (loss)	200	(3)
Total comprehensive income (loss)	5,382	(48)

There were no significant restrictions on the joint ventures' ability to transfer funds to the Group in the form of cash dividends.

Aggregate information of joint ventures that are not individually material

	Group	
	2015	**2014**
Statement of Financial Position	**US$'000**	**US$'000**
Total assets	1,312	–
Total liabilities	(12)	–
Net assets	1,300	–
Group's share of joint ventures' net assets	650	–
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	5,904	–
Profit for the year, representing total comprehensive income for the year	1,197	–
Group's share of joint ventures' profit for the year, representing group's share of total comprehensive income for the year	599	–

14 AVAILABLE-FOR-SALE INVESTMENT

	Group and Company	
	2015	2014
	US$'000	US$'000
Unquoted equity shares, at cost	2,098	1,049

The investment in unquoted shares represents an investment in an entity that invests, owns and charters oil rigs and provides drilling and associated services. Management is of the view that there are no reliable measures of the fair values of the investment and that the share of net assets approximate the recoverable amount. Accordingly, the investment in unquoted shares is stated at cost less impairment in recoverable value.

15 OTHER INTANGIBLE ASSETS

	Group			
	Club membership	Mining concession	Pre-mining expenses	Total
	US$'000	US$'000	US$'000	US$'000
At April 1, 2013	187	633	1,202	2,022
Additions	–	–	235	235
At March 31, 2014	187	633	1,437	2,257
Additions	2	–	678	680
At March 31, 2015	189	633	2,115	2,937

The intangible assets included above, except club membership, have finite useful lives, over which the assets are amortised.

Club membership has an indefinite useful life and is assessed for impairment based on indicative market prices.

Mining concession will be amortised over 5 years or shorter period based on the total proven and probable reserves of the coal mine starting from the date of commercial operation.

Pre-mining expenses will be amortised upon commencement of the mining operations.

As the Group has not started commercial operation of the mining activities, there is no amortisation expense for the current and previous financial year.

16 DEFERRED TAXATION

	Group	
	2015	2014
	US$'000	US$'000
Deferred tax assets	362	325
Deferred tax liabilities	(14,929)	(5,128)
Total	(14,567)	(4,803)

16 DEFERRED TAXATION *(cont'd)*

The following are the major deferred tax assets and liabilities recognised by the Group and the movement during the year:

Deferred tax assets/(liabilities)

	Group			
	Fair value adjustments	**Unabsorbed tax losses**	**Other temporary differences**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Balance at April 1, 2013	–	251	(44)	207
Charge to profit or loss (Note 33)	–	74	(5,084)	(5,010)
Balance at March 31, 2014	–	325	(5,128)	(4,803)
Arising on acquisition of a subsidiary (Note 41)	(9,825)	–	–	(9,825)
Credit to profit or loss (Note 33)	–	37	24	61
Balance at March 31, 2015	(9,825)	362	(5,104)	(14,567)

An allowance is made to the extent that it is probable that taxable profit will be available against which the unused tax losses carryforwards can be utilised by certain subsidiaries. The realisation of the future income tax benefits from tax losses carryforwards and temporary differences are available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. Where provision for deferred tax arising from temporary differences has been offset against the above tax losses carryforwards, such provision for deferred tax will be required to be set up when the tax losses are utilised in the future.

At the end of the reporting period, deferred tax liabilities amounting to US$2,048,000 (2014 : US$1,600,000) have not been recognised on the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

Subject to agreement with the Comptroller of Income Tax and tax authorities in the relevant foreign tax jurisdictions in which the Group operates and conditions imposed by law, the Group has tax loss carry forwards available for offsetting against future taxable income amounting to US$3,301,000 (2014 : US$867,000).

Future tax benefits from the foreign tax loss carryforwards from a subsidiary in Indonesia are not recognised due to the unpredictability of future profits and have limited life up to 2020 to offset against future profits after which any unutilised amount will be foregone.

17 GOODWILL

	Group	
	2015	2014
	US$'000	US$'000
Cost:		
At beginning of year	–	–
Arising from acquisition of a subsidiary (Note 41)	6,376	–
At end of year	6,376	–

Goodwill acquired in a business combination allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination:

Name of subsidiary	CGU	Carrying amount of goodwill before recognition of impairment loss 2015	2014
		US$'000	US$'000
CH Offshore Ltd ("CHO")	Marine	6,376	–

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the cash generating units, are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates and expected order book secured and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. Order book secured and direct costs are based on past practices and expectations of future changes in the market.

Goodwill is allocated to each cash generating units ("CGU") identified that are expected to benefit from the business combination.

The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management using a discount rate of 8.0% per annum.

Management estimates that any reasonable changes in the estimates and assumptions used in the discounted cash flow model would not change the conclusion on the goodwill impairment assessment.

Based on the above assessment, management expects the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

18 TRADE PAYABLES

	Group	
	2015	2014
	US$'000	US$'000
Outside parties	57,095	91,177

The average credit period on purchases of goods is 30 days (2014 : 30 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

19 OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Deferred gain	30,711	7,836	–	–
Due to directors of the Company (Note 5B)	1	5,000	–	–
Accrued expenses	7,449	5,784	697	333
Other payables	29,616	14,889	494	107
Due to associates (Note 5A and Note 12)	7,095	6,294	–	–
Due to related parties (Note 5B)	4,801	306	–	–
Due to subsidiaries (Note 5A and Note 11)	–	–	119,191	94,029
Total	79,673	40,109	120,382	94,469
Less: Non-current	(29,228)	(7,520)	–	–
Current	50,445	32,589	120,382	94,469

The amounts due to associates, related parties, directors of the Company and subsidiaries are unsecured, interest-free and are repayable on demand.

Deferred gain relates to the Group's share of the gain from the sale of vessel to joint venture companies. The deferred gain will be amortised over the remaining useful life of the vessel and net against the share of results of the joint venture in the consolidated statement of profit or loss and other comprehensive income.

19 OTHER PAYABLES *(cont'd)*

	Group 2015 US$'000	Group 2014 US$'000
Movement in the above deferred gain:		
Balance at beginning of the year	7,836	–
Addition during the year	17,337	7,836
Arising from acquisition of subsidiary	6,387	–
Amortisation during the year, net against the share of results of:		
– associate (Note 12)	(34)	–
– joint venture (Note 13)	(815)	–
Balance at end of the year	30,711	7,836
Less: Non-current portion	(29,228)	(7,520)
Total	1,483	316

20 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
Group	US$'000	US$'000	US$'000	US$'000
Within one year	182	196	163	172
In the second to fifth years inclusive	305	449	285	417
After five years	–	–	–	–
Total	487	645	448	589
Less: Future finance charges	(39)	(56)	NA	NA
Present value of lease obligations	448	589	448	589
Less: Due within 12 months			(163)	(172)
Due after 12 months			285	417
Company				
Within one year	19	20	17	19
In the second to fifth years inclusive	56	76	49	72
After five years	–	–	–	–
Total	75	96	66	91
Less: Future finance charges	(9)	(5)	NA	NA
Present value of lease obligations	66	91	66	91
Less: Due within 12 months			(17)	(19)
Due after 12 months			49	72

20 FINANCE LEASES *(cont'd)*

It is the Group's and the Company's policy to lease certain of its plant and equipment under finance leases. The remaining lease terms as at the end of the reporting period were for approximately 4 years (2014 : 5 years). The effective borrowing rate was 4.24% to 9.85% (2014 : 4.24% to 9.85%) per annum. Interest rates are fixed at the contract date and thus expose the Group and the Company to fair value interest rate risk. All leases are on fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's and the Company's lease obligations approximate their carrying amount.

