REX INTERNATIONAL HOLDING LIMITED

UNLOCKING VALUE

ANNUAL REPORT 2017

REX
change the game

CONTENTS

SPONSOR STATEMENT

This Annual Report has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Annual Report. The Sponsor has also not drawn on any specific technical expertise in its review of this Annual Report.

This Annual Report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Annual Report including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

CORPORATE **PROFILE**

Rex International Holding's key differentiator from other exploration and production ("**E&P**") companies is its proprietary liquid hydrocarbon indicator Rex Virtual Drilling.

Rex International Holding Limited ("**Rex International Holding**", or the "**Company**", and together with its subsidiaries, the "**Group**") is an oil exploration and production company that owns a set of proprietary and innovative exploration technologies, Rex Technologies, developed by the Company's Swedish founders. These include the liquid hydrocarbon indicator Rex Virtual Drilling technology, which can identify the location of oil reservoirs in the sub-surface using seismic data.

Rex Virtual Drilling, the Group's key differentiator, has been used to grow and de-risk Rex International Holding's portfolio of exploration and development assets. Since the Company's listing in July 2013, the Group has achieved two discoveries, one each in Oman and Norway. The Group also offers Rex Virtual Drilling screening services to other oil exploration companies as an additional tool to increase the success rate of finding oil.

Rex International Holding's interests are in key assets in Oman and Norway, covering an aggregate area of over 18,000 square kilometres.

The Company was listed on the Singapore Exchange Securities Trading Limited's Catalist Board on 31 July 2013.

VALUES

INNOVATION

Game-changing, environmentally-friendly technologies that will transform oil exploration and production practices.

INTEGRITY

Trustworthy in both words and actions, in all business dealings.

ENTREPRENEURSHIP

Our forward-looking, agile and entrepreneurial team aims to create value for all stakeholders.

VISION

To be a leading independent E&P company that has an international portfolio of concessions which has been selected using the Group's game-changing, eco-friendly and proprietary suite of Rex Technologies.

GROUP
CORE STRUCTURE

REX INTERNATIONAL HOLDING LIMITED

TECHNOLOGY SERVICES

REX TECHNOLOGY MANAGEMENT LTD
100%

EXPLORATION & PRODUCTION CORE AREAS

LIME PETROLEUM AS
90.00%
6 offshore concessions
NORWAY

MASIRAH OIL LTD
92.65%
1 offshore concession
OMAN

OTHER INVESTMENTS

STEELDRUM OIL COMPANY INC.
25.72%
3 onshore concessions
TRINIDAD & TOBAGO

All percentages represent effective equity interest in significant and core entities held by the Group as at 8 March 2018.

FINANCIAL
HIGHLIGHTS

GROUP

US$'000	FY2017	FY2016
Revenue	356	350
Loss for the year, net of tax	(8,931)	(31,739)
Total comprehensive loss for the year, net of tax	(8,636)	(30,458)
Loss per share (US cents)	(0.67)	(2.33)

US$'000	31 Dec 2017	31 Dec 2016
Non-current assets	83,997	70,128
Current assets	57,613	90,139
Total assets	**141,610**	**160,267**
Non-current liabilities	13,098	11,402
Current liabilities	3,358	15,429
Total liabilities	**16,456**	**26,831**
Net asset value ("NAV")*	**125,154**	**133,436**
Total equity	**125,154**	**133,436**
NAV per share (US cents)	**9.75**	**10.53**

* NAV as disclosed above includes non-controlling interests.

UNLOCKING **VALUE**

DEAR SHAREHOLDERS,

Oil prices remained volatile for much of 2017 but rallied in the last week of the year, on the back of an extension in supply curbs implemented by the Organization of Petroleum Exporting Countries (OPEC) and other producing nations in November 2017, and the fall in US crude stockpiles to their lowest level since October 2015. The oil price swings during 2017 tracked global events such as Hurricane Harvey, supply disruptions in Libya and Kurdistan and the Forties pipeline shutdown in the UK North Sea.[1]

As at January 2018, oil prices were at the highest closing levels since December 2014 and within close range of prices last seen on 28 November 2014, the day after OPEC's fateful decision not to cut production to stamp out a global oil glut and slide in prices.[2] World demand for oil has been increasing for the last eight years in a row.[3] In its January 2018 monthly report, the US Energy Information Administration (EIA) raised its 2018 world oil demand growth forecast by 100,000 barrels per day (bpd) from its previous estimate. The EIA forecast 2019 world oil demand to hit 101.76 million bpd, up 1.65 million bpd from 2018.[4] The renewed bullish sentiment could well be a signal that a sustained rebalancing of supply and demand of oil is on the horizon.

Rex International Holding continued to progress on its activities in its key assets in Oman and Norway during 2017. For the financial year ended 31 December 2017 ("**FY2017**"), the Group recorded a total comprehensive loss of US$8.64 million, a significant reduction from a total comprehensive loss of US$30.46 million in the financial year ended 31 December 2016 ("**FY2016**"), due to lower impairments and administrative costs in FY2017. As at 31 December 2017, the Group has US$45.27 million in liquid assets comprising cash, cash equivalents and quoted investments.

VALUE CREATION STRATEGY IN NORWAY

Rex International Holding has adopted a technology and infrastructure-led strategy in Norway. The Group's discovery in Rolvsnes (previously known as Edvard Grieg South) in licence PL338C in Norway is located near to Johan Sverdrup, one of the five largest oil fields on the Norwegian continental shelf with expected resources of between 1.9 to 3.0 billion barrels of oil[5], and adjacent to the producing Edvard Grieg and Ivar Aasen fields with estimated combined reserves of some 400 million barrels of oil[6].

[1] Bloomberg, "OPEC wins over investors for most bullish start of year ever", 30 December 2017
[2] CNBC, "Oil prices are close to levels not seen since the Thanksgiving 2014 bloodbath", 10 January 2018
[3] Bloomberg and IEA data
[4] Reuters, "US EIA lifts 2018 world oil demand growth forecast", 10 January 2018
[5] Source: https://www.statoil.com/en/what-we-do/johan-sverdrup.html
[6] Sources: https://www.lundin-petroleum.com/eng/development_EdvardGrieg.php; http://www.akerbp.com/en/production-started-at-the-ivar-aasen-field/

Rex Virtual Drilling ("**RVD**") has been used to select and build a cluster of licences in this oil prolific area that already has pipeline infrastructure in place, allowing a fast-track path to potential commercialisation and return on investment from existing oil discoveries.

In 2017, development feasibility studies were being carried out on the Rolvsnes discovery. Another well is scheduled to be drilled by the end of the second quarter of 2018 to better understand the reservoir. If drill stem tests are positive, the well will be tied back to the Edvard Grieg platform for test production in 2020. Subsidiary Lime Petroleum AS ("**LPA**"), in which the Group has a 90.0 per cent effective interest, holds a 30 per cent stake in the licence.

TARGETING PRODUCTION IN OMAN

In May 2017, the Group completed the drilling of the Karamah#1 exploration well in Block 50 Oman. Hydrocarbon shows were found in several stratigraphic zones in the well. An extensive logging programme was conducted throughout the target intervals. All these further proved the prospectivity and active petroleum system in the vast block. However, operational difficulties arising from an incident on the rig resulting in an open hole for a prolonged period of time with some loss of circulation probably caused the formation to be invaded with mud, making it inaccessible for subsequent wireline sampling. A comprehensive collection of data was carried out in the well to ensure that as much information as possible was derived from the well for further post well analysis.

The evaluation of the development programme for the GA South#1 discovery in Oman is ongoing and will continue until the first half of 2018. Should the evaluation be positive, the Group will aim to start production from GA South#1 in 2019.

To reduce its holding risks to be in-line with its internally defined exposure levels and to garner financing for the development and the drilling of the appraisal well, the Group is in negotiations to farm out a percentage of the concession. The Group currently holds a 92.65 per cent effective interest in Masirah Oil Ltd, which holds a 100 per cent interest in the approximately 17,000 sq km Block 50 Oman concession. The prospective resources (gross mean unrisked) in the entire concession were estimated to be about 4.7 billion barrels of oil equivalent by Aker Geo and Pareto Asia (28 February 2012).

MARKETING REX VIRTUAL DRILLING AS A DE-RISKING TOOL

Rex International Holding's core competence remains in the technology arena, its proprietary liquid hydrocarbon indicator RVD being the cornerstone of its suite of technologies. The Group's original business model at its listing had been to use RVD to identify oil-in-the-ground in its own assets, validate the RVD results through oil discoveries and monetise by, amongst others, selling oil-in-the-ground. This business model had to be changed to adapt to the new normal of a much lower oil price operating environment from the highs of more than US$100 per barrel of oil, where demand for oil-in-the-ground had been muted. Efforts have been stepped up to build a recurring revenue stream by actively marketing RVD scanning services to a wider group of oil exploration companies, on top of using RVD primarily to de-risk the Group's own assets.

Over the year, the Group further developed the technology. The latest version, RVD version 3, is even more accurate and faster than previous versions, allowing the Group to scale up on the number of licences to be analysed at any one time. Development of marketing tools for RVD are underway and sales agents have been appointed to market RVD in the Middle East and Europe from January 2018. A new client in Norway had already come on-board in December 2017.

UNLOCKING VALUE

Going forward, the Group will continue to concentrate on its core competence in technology.

The oil price rout since mid-2014 and ensuing developments in the Group's business ventures have impacted the Group's initial growth plans and have forced the Group to adapt its business model to focus on a two-pronged approach to unlock value for its shareholders.

First, is to get its discovery assets to production, vis-à-vis selling oil-in-the-ground. To this end, the Group is seeking operational partners of high professional standards for Oman. In Norway, the Group is already working with highly experienced partners in the licences, in particular Lundin Norway AS, who is also the operator of the Rolvsnes discovery in the licence PL338C.

Second, is to market RVD as a service to generate more recurring revenue. A future pricing strategy for RVD scanning services may include a success fee as an add-on. Additionally, a project is underway to create an RVD database for the Norwegian Continental Shelf, which when completed, will be of great value to oil exploration companies operating there.

ACKNOWLEDGEMENTS

We would like to express our sincere appreciation to our Directors for their candid counsel and commitment to help the Group navigate the stormy times, and to our staff for their hard work and loyalty. We would like to thank our shareholders for their understanding, patience and unwavering support.

Dan Broström
Executive Chairman

Måns Lidgren
Chief Executive Officer

8 March 2018

CORPORATE **DATA**

DIRECTORS
Dan Broström, Executive Chairman
Dr Karl Lidgren, Executive Director
Sin Boon Ann, Lead Independent Director
Muhammad Sameer Yousuf Khan, Independent Director
Dr Christopher Atkinson, Independent Director

BOARD COMMITTEES

Nominating Committee
Sin Boon Ann, Chairman
Dr Karl Lidgren
Muhammad Sameer Yousuf Khan

Remuneration Committee
Sin Boon Ann, Chairman
Muhammad Sameer Yousuf Khan
Dan Broström

Audit Committee
Muhammad Sameer Yousuf Khan, Chairman
Sin Boon Ann
Dan Broström

TECHNICAL REVIEW COMMITTEE
Svein Kjellesvik
Dr Christopher Atkinson
Dr Rabi Bastia

COMPANY SECRETARY
Selena Leong Siew Tee

REGISTERED OFFICE
80 Robinson Road #02-00
Singapore 068898
Telephone: (65) 6557 2477
Facsimile: (65) 6438 3164
Website: www.rexih.com
Email: ir@rexih.com; info@rexih.com
Reg. No. : 201301242M

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

AUDITORS
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Audit Partner: Chiang Yong Torng
(Appointed in 2013)

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898
Telephone: (65) 6236 3333

PRINCIPAL BANKERS
UBS AG
United Overseas Bank Limited

BOARD OF **DIRECTORS**

DAN BROSTRÖM
Chairman and Executive Director

Mr Dan Broström has been with the Group since 2011. He was appointed as an Executive Director on 11 January 2013 and re-elected to the Board on 29 April 2016. He is currently the Executive Chairman of the Board and a member of the Remuneration Committee and the Audit Committee.

Prior to joining the Company, Mr Broström was a senior partner at MVI Holdings Ltd between 1993 and 2005, where as a consultant, he has assisted Swedish companies in setting up businesses in Singapore through fund-raising activities and sourcing for suitable business partners. From 1990 to 1993, Mr Broström was the chief executive officer at Hufvudstaden UK Ltd, a real estate company. Before Hufvudstaden UK Ltd, Mr Broström worked in the shipping industry, where he was based in London and held the position of chief executive officer of Brostrom UK Ltd for the period from 1980 to 1987.

Mr Broström has a degree in Economics from Stanford University in the United States of America, and a Bachelor of Arts in Economics from Gothenburg University in Sweden.

DR KARL LIDGREN
Non-Independent Executive Director

Dr Karl Lidgren was appointed as a Non-Independent Non-Executive Director on 1 May 2013 and was re-designated as a Non-Independent Executive Director on 15 January 2015. He was last re-elected to the Board on 28 April 2017 and is a member of the Nominating Committee.

Dr Lidgren and his brother, Mr Hans Lidgren, have since the 1980s, utilised satellite altimeter data in oil exploration activities which enabled major oil and gas findings. A founder of Rex International Holding, Dr Lidgren represents the interests of Limea Ltd on the Company's Board of Directors.

Dr Lidgren graduated from Lund University in Sweden in 1970 with a degree in Economics. Upon graduation, he taught in Lund University until 1972 before taking on the role of an investigator for the Swedish Government from 1972 to 1980. He concurrently obtained a Doctor of Philosophy in Economics from Lund University in 1976. Dr Lidgren taught in Lund University as a Professor from 1980 until his retirement in 2000.

SIN BOON ANN PBM
Lead Independent Non-Executive Director

Mr Sin Boon Ann was appointed as an Independent Non-Executive Director on 26 June 2013 and was appointed as the Lead Independent Director on 24 February 2014. He was re-elected to the Board on 29 April 2016. Mr Sin is Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee.

He received his Bachelor of Arts and Bachelor of Laws from the National University of Singapore in 1982 and 1986 respectively, and a Master of Laws from the University of London in 1988. Mr Sin was admitted to the Singapore Bar in 1987 and was a member of the teaching staff of the law faculty, National University of Singapore from 1987 to 1992.

Mr Sin joined Drew & Napier LLC in 1992 and has been there ever since. Mr Sin is currently the deputy managing director of their corporate and finance department. Mr Sin was a Member of Parliament, Tampines GRC from 1997 to 2011. Mr Sin was conferred with the May Day Award – "Friend of Labour" and the May Day Award – "Meritorious Service" by the National Trade Union Congress in 2003 and 2013 respectively, for his contributions and commitment to the labour movement in Singapore as a union adviser.

Mr Sin was also conferred the 2013 National Day Award – "The Pingat Bakti Masyarakat (PBM)" by the President of Singapore in 2013.

MUHAMMAD SAMEER YOUSUF KHAN
Independent Non-Executive Director

Mr Muhammad Sameer Yousuf Khan was appointed as an Independent Non-Executive Director on 26 June 2013 and re-elected to the Board on 28 April 2017. He is Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Khan has more than 40 years of experience in the fields of accounting, business and financial advisory. He began his career in 1972 at Ernst & Young's London office. Subsequently in 1983, he joined Drydocks World Group, a large maritime group based in the Middle East.