The Group's and the Company's obligations under finance leases are secured by the lessors' title to the leased assets.

21 NOTES PAYABLE

The notes payable of S$50,000,000 (equivalent to US$40,064,000) is issued under the S$500,000,000 Multicurrency Medium Term Note Programme first established in September 2014, which carries fixed interest of 5.5% per annum (interest payable semi-annually in arrear) and will mature in September 2017.

The notes payable is unsecured and listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The notes payable is recorded at amortised cost, net of transaction costs of S$742,500 (equivalent to US$595,000). Such expenses were amortised over the life of the notes payable by charging the expenses to profit or loss and increasing the net carrying amount of the notes payable with the corresponding amounts.

	Group and Company	
	2015	**2014**
	US$'000	**US$'000**
Nominal value of notes payable issued	40,064	–
Less: Transaction costs	(595)	–
At date of issue	39,469	–
Cumulative amortisation of transaction costs (Note 32)	117	–
Exchange difference	(3,522)	–
Liability (non-current) at end of year	36,064	–

Management has estimated the fair value of the notes payable at March 31, 2015 to be approximately US$35,568,000. The fair value is based on the bid price extracted from Bloomberg as at March 31, 2015 and management determined the Notes to be under Level 2 fair value hierarchy.

There are no transfers between Level 1 and Level 2 of the fair value hierarchy during the year.

22 BANK OVERDRAFT AND BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Bank overdraft	343	–	343	–
Bank loan I	–	23,750	–	–
Bank loan II	–	740	–	–
Bank loan III	–	165	–	–
Bank loan IV	880	1,357	880	1,357
Bank loan V	1,453	1,845	1,453	1,845
Bank loan VI	–	8,850	–	–
Bank loan VII	3,430	5,390	–	–
Bank loan VIII	5,295	6,915	–	–
Bank loan IX	14,270	18,230	–	–
Bank loan X	14,560	18,520	–	–
Bank loan XI	5,688	8,938	–	–
Bank loan XII	2,188	3,437	–	–
Bank loan XIII	1,531	2,406	–	–
Bank loan XIV	16,000	16,000	–	–
Bank loan XV	975	1,950	–	–
Bank loan XVI	8,632	10,049	–	–
Bank loan XVII	–	17,667	–	–
Bank loan XVIII	–	9,372	–	–
Bank loan XIX	–	2,000	–	–
Bank loan XX	17,862	20,000	–	–
Bank loan XXI	20,318	–	–	–
Bank loan XXII	11,420	–	–	–
Bank loan XXIII	14,373	–	–	–
Bank loan XXIV	4,550	–	–	–
Bank loan XXV	4,550	–	–	–
Bank loan XXVI	9,975	–	–	–
Bank loan XXVII	10,260	–	–	–
Bank loan XXVIII	2,778	–	–	–
Bank loan XXIX	99	–	–	–
Bank loan XXX	582	–	582	–
Bank loan XXXI	142,501	–	142,501	–
Bank loan XXXII	29,091	–	29,091	–
Total	343,604	177,581	174,850	3,202
Less: Current portion	(176,934)	(54,085)	(124,131)	(656)
Non-current portion	166,670	123,496	50,719	2,546

22 BANK OVERDRAFT AND BORROWINGS *(cont'd)*

The bank overdraft and loans are repayable as follows:

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Within one year	176,934	54,085	124,131	656
Within two to five years	151,212	115,748	50,719	2,003
After five years	15,458	7,748	–	543
Total	343,604	177,581	174,850	3,202

As at the end of the reporting period, details of the bank overdraft and loans are as follows:

Bank overdraft is payable at the bank's prevailing prime rate of 5.50% per annum.

Loan I A secured outstanding loan amount of US$23.75 million in 2014. The loan is repayable monthly over 15 quarterly instalments commencing from January 31, 2013 and one final instalment of US$11.25 million. The loan was secured over the shares of an associate and certain bank balances of the Group. As at March 31, 2015, the effective interest rate for the loan is 3.36% (2014 : 3.51%) per annum. The loan was fully repaid during the financial year.

Loan II A secured outstanding loan amount of US$740,000 in 2014. The loan is repayable in 19 quarterly instalments of US$320,000 each commencing from September 2009 and one final instalment of US$420,000. The loan is secured by mortgage over a vessel of the Group and its related charter hire income and bank balances equivalent to a quarter instalment of US$371,000. As at March 31, 2015, the effective interest rate for the loan is 5.50% (2014 : 5.50%) per annum. The loan was fully repaid during the financial year.

Loan III An unsecured outstanding loan amount of US$165,000 in 2014. The loan is repayable monthly at S$104,166, commencing from June 2010 for a period of 47 months and a final instalment of S$104,198. As at March 31, 2015, the effective interest rate for the loan is 5.00% (2014 : 5.00%) per annum. The loan was fully repaid during the financial year.

Loan IV An outstanding loan amount of US$880,000 (2014 : US$1.36 million). The loan is repayable in 72 monthly instalments of approximately S$41,600 each commencing from August 20, 2011. The loan is secured over leasehold office premises with a carrying amount of US$2.96 million (2014 : US$3.01 million) (Note 10). As at March 31, 2015, the effective interest rate for the loan is 2.09% (2014 : 2.02%) per annum.

Loan V An outstanding loan amount of US$1.45 million (2014 : US$1.85 million). The loan is repayable within 10 years commencing in September 2011, with a first and second year monthly payment of approximately S$28,200 and S$28,400 respectively with the remaining balance in equal instalment of approximately S$28,700 for the remaining years. The loan is secured over leasehold office premises with a carrying value of US$ 3.21 million (2014: US$3.37 million) (Note 10). As at March 31, 2015, the effective interest rate for the loan is 2.25% (2014 : 2.00%) per annum.

Loan VI A secured outstanding loan amount of US$8.85 million in 2014. The loan is repayable in 19 quarterly instalments of US$550,000 each commencing from January 2012 and one final instalment of US$3.90 million. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 2.20% (2014 : 2.24%) per annum. The loan was fully repaid during the financial year.

22 BANK OVERDRAFT AND BORROWINGS *(cont'd)*

Loan VII An outstanding loan amount of US$3.43 million (2014 : US$5.39 million). The loan is repayable in 20 quarterly instalments of US$490,000 each commencing from February 2012. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 2.50% (2014 : 2.59%) per annum.

Loan VIII An outstanding loan amount of US$5.30 million (2014 : US$6.92 million). The loan is repayable in 59 monthly instalments of US$135,000 each commencing from July 2012 and one final instalment of US$1.79 million. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 2.74% (2014 : 2.74%) per annum.

Loan IX An outstanding loan amount of US$14.27 million (2014 : US$18.23 million). The loan is repayable in 59 monthly instalments of US$330,000 each commencing from September 2012 and one final instalment of US$5.03 million. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 2.76% (2014 : 2.74%) per annum.

Loan X An outstanding loan amount of US$14.56 million (2014 : US$18.52 million). The loan is repayable in 59 monthly instalments of US$330,000 each commencing from December 2012 and one final instalment of US$4.33 million. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 2.75% (2014 : 2.74%) per annum.