Mr Khan held various positions in Drydocks World Group and was Group CFO and Executive Director from 2007 to 2011. He was responsible for Drydocks World's acquisition of two SGX listed companies, namely, Pan United Marine and Labroy Marine. After leaving Drydocks, Mr Khan has been providing consultancy and advisory services in Singapore.

Mr Khan is a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Institute of Management Consultants (UK) and the Singapore Institute of Directors.

DR CHRISTOPHER ATKINSON
Independent Non-Executive Director

Dr Christopher Atkinson was appointed as an Independent Non-Executive Director on 6 January 2015 and was re-elected to the Board on 30 April 2015. He is a member of the Group's Technical Review Committee.

Dr Christopher Atkinson is a professional geologist with over 30 years of experience in the upstream oil and gas sector. He is currently the founder and director of Worldwide Petroleum Services Pte Ltd and a director of Sonoro Energy Limited. Prior to this, Dr Atkinson was a founding investor in several exploration and production start-up ventures in Southeast Asia, the UK and Canada. He has also worked for Shell International Petroleum Company and was a 15-year career veteran with the Atlantic Richfield Company (ARCO), where his last held position was Vice President of Exploration, Europe/ North Africa.

Dr Atkinson holds a PhD in Geology and a BSc (Hons) Geology (1st Class) from the University of Wales, Swansea. He has been a Fellow of the Geological Society of London since 1996 and is a Life Member of the Petroleum Exploration Society of Southeast Asia, where he served as President from 2002 to 2003.

SENIOR MANAGEMENT **- CORPORATE**

MÅNS LIDGREN
Chief Executive Officer

Mr Måns Lidgren is the Chief Executive Officer and is responsible for overseeing the strategic positioning and business expansion of the Group, including making major business and finance decisions.

Prior to joining the Company in January 2013, Mr Lidgren was interim chief executive officer and director of Lime Petroleum Plc from August 2011 to December 2012 and chief financial officer of his family's business from August 2009 to August 2011. He has seven years of experience in financial structuring, mergers & acquisitions, investments and business development. From January 2008 to August 2009, Mr Lidgren was vice president of business development under the private banking division of Credit Suisse, where he managed his own client portfolio, acted as a broker for sourcing of new business and pre-screened business proposals. From 2002 to 2007, he joined his family business in private investments first as a business analyst in 2002, and subsequently as a merger & acquisitions manager in 2003 and 2004. From 2005 to 2007, he assumed the position of senior investment manager in his family's business, and carried out portfolio management, liaison with partner banks and private equity transactions. Upon his graduation, Mr Lidgren also provided consultancy services to Global Responsibility, an organisation that seeks to promote responsible citizenship worldwide, where he helped companies communicate their efforts in environmental, health and safety issues.

Mr Lidgren graduated from Lund University in Sweden with a Bachelor of Science and a Master of Science, both in Business Administration and Economics in 1999 and 2000 respectively.

SVEIN KJELLESVIK
Chief Operating Officer

Mr Svein Kjellesvik is the Chief Operating Officer and is responsible for the Group's overall operations, including the integration of new business development plans into the Group's operations.

Prior to joining the Company, Mr Kjellesvik has been an independent entrepreneur and he has been involved in the start-up of Rex Middle East Ltd (formerly known as Rex Oil & Gas) and Lime Petroleum Plc. Before retiring from Schlumberger in 2002, Mr Kjellesvik has held leading positions in Schlumberger's seismic division and corporate headquarters. He has also been the President of their Global Marine Seismic Division. Mr Kjellesvik has played leading roles in key innovations in the seismic industry which includes multi-cable 3D seismic, 4 component seismic, and seismic 4D.

Mr Kjellesvik holds a Master degree in Applied Geophysics from the Norwegian Institute of Technology (NTH) in Trondheim and is a member of the Society of Exploration Geophysicists, the European Association of Petroleum Geoscientists and the American Association of Petroleum Geoscientists.

PER LIND
Chief Financial Officer

Mr Per Lind is the Chief Financial Officer overseeing the Group's finance, legal, administration and group structural matters. He also works with the CEO in business development.

Prior to joining the Company, from 2009 to 2013, he was Vice President, Investments at Tangerine Time, a Singapore-based investment company investing in real estate and financial services in Singapore, India and the UK. Mr Lind was an active group management member and Director of Investments at Raffles Residency, one of Tangerine Time's real estate portfolio companies. Before being Senior Vice President of Finance in AEP Investment Management, a Singapore-based investment management company with Al Rajhi Investment Group as majority shareholder in 2008, Mr Lind spent five years as Director of Finance & Corporate Development with 1st Software Corporation Ltd, a software company listed on the mainboard of the Singapore Exchange from 2003 to 2008. He had also worked for six years in the London and Singapore offices of Merchant Venture Investments, an international federation of private equity investors. A resident in Singapore since 2001, Mr Lind was raised and educated in Sweden, the UK and the US.

Mr Lind holds a Master of Science in Business and Economics from the School of Economics and Commercial Law at the Gothenburg University in Sweden.

KRISTOFER SKANTZE
Chief Commercial Officer

Mr Kristofer Skantze is the Chief Commercial Officer and manages business development for the Group, including for Rex Technology Management Ltd.

Prior to joining the Company, he was the Head of Sales and Marketing at textile chemical company HeiQ Materials AG from 2007 to 2012, where he forged partner alliances with well-known textile brands. From 2000 to 2007, Mr Skantze worked for Anoto Group AB, a Swedish high-tech company. He held various positions within the company's headquarters in Lund, Sweden from 2000 to 2005, and was Business Development Manager of Anoto Inc. in Boston from 2005 to August 2007, where he managed the partner network and was responsible for all new North American customers. During his stint in Anoto Group AB in Sweden, Mr Skantze also invented and filed for several patents, of which at least nine were granted.

Mr Skantze holds a Master's degree in Engineering Physics from the Faculty of Engineering of University of Lund in Sweden.

LINA BERNTSEN
Chief Technology Officer

Mrs Lina Berntsen is the Chief Technology Officer and co-ordinates the use of Rex Technologies for the Group. Mrs Berntsen re-joined the Group in 2012 as the Rex Virtual Drilling Specialist to Lime Petroleum AS (previously known as Lime Petroleum Norway AS). Prior to this from 2011 to 2012, she provided consultancy services to the Group as a Technology Specialist at Equus Consulting AB, a business providing advanced mathematical analysis. From 2010 to 2011, Mrs Berntsen was the Rex Virtual Drilling Specialist for Rex Oil & Gas Ltd. and oversaw the operations and coordinated analyses in relation to the use of Rex Virtual Drilling.

Prior to this, Mrs Berntsen was Development Engineer in Gambro Lundia AB, a global medical technology company, where she was responsible for product development and design control relating to dialysis technology. She was previously the Marketing Coordinator in biotechnology company Chemel AB, where she also worked on product development.

Mrs Berntsen obtained a Master of Science in Chemical Engineering from the University of Lund, Sweden in 2007.

MOK LAI SIONG
Group General Manager
Investor Relations & Communications

Ms Mok Lai Siong is Group General Manager, Investor Relations & Communications, and is responsible for the Group's strategic communications with shareholders, potential investors, analysts and the media, as well as for branding and marketing.

Ms Mok has over 20 years of experience in communications and investor relations in multinational listed firms. Prior to joining the Company, she was Group General Manager, Corporate Communications & Investor Relations for the then Singapore mainboard-listed conglomerate WBL Corporation from 2010 to 2013. From 2007 to 2010, Ms Mok worked in YTL Starhill REIT Management, the manager of Starhill Global REIT, where her last held position was Senior Vice President, Investor Relations & Corporate Communications. She has also held positions in CapitaLand, Oversea-Chinese Banking Corporation, Overseas Union Bank, Pidemco Land and the National University of Singapore.