Loan XI An outstanding loan amount of US$5.69 million (2014 : US$8.94 million). The loan is repayable in 48 monthly instalments of US$270,833 each commencing from January 2013. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 3.46% (2014 : 3.56%) per annum.

Loan XII An outstanding loan amount of US$2.19 million (2014 : US$3.44 million). The loan is repayable in 48 monthly instalments of US$104,167 each commencing from January 2013. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 3.46% (2014 : 3.56%) per annum.

Loan XIII An outstanding loan amount of US$1.53 million (2014 : US$2.41 million). The loan is repayable in 48 monthly instalments of US$72,917 each commencing from January 2013. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 3.46% (2014 : 3.56%) per annum

Loan XIV An outstanding revolving credit loan amount of US$16.00 million (2014 : US$16.00 million). The loan is secured by mortgage over three vessels of the Group. The loan is rolled over on a monthly basis and is repayable on demand. As at March 31, 2015, the effective interest rate for the loan is 3.28% (2014 : 3.41%) per annum.

Loan XV An outstanding loan amount of US$975,000 (2014 : US$1.95 million). The loan is repayable in 48 monthly instalments of US$81,250 each commencing from April 2012. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 2.74% (2014 : 2.87%) per annum.

22 BANK OVERDRAFT AND BORROWINGS *(cont'd)*

Loan XVI An outstanding loan amount of US$8.63 million (2014 : US$10.05 million). The loan is denominated in Singapore dollars and is repayable monthly at US$81,109, commencing from July 2013 over 15 years. The loan is secured over leasehold office premises with a carrying amount of US$13.05 million (2014 : US$13.29) (Note 10). As at March 31, 2015, the effective interest rate for the loan is 1.43% (2014 : 1.28%) per annum.

Loan XVII An outstanding loan amount of US$17.67 million in 2014. The loan is repayable in 54 monthly instalments of US$333,333 each commencing from February 2014. The loan is secured by mortgage over a vessel of a joint venture and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 3.39%. The loan was fully repaid during the financial year

Loan XVIII An outstanding loan amount of US$9.37 million in 2014. The loan is repayable in 60 monthly instalments of US$157,119 each commencing from November 2013. The loan is secured by mortgage over a vessel of a joint venture and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 3.39% (2014 : 3.26%). The loan was fully repaid during the financial year.

Loan XIX An outstanding revolving credit loan amount of US$2.00 million in 2014. The loan is secured by mortgage over a vessel of a joint venture. The loan is rolled over on a monthly basis and repayable on demand. As at March 31, 2015, the effective interest rate for the loan is 2.70% (2014 : 2.36%) per annum. The loan was fully repaid during the financial year.

Loan XX An outstanding loan amount of US$17.86 million (2014: US$20.00 million). The loan is repayable in 84 monthly instalments of US$266,616 each commencing from June 2014. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 3.33% (2014 : 3.27%) per annum.

Loan XXI An outstanding loan amount of US$20.32 million. The loan is repayable in 84 monthly instalments of US$303,276 each commencing from June 2014. The loan is secured by mortgage over a vessel of the Group. As at March 31, 2015, the effective interest rate for the loan is 3.33% per annum.

Loan XXII An outstanding loan amount of US$11.42 million. The loan is repayable in 60 monthly instalments of US$215,000 each commencing from September 2014. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 3.33% per annum.

Loan XXIII An outstanding loan amount of US$14.37 million. The loan is repayable in 60 monthly instalments of US$256,667 each commencing from December 2014. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at March 31, 2015, the effective interest rate for the loan is 3.33% per annum.

Loan XXIV An outstanding loan amount of US$4.55 million. The loan is repayable in 52 monthly instalments of US$87,500 each commencing from August 2014. The loan is secured by mortgage over a vessel of the Group. As at March 31, 2015, the effective interest rate for the loan is 2.66% per annum.

22 BANK OVERDRAFT AND BORROWINGS *(cont'd)*

Loan XXV An outstanding loan amount of US$4.55 million. The loan is repayable in 52 monthly instalments of US$87,500 each commencing from August 2014. The loan is secured by mortgage over a vessel of the Group. As at March 31, 2015, the effective interest rate for the loan is 2.66% per annum.

Loan XXVI An outstanding loan amount of US$9.98 million. The loan is repayable in 60 monthly instalments of US$175,000 each commencing from January 2015. The loan is secured by mortgage over a vessel of the Group. As at March 31, 2015, the effective interest rate for the loan is 2.92% per annum.

Loan XXVII An outstanding loan amount of US$10.26 million. The loan is repayable in 60 monthly instalments of US$180,000 each commencing from January 2015. The loan is secured by mortgage over a vessel of the Group. As at March 31, 2015, the effective interest rate for the loan is 2.92% per annum.

Loan XXVIII An outstanding loan amount of US$2.78 million. The loan is denominated in Singapore dollars and is repayable monthly at S$20,000 commencing from August 2015 over 15 years. The loan is secured over leasehold office premises with a carrying amount of US$4.04 million (Note 10). As at March 31, 2015, the effective interest rate for the loan is 1.28% per annum.

Loan XXIX An outstanding loan amount of US$99,000. The loan is rolled over on a monthly basis and is repayable on demand. As at March 31, 2015, the effective interest rate for the loan is 7.84% per annum.

Loan XXX An outstanding loan amount of US$582,000. The loan is rolled over on a monthly basis and is repayable on demand. As at March 31, 2015, the effective interest rate for the loan is 3.40% per annum.

Loan XXXI An outstanding loan amount of US$142.50 million. The loan is secured over the shares of a subsidiary of the Group out of which $72.73 million is repayable in full in August 2015 with the remaining repayable at 15% after 6, 12, 18 and 24 months from the drawdown date and 20% after 30 and 36 months from the drawdown date. As at March 31, 2015, the effective interest rate for the loan is 4.16% per annum. The net carrying amount of the loan was stated net of issue expenses totalling US$3,293,000. Such expenses were amortised over the life of the loan by charging the expenses to profit or loss and increasing the net carrying amount of the loan with the corresponding amount. As of March 31, 2015, accumulated amortisation amounted to US$143,000 (Note 32).

Loan XXXII An outstanding revolving credit loan amount of US$29.09 million. The loan is secured over the shares of a subsidiary of the Group. The loan is rolled over on a monthly basis and is repayable on demand. As at March 31, 2015, the effective interest rate for the loan is 0.96% per annum.

Management estimates that the fair value of the Group's and the Company's bank overdraft and loans approximates their carrying value as the borrowings bear interest at floating rates or approximate floating rates.

At the end of the financial year, the Group and the Company has available US$5,294,000 and US$1,397,000 (2014 : US$16,811,000 and US$2,068,000) of undrawn facilities respectively, in respect of which all conditions precedent had been met.

23 DERIVATIVE FINANCIAL LIABILITY

	Group	
	2015	2014
	US$'000	US$'000
Fair value of interest rate swap	–	8

In 2014, the Group used interest rate swap, which was due in 1 year to manage its exposure to interest rate movements on one of its bank borrowing, which had been fully drawn down in 2010, by swapping the borrowing from floating rates to fixed rates. Borrowing with carrying value of US$0.74 million had floating interest payments at cost of fund plus variable rate of 2.00% per annum. The floating rate had been swapped to fixed rates of 5.50% per annum.

In 2014, the fair value of swaps was estimated to be a loss of approximately US$8,000. This amount was based on quoted market prices for equivalent instruments at the end of reporting period. The interest rate swap was accounted for at fair value, which an adjustment gain of US$38,000 was recognised in profit or loss (Note 32).

24 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		US$'000	US$'000
Issued and paid up:				
At beginning of year	823,415,509	814,193,170	229,519	225,844
Issue of shares on exercise of bonus warrants (Note 26)	26,866	9,222,339	9	3,675
At end of year	823,442,375	823,415,509	229,528	229,519

The Company has one class of ordinary shares which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

25 TREASURY SHARES

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		US$'000	US$'000
At beginning of year	5,820,000	–	1,727	–
Repurchased during the year	8,125,600	5,820,000	2,030	1,727
At end of year	13,945,600	5,820,000	3,757	1,727

During the financial year, the Company repurchased 8,125,600 (2014 : 5,820,000) shares in connection with a share buy-back exercise. The total amount paid to acquire the shares amounted to US$2.03 million (2014 : US$1.73 million) and has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

26 WARRANTS RESERVE

On November 1, 2010, the Company issued 162,826,994 warrants at S$0.10 per warrant, on the basis of one warrant for every five shares held in the share capital of the Company. Each warrant entitles the holder to subscribe for one new ordinary share in the Company at a subscription price of S$0.40 per share. The warrants shall be exercised at any time commencing on and including the date immediately after the preceding the third anniversary of the date of issue of the warrants. Warrants remaining unexercised after the expiry date shall lapse and cease to be valid for any purpose. In 2013, there were 153,596,455 warrants expired and lapsed November 3, 2013.

	Group and Company			
	2015	**2014**	**2015**	**2014**
	Number of warrants		**US$'000**	**US$'000**
At beginning of year	–	162,818,794	–	12,534
Exercise of warrant	–	(9,222,339)	–	(710)
Transfer to capital reserve	–	(153,596,455)	–	(11,824)
At end of year	–	–	–	–

On December 19, 2013, the Company issued 81,998,638 bonus warrants, on the basis of one warrant for every ten shares held in the share capital of the Company. Each bonus warrant entitles the holder to subscribe for one new ordinary share in the Company at a subscription price of S$0.43 per share. The bonus warrants can be exercised at any time commencing from June 24, 2014 and will expire on December 18, 2016. In the current year, 26,866 warrants have been exercised and 81,971,772 bonus warrants remain outstanding as at March 31, 2015.

27 CAPITAL RESERVE

This represents the reserves of unexercised warrants which have expired in November 2013.

28 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for all directors and employees of the Company except the Controlling Shareholders. The scheme is administered by the Remuneration and Share Option Committee. Options are exercisable at a price that is equivalent to the Market Price; or a price that is set at a discount to the Market Price, provided always that the maximum discount shall not exceed 20% of the Market Price; and the prior approval of Shareholders shall have been obtained in a separate resolution. The vesting period is 2 years. If the options remain unexercised after a period of 3 years for Non-executive Director and 8 years for Executive Directors and Employees from June 5, 2011, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

28 SHARE-BASED PAYMENTS *(cont'd)*

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2015		2014	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		S$		S$
Outstanding at beginning of year	4,550,000	0.40	4,550,000	0.40
Exercised during the year	–		–	
Lapsed during the year	(200,000)		–	
Outstanding at end of year	4,350,000		4,550,000	
Exercisable at end of year	4,350,000		4,550,000	

In 2009, the weighted average exercise price at the date of grant for share options granted was S$0.40. The options outstanding at the end of the year have a weighted average remaining contractual life of approximately 3.25 years (2014 : 4.25 years).

The options were granted on June 5, 2009. The estimated fair value of the options granted on that date was US$639,000.

29 MERGER RESERVE

The merger reserve comprises the difference between the nominal value of shares issued by the Company and the nominal value of shares of the subsidiaries acquired under common control and accounted for under the pooling of interest method of consolidation.

Under merger accounting, the assets, liabilities, revenue, expenses and cash flows of all the entities within the Group are combined after making such adjustments as are necessary to achieve consistency of accounting policies. This manner of presentation reflects the economic substance of combining companies, which were under common control throughout the relevant period, as a single economic enterprise.

30 REVENUE

	Group	
	2015	2014
	US$'000	US$'000
Revenue from construction contracts	224,605	69,925
Charter hire income	85,315	90,878
Services rendered	7,100	18,323
Management fee from associate (Note 5A)	54	–
Management fee from joint ventures (Note 5A)	285	–
Sales of goods	25,082	43,862
Novation income [(a)]	–	127,800
Total	342,441	350,788

(a) Novation income pertains to the income derived from the disposal of the two jack-up rigs in 2014.

31 OTHER OPERATING INCOME

	Group	
	2015	2014
	US$'000	US$'000
Other vessel operation income	2,998	2,796
Gain on disposal of property, plant and equipment	17,152	7,263
Net foreign exchange gains	–	11
Interest income	308	34
Government grant – Jobs credit scheme	76	41
Sundry income	318	416
Total	20,852	10,561

32 FINANCE COSTS

	Group	
	2015	2014
	US$'000	US$'000
Amortisation of notes payable transaction costs (Note 21)	117	–
Amortisation of term loan issuing costs (Note 22)	143	–
Interest expenses to non-related companies:		
– Bank loans	3,369	4,956
– Notes payable	1,189	–
– Finance leases	24	25
– Bank overdraft	2	–
Bank facility fees	2,424	–
Commitment fees	207	270
Fair value changes on derivative financial liabilitycharged to profit or loss (Note 23)	(5)	(38)
Others	48	–
Total	7,518	5,213

33 INCOME TAX EXPENSE

	Group	
	2015	2014
	US$'000	US$'000
Current tax	3,143	1,187
Over provision of current tax in prior years	(52)	(77)
Deferred tax (Note 16)	(61)	5,010
Net	3,030	6,120

33 INCOME TAX EXPENSE *(cont'd)*

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rate prevailing in the relevant jurisdiction.

Total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2015	2014
	US$'000	US$'000
Profit before income tax	30,860	108,241
Income tax expenses at Singapore's statutory tax rate of 17%	5,246	18,401
Exempt income	(359)	–
Tax effect of non-taxable income	(5,856)	(13,817)
Tax effect of non-deductible expenses	5,354	2,311
Over provision of current tax in prior years	(52)	(77)
Effect of different tax rates of subsidiaries operating in other tax jurisdiction	(1,290)	(698)
Others	(13)	–
Income tax expense	3,030	6,120

34 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2015	2014
	US$'000	US$'000
Allowance for doubtful trade receivables	2,153	3,564
Trade debts written off	469	–
Audit fees:		
– auditors of the Company	245	231
– auditors of the subsidiaries	86	142
Non-audit fees:		
– auditors of the Company	57	12
– auditors of the subsidiaries	–	69
Cost of defined contribution plans included in employee benefits expense	547	423
Cost of inventories recognised as an expense	204,425	58,596
Directors' remuneration:		
– of the Company	565	522
– of the subsidiaries	2,303	2,440
Directors' fee	151	169
Depreciation of property, plant and equipment	13,998	13,885
Employee benefits expense (including directors' remuneration)	14,399	10,432
Net foreign exchange loss (gain)	1,358	(11)