Ms Mok holds a Master in Business (International Marketing) degree from the Curtin University of Technology, Australia, and a Bachelor of Arts degree in English and Philosophy from the National University of Singapore.

SENIOR MANAGEMENT
- OPERATIONS

DR RABI BASTIA
Masirah Oil Ltd
– Chairman

Dr Rabi Narayan Bastia was appointed the Chairman of Masirah Oil Ltd on 29 September 2016.

Dr Rabi worked in different capacities and at various locations during his 16 years at the Oil and Natural Gas Corporation (ONGC) in India. In 1996, he started the E&P business in Reliance Industries Limited, a member of the Reliance Group, India's largest private sector enterprise. His last position after more than 16 years in the group was as the Head of the Exploration Management Team for Reliance Industries Limited. The highlights of his career include the gas discovery of the Krishna-Godavari basin in 2002, the Mahanadi Basin gas discovery in North East Coast of India in 2003, and an oil and gas discovery in the deep waters of the Cauvery basin in India in 2007.

He holds a Bachelor of Science (1st Class Honours) degree in Applied Geology from the Indian Institute of Technology, Kharagpur, India; a Bachelor of Science (1st Class Honours) degree in Petroleum Exploration & Reservoir Management from the Norwegian Technological University, Norway; a PhD in Petroleum/Structural Geology from the Indian Institute of Technology, Kharagpur, India and a Doctor of Science degree in Petroleum Geology from the Indian School of Mines, Dhanbad (examined by Alberta University, Canada and Oklahoma University, USA).

CHRISTOPHER DYAS
Masirah Oil Ltd
- General Manager

Mr Chris Dyas has 30 years of experience in E&P engineering and projects. He also has contractual and financial experience with skills in assessing companies and projects, and the development of business plans.

He started his career in 1983 with Cooper Energy Services (now a subsidiary of Rolls-Royce), heading the Testing Department for the oil and gas industry. Between 1986 and 2002, he was with Marathon Oil (UK) Ltd; Atlantic Power and Gas in Aberdeen, Scotland; and the Wood Group, first in Aberdeen, Scotland and then in Kuala Lumpur, Malaysia. In 2002, Mr Dyas joined SapuraCrest Petroleum Berhad as Project Director/ General Manager. He has been overseeing operations in the Block 50 Oman concession since 1 January 2012.

Mr Dyas holds an MSc in Thermal Power from Cranfield Institute of Technology, UK and a Master in Business Administration (MBA) at the Cranfield School of Management.

SVEIN KJELLESVIK
Lime Petroleum AS
- Executive Chairman

Mr Svein Kjellesvik was appointed Chairman of Lime Petroleum AS ("**LPA**") on 19 April 2016. He was appointed Executive Chairman of LPA on 1 June 2017.

Please refer to page 12 for more details.

TERJE HAGEVANG
Lime Petroleum AS
– Chief Executive Officer

Mr Terje Hagevang has a long experience working as a professional and in managerial positions from Amerada Hess and Saga Petroleum. He was a founding partner of Sagex, heading the successful consultancy and subsequently the oil company. Mr Hagevang also has extensive international experience and in-depth knowledge of all areas of the Norwegian Continental Shelf.

He joined Lime Petroleum AS as Chief Operating Officer in March 2014, heading the operating activities, ensuring the building of a portfolio that is able to deliver exploration and production success. He was appointed Chief Executive Officer on 1 November 2016.

Mr Hagevang holds a Master degree in Geology and Applied Geophysics from the University of Oslo in 1978.

RUNE SKOGEN
Lime Petroleum AS
– Chief Financial Officer

Mr Rune-Kjetil Skogen has more than 15 years of experience from finance, commercial, and management positions in the oil and gas industry with independent or multinational oil companies such as Total and Dana Petroleum.

Mr Skogen joined Lime Petroleum AS as Chief Financial Officer in October 2013.

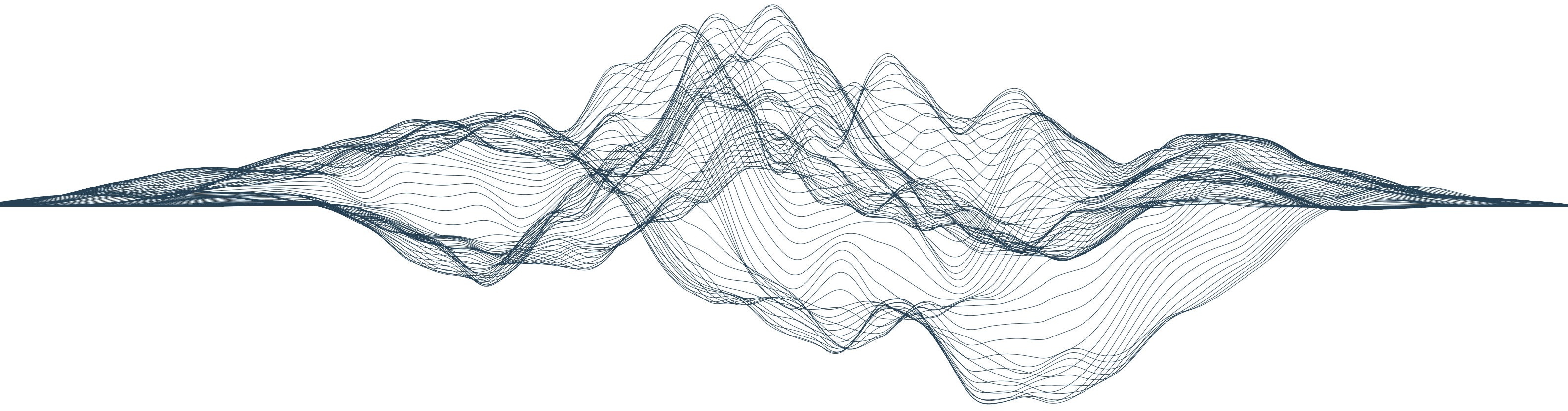
Mr Skogen holds a Master of Science in Business degree from Bodø Graduate School of Business and has done additional studies at the Doctoral Level in Financial Economics.

REX **TECHNOLOGIES**

The game-changing Rex Virtual Drilling, a liquid hydrocarbon indicator, is the mainstay of the Group's suite of Rex Technologies. Previously used mainly on the Group's own assets, Rex Virtual Drilling is now offered as a de-risking tool for offshore oil exploration companies around the world.

Rex Virtual Drilling, together with the Group's other proprietary technologies Rex Gravity and Rex Seepage, were developed by Rex Technology Management, a company set up by two of our founders, Dr Karl Lidgren and Mr Hans Lidgren.

Rex Technology Management is now an indirect wholly-owned subsidiary of Rex International Holding.



REX VIRTUAL DRILLING

REX VIRTUAL DRILLING™

Rex Virtual Drilling ("**RVD**") is a highly advanced, proprietary technology that can extract information about the presence of liquid hydrocarbons from conventional seismic data. The technology does not require new methods of data collection but works best on abundant, conventional seismic data. Such data is collected by shooting acoustic energy – sound pulses – into the ground and listening to the responding sounds. Although seismic data has been the standard for the exploration industry for many decades, its use is typically limited to the identification of geological structures in the ground, such as faults and lithological changes. Up until today, the industry's focus has been on finding signs of source rocks, reservoir rocks and trapping mechanisms. These geological features may provide indirect support of pre-conditions for oil presence, yet with some exceptions, do not provide any direct indication of oil. This is also the reason why the global average oil exploration hit rate of today is estimated at only 10-15 per cent.

With the liquid hydrocarbon indicator RVD, the exploration success rate can be increased. This is because with RVD, we can see the oil in the ground: Where it is; how deep it lies; how much there is; and how it fits in the geological context. The efficiency of RVD has been extensively tested in blind tests, live tests and actual drilling campaigns.

As documented in our initial public offering document dated 22 July 2013, RVD achieved 100 per cent accuracy in 18 blind and live tests conducted in Norway, New Zealand, India, Ras al-Khaimah and onshore US. In 2013, North Energy, a listed independent exploration & production company in Norway, matched the outcome of the drilling of 41 prospects it was monitoring with RVD predictions previously made on these same prospects, over a two-year period. Out of the 41 wells drilled, 35 predictions by RVD were correct. This translates to an overall 85 per cent success rate, with success rates of 96 per cent for dry-well predictions and 69 per cent for commercial oil find predictions.

The Group has achieved two oil discoveries in Oman and in Norway over the last few years with the support of RVD – the GA South#1 prospect in Block 50 Oman in February 2014 and in the Rolvsnes (previously known as Edvard Grieg South) prospect in Norway's North Sea licence PL338C in December 2015.

The technology has also proven to be highly accurate in predicting dry wells. By incorporating RVD into existing de-risking processes, oil exploration companies can increase the chances of finding oil whilst saving millions of dollars in futile capital expenditure drilling dry wells.

Research and development efforts on RVD have continued unabated during the past few years. In 2015, RVD was further developed to allow for better depth control (vertical resolution) and more precise reservoir extent (lateral resolution). In 2016, a multi-attribute version was developed, for greater independence from geological estimates on porosity and permeability. The latest version, RVD version 3 ("**RVDv3**"), is even more accurate and faster than previous versions, allowing the Group to scale up on the number of licences to be analysed at any one time.

For sales enquiries, please email info@rexih.com

EXPLORATION

REX VIRTUAL DRILLING – RVDv3

The new version of Rex Virtual Drilling, RVDv3, is capable of differentiating between oil and water liquids in reservoirs and also of identifying rock with movable oil suitable for production. This makes RVDv3 highly suitable for de-risking in all steps of the E&P value chain, from exploration to solid understanding of appraisal and reservoir control, and all the way to optimal water injection management for producing fields.

RVD works by analysing resonance signals in the seismic data. This permits the identification of liquids by studying the dispersive properties of the resonant seismic waves.

By analysing seismic resonance, the RVD results can identify liquid types and also separate tight rock from reservoirs with movable liquids.

REFERENCE CASE – BALDER FIELD NORWAY

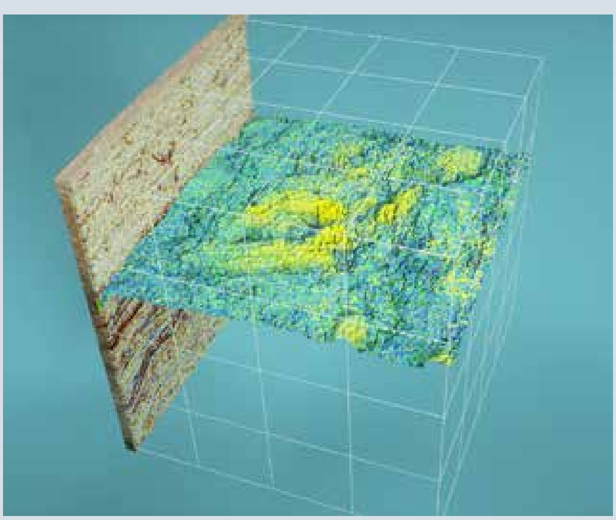
By studying existing oil fields, it is possible to compare RVD results with actual oil discoveries and dry wells.

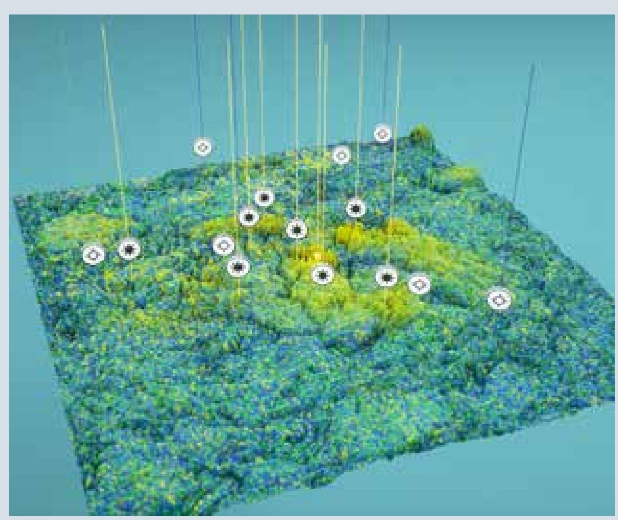
This example study shows the RVD results over the Balder field located in the Norwegian North Sea. The field was discovered in 1967 and has been producing some 447 million barrels of oil equivalent since being put on production in 1999. In this study, seismic data over the field dating from 2001 were analysed.

The results show strong correlation between RVD's positive indications for oil (depicted in yellow) and the sand mounds which constitute a significant part of the oil field reservoirs.

Likewise, a strong correlation can be seen between the RVD results for dry wells (depicted in blue and green below) and the actual drilling results for dry wells.

This example shows the value of applying RVDv3 analysis for the purpose of de-risking assets prior to drilling, to save costs and to invest where there is a higher chance of financial return.


Sand mounds in the Balder field with confirmed hydrocarbon findings can be seen correlating nicely with positive RVD indications for oil.


Actual well results over the Balder field match the RVD results.

Tight rock response | Weak oil response | Strong oil response | Oil discoveries | Dry wells

To view this page in colour, please visit www.rexih.com

MILESTONES

3 JANUARY 2017
Rex International Holding injects capital into Masirah Oil Ltd (“**MOL**”), increasing effective interest to 85.15%

16 MARCH 2017
Gaffney, Cline & Associates, in an Independent Qualified Report dated 10 March 2017, estimates PL338C in Norway to have gross contingent resources attributable to the licence, on an unrisked basis, of up to 77.9 million barrels of oil and up to 78.7 billion cubic feet of natural gas (3C resources: high estimate of potentially recoverable oil and gas from the discovery).

20 MARCH
MOL starts drilling of the Karamah#1 well in Block 50 Oman.

17 APRIL 2017
Rex International Holding maps out value creation strategy for Norway; including holding stakes in a cluster of investments in an oil prolific area that already has pipeline infrastructure in place, allowing a fast-track path to potential commercialisation and return on investment when more oil discoveries are made.

25 APRIL 2017
Rex International Holding injects capital into MOL, increasing effective interest to 88.90%.

30 MAY 2017
MOL completes drilling of the Karamah#1 well in Block 50 Oman; further proves prospectivity and presence of an active petroleum system in the block.

27 JULY 2017
Lime Petroleum Norway AS is renamed as Lime Petroleum AS ("**LPA**").

4 AUGUST 2017
Rex International Holding injects capital into MOL, increasing effective interest to 92.24%.

31 AUGUST 2017
Singapore High Court upholds Rex International Holding and Rex International Investment's application for stay of suit filed by Gulf Hibiscus Ltd.

7 DECEMBER 2017
Rex International Holding targets substantially higher revenue going forward.

9 JANUARY 2018
Rex Technology Management is awarded approximately USD1.95 million in arbitration with HiRex.

18 JANUARY 2018
LPA is awarded one new licence in the 2017 Awards in Predefined Areas (APA 2017) in Norway's North Sea. The new licence, PL818B, is an extension of the licence PL818, which is held by the same partnership comprising operator Aker BP (40%), LPA (30%) and Statoil (30%).

22 JANUARY 2018
Liquidators sell Lime Petroleum Plc's assets to Rex subsidiary Rex International Investments Pte Limited. As a result, Rex Group now has about 90% effective interest in LPA and 92.65% effective interest in MOL.