35 EARNINGS PER SHARE

	Group	
	2015	**2014**
Earnings:		
Profit attributable to owners of the Company (US$'000)	22,687	60,768
Number of shares (`000):		
Weighted average number of ordinary shares for the purpose of basic earnings per share	820,248	815,581
Effect of dilutive potential ordinary shares – share options *	–	–
Effect of dilutive potential ordinary shares – warrants *	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	820,248	815,581
Earnings per share (US cents):		
Basic	2.77	7.45
Diluted	2.77	7.45

* the options and warrants are out-of-the-money

36 DIVIDENDS

During the financial year, the Company:

(a) paid a final dividend of S$0.01 (2014 : S$0.005) per ordinary share totalling S$8,176,000 (equivalent to US$6,551,000) for the financial year ended March 31, 2014 [2014 : S$4,071,000 (equivalent to US$3,198,000) for the financial year ended March 31, 2013]; and

(b) declared and paid an interim dividend of S$0.005 (2014 : S$0.005) per ordinary share totalling S$4,062,000 (equivalent to US$3,075,000) for the financial year ended March 31, 2015 [2014 : S$4,010,000 (equivalent to US$3,241,000) for the financial year ended March 31, 2014].

Subject to the approval of the shareholders at the next Annual General Meeting, the directors have proposed a final tax-exempt (one-tier) dividend of S$0.01 per share amounting to approximately S$8,095,000 (equivalent to US$5,887,000) in respect of the financial year ended March 31, 2015. The proposed dividend has not been included as a liability in the financial statements.

37 OPERATING LEASES

	Group	
	2015	2014
	US$'000	US$'000
The Group as lessee		
Minimum lease payments paid under operating leases recognised as expense in the year	4,935	5,005

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2015	2014
	US$'000	US$'000
Within one year	5,379	4,911
In the second to fifth year inclusive	8,820	13,116
Total	14,199	18,027

Operating lease payments represent rentals payable to the Group for certain of its office properties and vessel. Leases are negotiated for term for 1 to 4 years (2014 : 1 to 4 years) and rentals are fixed.

The Group as lessor

The Group rents out vessels under operating leases.

As at the end of the reporting period, the Group has contracted with customers for the following minimum lease payments:

	Group	
	2014	2014
	US$'000	US$'000
Charter hire income	85,315	90,878

	Group	
	2015	2014
	US$'000	US$'000
Within one year	39,261	44,767
Within two to five years	46,551	67,742
Total	85,812	112,509

All vessels held have committed customers for 1 to 4 years (2014 : 1 to 4 years).

38 SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products and services, which information is prepared and reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of performance.

The Group is principally engaged in four reportable segments, namely (1) Marine – vessel owner and charterer, (2) Oilfield and drilling services – sourcing spare parts and machineries, providing services to oilfield companies, trading, owning and operating of oil rigs and (3) Oilfield Projects – services to oilfield companies providing shipping and transportation services, sales of demulsifiers and international trade, logistics and oilfield services of engineering, technical and consultation and shipping agencies for offshore oilfield explorations, construction and marine transportation, (4) Resources – coal mining and trading activities.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2 to the financial statements. Segment results represent the profits earned by each segment without allocation of central administration costs, directors' remuneration, share of results of associates, joint ventures, interest income, foreign exchange gains and losses, finance costs at corporate level.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

Segment information about the Group's operations is presented below.

	Marine	Oilfield and drilling services	Oilfield projects	Resources	Corporate	Elimination	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2015							
Revenue							
External sales	70,196	264,215	8,030	–	–	–	342,441
Inter-segment sales	4,362	4,048	–	–	–	(8,410)	–
Total revenue	74,558	268,263	8,030	–	–	(8,410)	342,441
Result							
Segment result	11,851	18,170	2,189	(1,701)	(231)	–	30,278
Share of net profit of associates							3,572
Share of net profit of joint venture							4,103
Interest income	66	15	–	1	226	–	308
Finance costs	(4,908)	(374)	–	–	(2,119)	–	(7,401)
Profit before income tax							30,860
Income tax expense							(3,030)
Profit for the year							27,830

38 SEGMENT INFORMATION *(cont'd)*

	Marine	Oilfield and drilling services	Oilfield projects	Resources	Corporate	Elimination	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2014							
Revenue							
External sales	70,542	271,472	8,774	–	–	–	350,788
Inter-segment sales	15,698	5,124	–	–	–	(20,822)	–
Total revenue	86,240	276,596	8,774	–	–	(20,822)	350,788
Result							
Segment result	28,276	82,259	(436)	(1,205)	(2,643)	–	106,251
Share of net profit of associates							7,182
Share of net loss of joint ventures							(13)
Interest income	5	19	–	–	10	–	34
Finance costs	(4,777)	(341)	–	–	(95)	–	(5,213)
Profit before income tax							108,241
Income tax expense							(6,120)
Profit for the year							102,121

Segment assets represent cash and bank balances, trade receivables, other receivables, inventories, property, plant and equipment, goodwill and intangible assets which are attributable to each operating segments.

Segment liabilities represent trade payables, other payables, finance leases, bank overdraft and borrowings, derivative financial liability and income tax payables, which are attributable to each operating segments.

Corporate assets mainly represent cash and bank balances, other receivables and property, plant and equipment at corporate level.

Corporate liabilities represent other payables, bank overdraft and borrowings and notes payable at corporate level.

	Marine	Oilfield and drilling services	Oilfield projects	Resources	Corporate	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Assets and Liabilities						
2015						
Segment assets	628,557	129,406	10,183	7,045	70,560	845,751
Segment liabilities	230,151	78,158	9,755	232	217,327	535,623
2014						
Segment assets	378,978	143,494	13,603	5,848	33,277	575,200
Segment liabilities	195,523	100,268	11,091	214	8,877	315,973

38 SEGMENT INFORMATION *(cont'd)*

	Marine	Oilfield and drilling services	Oilfield projects	Resources	Corporate	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Other information						
2015						
Allowance for doubtful trade receivables	–	–	2,153	–	–	2,153
Capital additions	46,378	4,672	1	1,392	197	52,640
Depreciation	12,620	1,088	2	27	261	13,998
Gain on disposal of property, plant and equipment	(17,152)	–	–	–	–	(17,152)
Trade debts written off	–	469	–	–	–	469
Amortisation of notes payable transaction costs	–	–	–	–	117	117
Amortisation of term loan issuing costs	–	–	–	–	143	143
Loss on deemed disposal of previously held interest in subsidiary	467	–	–	–	–	467
Loss on deemed disposal of previously held interest in associate	10,662	–	–	–	–	10,662
2014						
Allowance for doubtful trade receivables	996	597	1,971	–	–	3,564
Capital additions	64,215	13,863	1	321	198	78,598
Gain on disposal of property, plant and equipment	(7,263)	–	–	–	–	(7,263)
Gain on bargain purchase	(7)	–	–	–	–	(7)
Depreciation	12,422	1,107	1	31	324	13,885

Geographical information

The Group's operations are located in Americas, Asia and Middle East. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services and assets by their respective locations.

38 SEGMENT INFORMATION *(cont'd)*

	Revenue US$'000	Non-current assets * US$'000
2015		
Malaysia	1,699	–
China	230,967	105
Myanmar	5,875	–
British Virgin Islands	–	48,753
Panama	–	12,498
Indonesia	49,823	143,946
Mexico	4,285	700
United Arab Emirates	4,966	4
Singapore	22,846	263,395
Dubai	12,348	–
Vietnam	2,458	–
Brunei	6,686	–
Africa	155	–
Russia	333	–
Total	342,441	469,401
2014		
Thailand	3,788	–
Malaysia	6,956	–
China	69,925	26
Hong Kong	38,875	–
Myanmar	7,255	–
British Virgin Islands	–	53,827
Panama	–	39,981
Indonesia	53,397	98,235
Mexico	11,690	835
United Arab Emirates	17,969	3
Singapore	140,933	39,428
Total	350,788	232,335

* exclude associates, joint ventures, available-for-sale investments and deferred tax assets.

38 SEGMENT INFORMATION *(cont'd)*

Information about major customers

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	Marine		Oilfield and drilling services		Oilfield projects		Resources	
	2015	2014	2015	2014	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Customer 1	–	–	224,753	198,362	–	–	–	–

39 COMMITMENTS

At the end of the reporting period, the Group had the following commitments not provided for in the financial statements:

	Group	
	2015	2014
	US$'000	US$'000
Contracted but not provided for:		
– purchase of rigs	501,139 [(a)]	252,230

(a) This relates to the Group's share of the future commitment of its associate, FTS Derricks Pte Ltd, for the purchase of five rigs from two third party shipyards.

Upon fulfilment of certain conditions in relation to the Distribution of Rigs (Note 13), the Group's share of the commitment on the remaining three rigs will be reduced to US$294,039,000.

Subsequent to year end, the Group entered into an Amendment Agreement with the shipyard to delay the delivery of four rigs by an additional 8 months from the previously agreed delivery dates, with the first delivery expected to be made in May 2016.

40 CONTINGENT LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Guarantees given to bank in respect of bank facilities granted to an associate [(a)]	7,415	10,710	7,415	10,710
Performance guarantee [(b)]	1,002,278	1,008,920	1,002,278	1,008,920
Banker guarantees	1,212	32	1,212	32

(a) The financial effects of FRS 39 relating to the financial guarantee contracts issued by the Group and the Company are not material to the financial statements of the Group and the Company and therefore not recognised.

(b) This represents the performance guarantee given by the Group and the Company in relation to the contracts for the purchase of the five rigs contracted by FTS (Notes 13 and 39). As at the end of the reporting period, the Group and the Company obtained a personal guarantee from the other shareholder of FTS, who is also a director of the Company, amounting to US$501,139,000 (2014 : US$441,403,000). Had the personal guarantee from the related party been taken into consideration, the Group's and the Company's net financial exposure to the performance guarantees would be reduced to US$501,139,000 (2014 : US$655,798,000).

41 ACQUISITION OF SUBSIDIARY

In the current financial year, the Company's subsidiary acquired an additional 57.64% of the issued share capital of its associate Company, CH Offshore Ltd ("CHO"), for cash consideration of US$248,460,000. Upon the acquisition, CHO become a subsidiary of the Group. Management considered the effective date of the acquisition to be February 27, 2015. This transaction has been accounted for by the acquisition method of accounting.

CHO is an entity incorporated in the Republic of Singapore and is a public listed company on the Stock Exchange of Singapore. Its principal activities being the vessel owner and charterer. The Group acquired the above subsidiary primarily to increase its market share in the marine operations.

(a) Consideration transferred (at acquisition date fair values)

	Total US$'000
Cash consideration	248,460

Acquisition-related costs amounting to US$247,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the 'administrative expenses' line item in the consolidated statement of profit or loss and other comprehensive income

(b) Assets acquired and liabilities assumed at the date of acquisition

	Total US$'000
Current assets	
Cash and bank balances	69,197
Trade receivables	8,145
Other receivables	438
Non-current assets	
Property, plant and equipment	192,870
Associates	35,383
Other intangible assets	3
Current liabilities	
Trade payables	(7,636)
Other payables	(3,403)
Non-current liabilities	
Other payables	(5,984)
Deferred tax liabilities	(9,825)
Net assets acquired and liabilities assumed	279,188

41 ACQUISITION OF SUBSIDIARY *(cont'd)*

The initial accounting for the acquisition of CHO has only been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalisation of these financial statements, the necessary market valuations and other calculations for the items listed above had not been finalised and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

(c) Non-controlling interests

The interests of a non-controlling shareholder (13.29%) recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets, which amounted to US$37,104,000.

(d) Goodwill arising on acquisition

	Total
	US$'000
Consideration transferred	248,460
Plus: Non-controlling interests	37,104
Less: Fair value of identifiable net assets acquired	(279,188)
Goodwill (Note 17)	6,376

Goodwill arose in the acquisition of CHO because the cost of combination included a control premium. In addition, the consideration paid for the combination effectively included the amounts in relation to the benefit of expected synergies, revenue growth, and future market development. There benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

(e) Net cash outflow on acquisition of subsidiary

	Total
	US$'000
Consideration paid in cash	248,460
Less: Fair value of previously held interest in associate	(83,087)
Less: Cash and bank balances acquired	(69,197)
Net cash outflow on acquisition of subsidiary	96,176

(f) Previously held interest

The previously held equity interest of 29.07% in CHO was previously recorded as an associate. It was re-measured at fair value at the date of acquisition. The difference between the fair value of US$83,087,000 and the carrying amount of 29.07% equity interest immediately prior to the date of acquisition of US$93,749,000 amounting to US$10,662,000 was recognised in the Group's consolidated statement of profit or loss and other comprehensive income.

41 ACQUISITION OF SUBSIDIARY *(cont'd)*

(g) Impact of acquisition on the results of the Group

During the year, the acquisition of the subsidiary resulted in inclusion of post-acquisition revenue of US$2,621,000 and profit of US$1,167,000 in the Group's financial statements.

Had the business combination during the year been effected at April 1, 2014, the revenue of the Group would have been US$374,579,000, and the profit for the year would have been US$49,579,000.

Management considers the above "pro-forma" numbers to represent an approximate measure of the performance of the combined Group on annualised basis and to prove a reference point for comparison in future periods.

In the previous financial year, the Company's subsidiary acquired an additional 50% of the issued share capital of its joint venture, Aset Marine Pte Ltd, for cash consideration of US$1. Upon the acquisition, Aset Marine Pte Ltd became a wholly-owned subsidiary of the Group. Management considered the effective date of acquisition to be September 30, 2013. This transaction had been accounted for by the purchase method of accounting.

The fair value of the net assets acquired in the transaction are as follows:

	Fair value
	US$'000
Net assets acquired:	
Property, plant and equipment	43
Other receivables	3,804
Cash and bank balances	66
Trade payables	(2,780)
Other payables	(1,126)
	7
Gain on bargain purchase	(7)
Total consideration, satisfied by cash	*
Net cash outflow arising on acquisition:	
Cash consideration paid	*
Cash and bank balances acquired	66
	66

* Amount less than US$1,000

The contribution arising from the acquisition of the subsidiary is immaterial to the Group.

42 DISPOSAL OF SUBSIDIARY

In the current financial year, the Company diluted 15% of the issued share capital of its subsidiary Company, FTS Derrick Pte Ltd ("FTS"), to a related party through the capitalisation of a shareholder's loan which amounted to S$90,000 extended by the other shareholder of FTS. Upon the dilution, FTS become an associate of the Group (Note 12). Management considered the effective date of the dilution to be March 3, 2015.