30 JANUARY 2018
LPA sells its 20% participating interest in licence PL762 in the Norwegian Sea.

RESERVES AND **RESOURCES**

The following reserves table has been extracted from the qualified person's report dated 2 February 2018 ("**QPR**"), as prepared by the independent qualified person, Gaffney, Cline & Associates.

Please also refer to the enclosed CD attached at the back of this Annual Report for the QPR.

ROLVSNES (PREVIOUSLY KNOWN AS EDVARD GRIEG SOUTH), NORWAY

CATEGORY	GROSS ATTRIBUTABLE TO LICENCE (MMbbl/Bcf)	NET ATTRIBUTABLE TO LPA (MMbbl/Bcf)	NET ATTRIBUTABLE TO LPA CHANGE FROM PREVIOUS UPDATE (%)	REMARKS
CONTINGENT RESOURCES OF OIL				
1C	10.3	3.1	0	Unchanged from previous update (when called Edvard Grieg South).
2C	31.4	9.4	0	
3C	77.9	23.4	0	
CONTINGENT RESOURCES OF NATURAL GAS				
1C	10.4	3.1	0	Unchanged from previous update (when called Edvard Grieg South).
2C	31.8	9.5	0	
3C	78.7	23.6	0	

There are no Reserves as the discovery well is not producing yet.
MMbbl: Millions of barrels
Bcf: Billions of cubic feet

The Group incurred US$15.69 million and US$4.55 million for exploration and drilling activities in Oman and Norway respectively in FY2017. The Group's exploration work is an ongoing process. The exploration activities fulfilled in FY2017 included Rex Virtual Drilling and actual drillings and preparatory work in Oman and Norway.

OPERATIONS **REVIEW**

The Group made good progress on its key assets in Oman and Norway during 2017. Early production could be within reach in Oman in 2019 and in Norway in 2020.

OMAN

The well drilled in Block 50 Oman in 2017 further confirmed the prospectivity of the approximately 17,000 sq km block.

OVERVIEW

Located on the Arabian Peninsula, Oman's proximity to the Arabian Sea, Gulf of Oman, and Persian Gulf grants it access to some of the most important energy corridors in the world, enhancing Oman's position in the global supply chain. According to the Oil & Gas Journal, Oman had 5.4 billion barrels of estimated proved oil reserves as of January 2017, ranking Oman as the 7th largest proved oil reserve holder in the Middle East and the 22nd largest in the world.

The US Energy Information Administration (EIA) reported that Oman's petroleum and other liquids production averaged more than 1 million barrels per day in 2016, its highest production level ever. Oman was on track to maintain this production level in 2017, but it reduced production to approximately 970,000 barrels per day in early 2017 to meet the production cut it agreed to, along with members of the Organization of the Petroleum Exporting Countries (OPEC).

BLOCK 50 OMAN

The approximately 17,000 sq km offshore concession is located in Gulf of Masirah, east of Oman.

Masirah Oil Ltd (**"MOL"**) holds 100 per cent of the Block 50 Oman concession. Rex International Holding holds an effective interest of 92.65 per cent in MOL through its indirect wholly-owned subsidiary Rex Oman Ltd. MOL is also 2.35 per cent held by PETROCI, the National Oil Company of the Ivory Coast (also known as Côte D`Ivoire) and 5 per cent held by Schroder & Co Banque S.A..

2017 OPERATIONS UPDATE

- Completed the drilling of the Karamah#1 well. A 5-metre oil bearing interval was identified on the wireline logs and hydrocarbon shows found in several stratigraphic zones. The well confirmed the presence of a working petroleum system in the block, although it could only be classified as a non-commercial discovery.
- Carried out screening development feasibility on the GA South#1 discovery, concluding that commercial production could be viable. Reprocessing of the seismic data started so as to improve stratigraphic resolution and structural imaging of the discovery.
- Integrated the results of the Karamah#1 well and reprocessing into an improved understanding of the basin, concluding that several promising prospects are located within a short distance of the GA South#1 discovery.

GOING FORWARD

- Finalise development concept studies of the GA South#1 discovery in the first half 2018 with the view to start early production in 2019.
- Finalise updated mapping of the block with the view to determine possible drilling of prospects that could be taken forward for production in parallel or sequentially with GA South#1.

PLANS TO UNLOCK VALUE IN OMAN

Having secured a three-year extension of the Exploration and Production Sharing Agreement (EPSA) for Block 50 Oman in 2016 until 2020, efforts have been made in 2017 towards achieving production at the GA South#1 discovery.

To this end, the evaluation of the development programme for the GA South#1 discovery is ongoing and will continue until the first half of 2018. Should the evaluation be positive, the Group will target production from GA South#1 in 2019.

To reduce its holding risks to be in line with its internally defined exposure levels and to garner financing for the project, the Group is in negotiations to farm out a percentage of the concession, including to potential operational partners of high professional standard.

Sources: Oil & Gas Journal, "Worldwide Look at Reserves and Production", 5 December 2016
US Energy Information Administration (EIA) Independent, Country Analysis Brief: Oman, 25 August 2017