Details of the disposal are as follows:

	Group	
	2015	2014
Book values of net assets over which control was lost	**US$'000**	**US$'000**
Current asset		
Cash and bank balances	2,794	–
Other receivables	9,131	–
Non-current asset		
Other receivables	93,567	–
Property, plant and equipment	2	–
Current liabilities		
Trade payables	(3,737)	–
Other payables	(97,157)	–
Net assets derecognised	4,600	–
Loss on deemed disposal:		
Consideration received	–	–
Net assets derecognised	(4,600)	–
Non-controlling interest derecognised	2,461	–
Fair value of retained interest	1,672	–
Loss on deemed disposal of previously held interest in subsidiary	(467)	–

The loss on deemed disposal of subsidiary is recorded in the Group's consolidated statement of profit or loss and other comprehensive income.

	Group	
	2015	2014
	US$'000	**US$'000**
Net cash outflow arising on disposal:		
Cash consideration received	–	–
Cash and bank balances disposed of	(2,794)	–
	(2,794)	–

The impact arising from the disposal of the subsidiary is immaterial to the Group.

43 SUBSEQUENT EVENTS

On June 29, 2015, the Group's subsidiary, CH Offshore Ltd ("CHO") announced that it has reached a settlement with a certain client for the ongoing legal proceedings, in respect of the claim relating to the outstanding charter hire of two vessels.

A payment of US$60.0 million was made to CHO on June 29, 2015 in full without admission of liability which includes the US$43.95 million receivable previously provided, an additional US$6.78 million of additional charter hire and US$9.27 million for interest in late payment.

No amount was recognised in the Group's financial statements to reflect the above non-adjusting event after the reporting period as the assumption made in determining the recoverable amount as at March 31, 2015 is consistent with available information at that date.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 22 June 2015:-

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Ruben Capital Ventures Ltd (1)	48,338,997	5.97	–	–
Tan Pong Tyea (2)	417,960,700	51.63	88,393,051	10.92
Cai Wenxing (3)	–	–	70,933,592	8.76

Notes :

(1) Ruben Capital Ventures Ltd's direct interest in the 48,338,997 ordinary shares are held in the name of KGI Fraser Securities Pte. Ltd.

(2) Tan Pong Tyea's deemed interest in the 88,393,051 ordinary shares in the capital of Falcon Energy Group Limited ("shares") comprises:

(i) his deemed interest in the 48,338,997 shares held by KGI Fraser Securities Pte. Ltd. by virtue of his 79.21% equity interest in Ruben Capital Ventures Limited;

(ii) his deemed interest in the 22,594,595 shares held by Longzhu Oilfield Services Limited by virtue of his 100% equity interest in Real Trek Pacific Limited which holds 50% equity interest in Longzhu Oilfield Services Limited; and

(iii) his deemed interest in the 17,459,459 shares held by Camelot Capital Consultants Ltd by virtue of his 100% shareholding interest in Camelot Capital Consultants Ltd.

(3) Cai Wenxing's deemed interest in the 70,933,592 ordinary shares in the capital of Falcon Energy Group Limited ("shares") comprises:

(i) his deemed interest in the 22,594,595 shares held by Longzhu Oilfield Services Limited by virtue of his 50% equity interest in Longzhu Oilfield Services Limited; and

(ii) his deemed interest in the 48,338,997 Shares held by KGI Securities Pte. Ltd. by virtue of his 20.79% equity interest in Ruben Capital Ventures Limited.

Free Float

Based on the information available to the Company as at 22 June 2015 and to the best knowledge of the Directors and the substantial shareholders of the Company, approximately 29.75% of the issued ordinary shares of the Company (excluding treasury shares) was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

STATISTICS OF SHAREHOLDINGS

AS AT 22 JUNE 2015

Number of issued shares	–	823,442,375
Number of issued shares (excluding treasury shares)	–	809,496,775
Class of shares	–	ordinary shares
Voting rights (excluding treasury shares)	–	one vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	218	7.70	3,164	0.00
100 – 1,000	69	2.44	54,318	0.01
1,001 – 10,000	905	31.99	6,865,082	0.85
10,001 – 1,000,000	1,598	56.49	117,956,663	14.57
1,000,001 and above	39	1.38	684,617,548	84.57
Total :	2,829	100.00	809,496,775	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	RAFFLES NOMINEES (PTE) LIMITED	138,697,806	17.13
2.	TAN PONG TYEA	110,360,700	13.63
3.	KGI FRASER SECURITIES PTE. LTD.	98,220,000	12.13
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	78,456,847	9.69
5.	HONG LEONG FINANCE NOMINEES PTE LTD	77,460,000	9.57
6.	CAI WENTING	23,716,216	2.93
7.	LONGZHU OILFIELD SERVICES LIMITED	22,594,595	2.79
8.	CAMELOT CAPITAL CONSULTANTS LTD	17,459,459	2.16
9.	MAYBANK KIM ENG SECURITIES PTE. LTD.	13,143,380	1.62
10.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	12,737,050	1.57
11.	TAN SOOH WHYE	10,600,000	1.31
12.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,977,951	1.23
13.	UOB KAY HIAN PRIVATE LIMITED	8,329,420	1.03
14.	DBS NOMINEES (PRIVATE) LIMITED	6,020,035	0.74
15.	PHILLIP SECURITIES PTE LTD	5,681,077	0.70
16.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	4,857,005	0.60
17.	OCBC SECURITIES PRIVATE LIMITED	4,505,149	0.56
18.	LIM & TAN SECURITIES PTE LTD	3,315,000	0.41
19.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	3,234,958	0.40
20.	HSBC (SINGAPORE) NOMS PTE LTD	2,995,600	0.37
	Total :	652,362,248	80.57

STATISTICS OF WARRANTHOLDINGS

AS AT 22 JUNE 2015

Distribution of Warrantholdings

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	150	6.24	1,365	0.00
100 – 1,000	904	37.59	646,411	0.79
1,001 – 10,000	1,119	46.53	3,951,200	4.82
10,001 – 1,000,000	221	9.27	16,573,994	20.22
1,000,001 and above	11	0.37	60,798,802	74.17
Total :	2,405	100.00	81,971,772	100.00

Twenty Largest Warrantholders

No.	Name	No. of Warrants	%
1.	TAN PONG TYEA	25,456,070	31.05
2.	KGI FRASER SECURITIES PTE. LTD.	9,815,000	11.97
3.	RAFFLES NOMINEES (PTE) LIMITED	7,099,100	8.66
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	6,651,419	8.11
5.	CAI WENTING	2,371,621	2.89
6.	LONGZHU OILFIELD SERVICES LIMITED	2,259,459	2.76
7.	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,014,738	2.46
8.	CAMELOT CAPITAL CONSULTANTS LTD	1,745,945	2.13
9.	NEO CHIN LEE	1,200,000	1.46
10.	TAN SOOH WHYE	1,060,000	1.29
11.	CHEAH SEE HAN	1,035,450	1.26
12.	OCBC SECURITIES PRIVATE LIMITED	795,265	0.97
13.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	745,705	0.91
14.	GO MEI LIN	718,000	0.88
15.	PHILLIP SECURITIES PTE LTD	562,028	0.69
16.	GLENEALY GOLD INVESTMENTS LIMITED	548,700	0.67
17.	RHB SECURITIES SINGAPORE PTE. LTD.	503,500	0.61
18.	KHOO HWEE SAN	500,000	0.61
19.	UOB KAY HIAN PRIVATE LIMITED	500,000	0.61
20.	LIM & TAN SECURITIES PTE LTD	495,800	0.60
	Total :	66,077,800	80.59