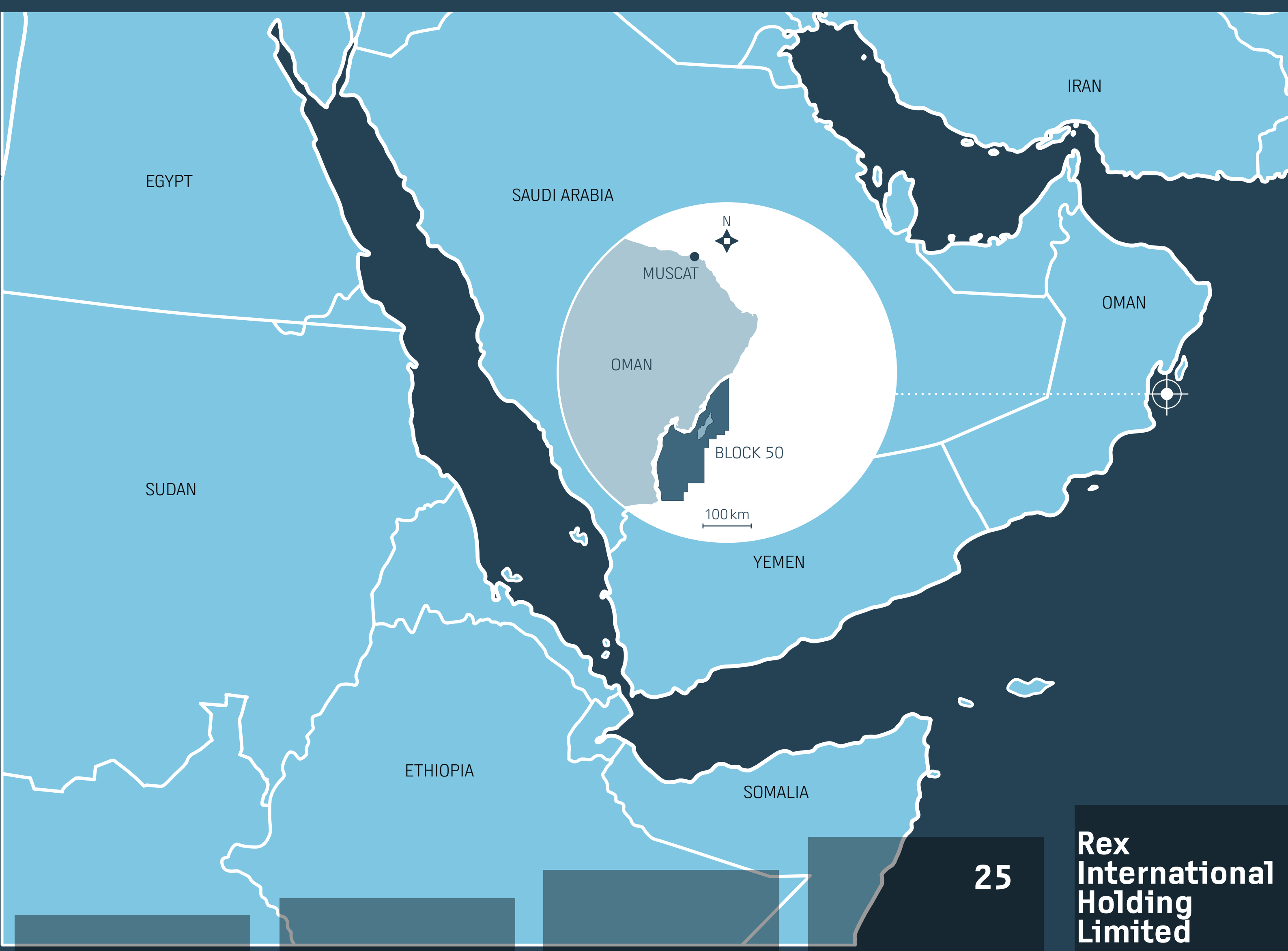
GA SOUTH#1 DISCOVERY

Block 50 Oman is one of the first concessions secured by the founders of Rex International Holding before the Company's listing on the Singapore bourse. The Company's founders were involved in Lundin Petroleum's (then known as International Petroleum Corporation (IPC)) commercial oil discovery in the Bukha field, offshore Oman in 1986.

On 4 February 2014, an oil discovery was announced in Block 50 Oman. The second exploration well that was drilled in the concession had successfully reached the well target depth of more than 3,000 metres into the Cambrian formation. Hydrocarbons were discovered in several formations with good oil sample extracted.

The oil discovery is significant as it is the first offshore discovery east of Oman, after 30 years of exploration activity in the area and won the 'Offshore Discovery of the Year' award.

During a 48-hour test, hydrocarbons were flowed to the surface and the well achieved flow rate of 3,500 stock tank barrels per day (stb/d) of light oil with no water production.



NORWAY

Subsidiary Lime Petroleum AS has adopted a value creation strategy – particularly in the North Sea – built on the Group's unique technology-led, de-risked exploration approach. The company's cluster of investments in the North Sea are close to existing producing fields and pipeline infrastructure, allowing a fast-track path to potential commercialisation and return on investment when more discoveries are made in its assets.

Lime Petroleum AS ("**LPA**"), as a pre-qualified company, benefits from the Norwegian tax system with 78 per cent cash-back of all exploration expenditures. This system has been a huge success since it was introduced in 2005, enabling a diversity of companies drilling a sufficient number of wells, having resulted in a string of significant discoveries in all provinces of the Norwegian Continental Shelf.

OVERVIEW

According to a Financial Times report dated 16 November 2017, Norway produces more than 3.7 million barrels of oil equivalent a day of liquids and gas output, making it western Europe's biggest energy producer, despite a population of just 5.2 million people. The Norwegian Petroleum Directorate (NPD) forecasts production to increase from 2020 to 2022, with total production of oil and gas in 2022 estimated to be close to the record-breaking year 2004.

All of Norway's oil reserves are located offshore on the Norwegian Continental Shelf, which is divided into three sections: the North Sea, the Norwegian Sea, and the Barents Sea. The bulk of Norway's oil production occurs in the North Sea. New exploration and production activity is taking place further north in the Norwegian Sea and Barents Sea.

According to the NPD, 34 exploration wells were completed in 2017. Half of the wells were drilled in the Barents Sea, 12 in the North Sea and five in the Norwegian Sea. Eleven discoveries were made, all of them relatively minor. Oil companies exhibited significant interest in new acreage in the most recent licensing round, with the highest number of licences ever awarded to 19 operators and 34 oil companies. Of the 75 licences awarded, 45 are in the North Sea, 22 in the Norwegian Sea and eight are in the Barents Sea. The NPD notes that development project costs in Norway have been cut by 30 to 50 per cent in the last couple of years, while oil prices have risen in the meantime. The projects now being approved generally have good profitability and can tolerate an oil price as low as US$30-40 per barrel.

STRATEGY

The Group has adopted a value creation strategy – particularly in the North Sea – built on its unique technology-led, de-risked exploration approach. The Group's cluster of investments in the North Sea are close to existing pipeline infrastructure, meaning that potential commercialisation and return on investment upon more discoveries can be fast-tracked if they are tied in to operational fields and facilities.

CONCESSIONS

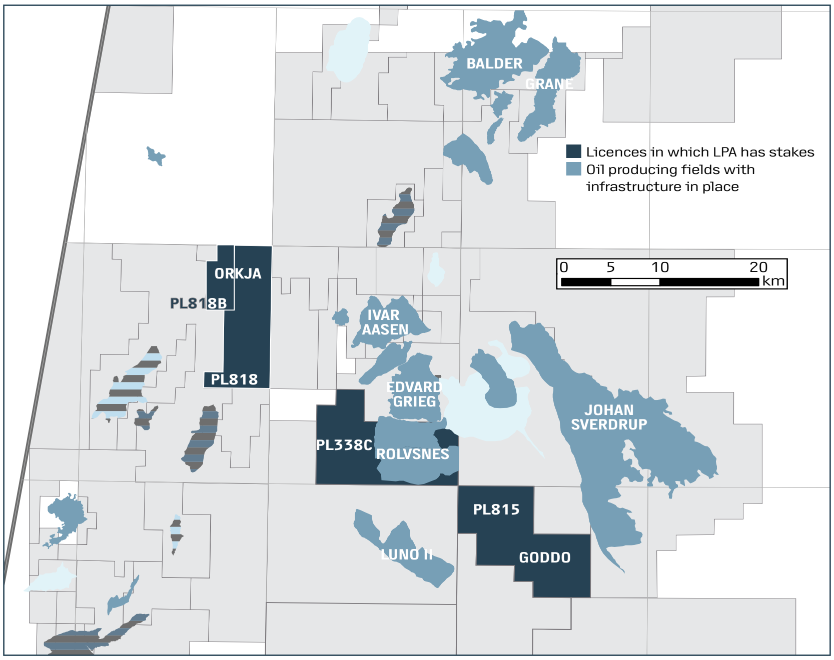
As at March 2018, the Group has interests in six concessions in Norway – four are located in the North Sea, one in the Norwegian Sea and one in the Barents Sea - totalling about 1,500 sq km. LPA is 90 per cent directly held by Rex's wholly-owned subsidiary Rex International Investments Pte Ltd.

2017 OPERATIONS UPDATE

- Renamed Lime Petroleum Norway AS to Lime Petroleum AS.
- Carried out development feasibility studies on the Rolvsnes (previously Edvard Grieg South) discovery.
- Matured the exploration licences towards drilling decisions.
- Awarded one new licence in the Awards in Predefined Areas (APA) 2017 licensing round in January 2018.
- Divested stake in non-core asset, PL762 in the Norwegian Sea, effective from 1 January 2018.

Sources: NPD website: http://www.npd.no/
Financial Times, https://www.ft.com/content/611c2e9e-cad9-11e7-aa33-c63fdc9b8c6c


N
PL850
BARENTS SEA
50 km
N
PL841
NORWEGIAN SEA
50 km
SWEDEN
NORWAY
FINLAND
PL818B
N
PL818
PL338C
PL815
NORTH SEA
50 km



GOING FORWARD

Participate in drilling the first 2,000-metre horizontal test production well on the Rolvsnes discovery in 2018.