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

FALCON ENERGY GROUP LIMITED
(Registration No. 200403817G)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at 7 Shenton Way, Singapore Conference Hall, Singapore 068810 on Thursday, 30 July 2015 at 2.30 p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 March 2015, together with the Auditors' Report thereon. (Resolution 1)

2. To declare a final tax exempt one-tier dividend of S$0.01 per ordinary share in respect of the financial year ended 31 March 2015. (Resolution 2)

3. To approve the payment of Directors' fees of S$165,000/- for the financial year ending 31 March 2016, to be paid half yearly in arrears. (Resolution 3)

4. To re-elect Mr. Lim Kuan Meng, being a Director who retires by rotation pursuant to Article 119 of the Articles of Association of the Company. (Resolution 4)

5. To re-elect Mr. Cai Wenxing being a Director who retires by rotation pursuant to Article 115 of the Articles of Association of the Company. (Resolution 5)

6. To re-elect Mr. Tan Pong Tyea, being a Director who retires by rotation pursuant to Article 115 of the Articles of Association of the Company. (Resolution 6)

7. To re-appoint Messrs. Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 7)

8. To transact any other business that may be transacted at an Annual General Meeting.

As Special Business:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

9. **"Share Issue Mandate** (Resolution 8)

   That pursuant to the Company's Articles of Association and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the share capital of the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(iii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities."

10 **"Renewal of Shares Buyback Mandate** (Resolution 9)

That

(a) for the purposes of the Companies Act (Chapter 50) of Singapore ("Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases ("**Market Purchases**"), transacted on the Singapore Exchange Securities Trading Limited ("SGX-ST") through the SGX-ST's trading system or through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the rules of the Listing Rules ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the SGX-ST Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Buyback Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on:

(i) the date on which the next annual general meeting of the Company ("AGM") is held or required by law to be held;

(ii) the date on which the Share buybacks are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of Shares in the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding applicable brokerage, stamp duties, goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five market days;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient, incidental, necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

11. **"Falcon Energy Group Employee Share Option Scheme** (Resolution 10)

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Falcon Energy Group Employee Share Option Scheme ("Scheme") and pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of shares of the Company from time to time."

NOTICE OF BOOKS CLOSURE DATE

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 5 October 2015 for the purpose of determining the Members' entitlements to the dividends to be proposed at the Annual General Meeting of the Company to be held on 30 July 2015.

Duly completed registrable transfers in respect of shares of the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 2 October 2015 will be registered to determine the Members' entitlements to such dividends. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares of the Company as at 5.00 p.m. on 2 October 2015 will be entitled to such proposed dividends.

The proposed dividends, if approved by Members at the Annual General Meeting, will be paid on 23 October 2015.

By Order of the Board

Peh Lei Eng
Company Secretary

Singapore
14 July 2015

Explanatory Notes

Resolution 4 – Mr. Lim Kuan Meng, upon re-election as a Director of the Company, remain as Chairman of Nominating Committee and member of Audit and Remuneration Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 6 – Mr. Tan Pong Tyea, upon re-election as a Director of the Company, remain as member of Nominating Committee.

Resolution 8 – The Ordinary Resolution 8 proposed in item 9, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis. For the purpose of this resolution, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 9 – The Ordinary Resolution 9 under item 10 above, if passed, will renew the Share Buyback Mandate and will authorize the Directors to purchase or otherwise acquire Shares on the terms and subject to the conditions of the resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 March 2015 are set out in greater detail in the Shareholders' Circular enclosed together with the Annual Report.

Resolution 10 – The Ordinary Resolution 10 proposed in item 11, is to authorise the Directors to offer and grant options in accordance with the provisions of the Falcon Energy Group Employee Share Option Scheme ("Scheme") and pursuant to Section 161 of the Companies Act, Chapter 50 to allot and issue shares under the Scheme up to an amount not exceeding fifteen per cent (15%) of the total number of shares of the Company from time to time.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend in his stead. A proxy need not be a Member of the Company.

2. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Anson Road #33-15 International Plaza Singapore 079903, not less than 48 hours before the time appointed for holding the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

ELEVENTH ANNUAL GENERAL MEETING
FALCON ENERGY GROUP LIMITED

(Registration No. 200403817G)

IMPORTANT:

1. For investors who have used their CPF moneys to buy shares in the Capital of Falcon Energy Group Limited, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 July 2015.

I/We, ____ (Name)

______________________ NRIC/Passport No. of ______________________________ (Address)

being a member/members of the Falcon Energy Group Limited (the "**Company**") hereby appoint:

Name	**NRIC/ Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	%
Address			

and/or failing him/her (delete as appropriate)

Name	**NRIC/ Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the meeting as my/our proxy to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Eleventh Annual General Meeting of the Company to be held at 7 Shenton Way Singapore Conference Hall, Singapore 068810 on Thursday, 30 July 2015 at 2.30 p.m. and at any adjournment thereof.

The proxy shall vote on the Resolutions set out in the Notice of Meeting in accordance with my/our directions as indicated with an "x" in the appropriate space below. Where no such direction is given, the proxy may vote or abstain from voting on any matter at the Meeting or at any adjournment thereof.

No.	**Resolutions**	**For**	**Against**
	ROUTINE BUSINESS		
1.	To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 March 2015, together with the Auditors' Report thereon.		
2.	To declare a final tax exempt one-tier dividend of S$0.01 per ordinary share in respect of the financial year ended 31 March 2015.		
3.	To approve the payment of Directors' fees of S$165,000/- for the financial year ending 31 March 2016, to be paid half yearly in arrears.		
4.	To re-elect Mr. Lim Kuan Meng as Director (under Article 119).		
5.	To re-elect Mr. Cai Wenxing as Director (under Article 115).		
6.	To re-elect Mr. Tan Pong Tyea as Director (under Article 115).		
7.	To re-appoint Messrs Deloitte & Touche LLP as auditors and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
8.	To approve the Share Issue Mandate.		
9.	To renew the Share Buyback Mandate.		
10.	To authorize the Directors to offer and grant options and issue shares in accordance with the provisions of the Falcon Energy Group Employee Share Option Scheme.		

Dated this __________ day of ________________ 2015

Total Number of Ordinary Shares Held	
CDP Registers	
Register of Members	

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Signature(s) of *member(s) or
(Common Seal of Corporate Shareholder(s))

** Please delete accordingly*

Notes :-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there is more than one proxy, the proportion of shares to be represented by each proxy must be stated.

2. Where a member appoints two proxies, the appointment shall be invalid unless he/she specified the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. This instrument of proxy must be executed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by a duly authorised officer or its attorney or affixed with its common seal thereto.

4. A body corporate which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representative in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such body corporate.

5. This instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company at 10 Anson Road #33-15 International Plaza Singapore 079903 not less than 48 hours before the time fixed for holding the Annual General Meeting.

6. Please insert the total number of shares held by you. If you have shares entered against your name on the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by you.

7. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of members whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for the holding of the Annual General Meeting as certified by CDP to the Company.

FEG

Falcon Energy Group Limited

10 Anson Road
#33-15 International Plaza
Singapore 079903
www.falconenergy.com.sg

Company Registration Number: 200403817G