VALUE CREATION STRATEGY FOR NORWAY

Lime Petroleum AS (“**LPA**”) was established in 2012 with offices at Skøyen in Oslo. The company was pre-qualified as a licence holder in February 2013 and has since built a portfolio of assets focusing on mature areas, following a technology and infrastructure-led strategy.

LPA has used the Group’s Rex Virtual Drilling (“**RVD**”) technology to select and build a cluster of investments in the North Sea, located near to Johan Sverdrup, one of the five largest oilfields on the Norwegian continental shelf with expected resources of between1.9 to 3.0 billion barrels of oil[1], and adjacent to the producing Edvard Grieg and Ivar Aasen fields with estimated combined reserves of some 400 million barrels of oil[2]. Being in an oil prolific area that already has producing fields and pipeline infrastructure in place allows for a fast-track path to potential commercialisation and return on investment when more oil discoveries are made in LPA’s assets.

The cluster of licences that LPA holds stakes in include:

- A 30 per cent interest in the Rolvsnes (formerly known as Edvard Grieg South) discovery in licence PL338C made in December 2015, for which a Qualified Person’s Report (dated 2 February 2018) by Gaffney, Cline & Associates gave an independent assessment of gross contingent resources attributable to the PL338C licence of up to 77.9 million barrels of oil equivalent (3C resources: high estimate of potentially recoverable oil and gas from the discovery). Development feasibility studies have concluded with a phased approach, drilling 2,000-metre horizontal production wells sequentially and connected to the Edvard Grieg platform by a pipeline as stated by the common operator Lundin Norway AS (“**Lundin**”) in a January 2018 press release. Drilling of the first horizontal production well is scheduled to start in late March 2018.

- In addition, the Helios/Flisa prospect is within the same licence, and an exploration well is expected in 2019.

- A 20 per cent interest in licence PL815, where the undrilled Goddo prospect is believed to be a geological continuation of the Rolvsnes discovery, having the potential to add large oil volumes. Drilling is scheduled for 2019 following de-risking of the reservoir through the Rolvsnes 2018 well. The operator is again Lundin.

- 30 per cent interests in licences PL818 and PL818B, with the Orkja prospect straddling the two licences. The prospect is located within easy tie-back distance to the producing Ivar Aasen field. AkerBP is the common operator of the two licences and the Ivar Aasen field. Seismic data has been reprocessed and evaluation of the prospectivity is expected to lead to a drilling decision in 2018, with potential drilling in 2019. Should this be successful, a discovery could be developed swiftly as a satellite to the Ivar Aasen field.

Besides the four licences in the North Sea, LPA holds a 20 per cent interest in one licence in the Norwegian Sea and one licence in the Barents Sea, where drilling could take place earliest 2020 and thus considered non-core.

[1] Source: https://www.statoil.com/en/what-we-do/johan-sverdrup.html
[2] Sources: https://www.lundin-petroleum.com/eng/development_EdvardGrieg.php; http://www.akerbp.com/en/production-started-at-the-ivar-aasen-field/

LICENCE	LOCATION	AREA (SQ KM)	LIME NORWAY'S STAKE	REX'S EFFECTIVE STAKE IN LICENCE HOLDING ENTITY	OPERATOR	OTHER PARTNERS	EXPIRY DATE
PL 338 C	North Sea	122	30.0%	26.8%	Lundin Norway AS	OMV (Norge) AS	17.12.2019
PL815	North Sea	111	20.0%	17.8%	Lundin Norway AS	Petoro AS, Concedo ASA	05.02.2022
PL 818	North Sea	77	30.0%	26.8%	Aker BP ASA	Statoil Petroleum AS	05.02.2023
PL818B	North Sea	20	30.0%	26.8%	Aker BP ASA	Statoil Petroleum AS	05.02..2023
PL 841	Norwegian Sea	111	20.0%	17.8%	Edison Norge AS	Statoil Petroleum, Petoro AS	05.02.2023
PL850	Barents Sea	1,028	20.0%	17.8%	Edison Norge AS	Kufpec Norway AS, PGNiG Upstream International AS	05.02.2024

OTHER **GEOGRAPHIES**

TRINIDAD & TOBAGO

The Company has an effective interest of 25.72 per cent in Steeldrum Oil Company Inc. ("**Steeldrum**").

FINANCIAL **REVIEW**

REVENUE

The Group recorded total service revenue of US$0.36 million in FY2017, as compared to total service revenue of US$0.35 million for the financial year ended 31 December 2016 ("**FY2016**") from technical services rendered to external clients by Rex Technology Management Ltd ("**RTM**").

COST OF SALES

Cost of services decreased from US$0.72 million in FY2016 to US$0.23 million in FY2017, due to lower variable costs attributed to services rendered to clients by RTM.

The Group recorded total exploration and evaluation ("**E&E**") expenditure of US$3.16 million in FY2017, of which US$2.48 million was due to impairment of E&E assets. Comparatively, the Group recorded total E&E expenditure of US$44.20 million in FY2016, of which $43.23 million was due to impairment of E&E assets. The decrease in impairment loss was mainly due to fewer drilling campaigns and relinquishments in Norway in FY2017.

ADMINISTRATIVE EXPENSES

Total administrative expenses decreased to US$11.27 million in FY2017, from US$16.16 million in FY2016, mainly due to a decrease in non-recurring professional fees and a decrease in staff costs partly due to lower headcount.

OTHER INCOME

The Group recorded total other income of US$0.99 million in FY2017, against US$0.85 million in FY2016. The increase was mainly due to certain ad-hoc consultancy work performed by one of the subsidiaries.

NET FINANCE COSTS

Total finance costs decreased to US$1.38 million in FY2017, from US$3.17 million in FY2016, mainly due to a decrease in bank borrowings.

The Group recorded total net foreign exchange gain of US$0.26 million in FY2017, against total net foreign exchange loss of US$0.29 million in FY2016. The net foreign exchange gain recorded in FY2017 was due to the appreciation of the Singapore dollar ("**SGD**") against the United States dollar ("**USD**") in FY2017 compared to FY2016, when the SGD depreciated against the USD.

SHARE OF LOSS OF A JOINTLY CONTROLLED ENTITY AND AN ASSOCIATE

Total share of equity-accounted losses from a jointly controlled entity and an associate decreased to US$0.68 million in FY2017, from US$2.59 million in FY2016. The decrease was mainly due to lower share of loss from Rexonic as a result of lower operational expenses incurred in FY2017, and the cessation of equity accounting for the results of Steeldrum in 4Q FY2016 when the Group's shareholding in Steeldrum was lowered from 36.86% to 25.72%. The Group reclassified the carrying value of Steeldrum from investment in an associate to an available-for-sale investment as at 31 December 2016.

After taking into consideration the challenging economic environment and the continued uncertainties of Rexonic's business developments, the Group fully impaired the carrying value of its investment in Rexonic of US$2.15 million in FY2017.

TAXATION

The Group recorded total tax credit of US$6.48 million in FY2017, against US$35.99 million in FY2016, from the Norwegian authorities in relation to exploration costs incurred in Norway. The decrease was due to fewer drilling campaigns in Norway in FY2017.

LOSS FOR THE YEAR

Overall, the Group registered a lower total comprehensive loss of US$8.64 million in FY2017, as compared to US$30.46 million in FY2016.

NON-CURRENT ASSETS

Non-current assets increased to US$84.00 million as at 31 December 2017, from US$70.13 million as at 31 December 2016. The increase was mainly due to an increase of US$18.72 million (net of impairment) in E&E assets, as a result of E&E activities in Oman and Norway, offset by 1) a decrease in available-for-sale investment of US$1.53 million, due to the disposal of shares in North Energy ASA; 2) a US$2.15 million write-off of investment in a jointly controlled entity, Rexonic; and 3) a US$0.85 million amortisation of intangible assets in FY2017.

CURRENT ASSETS

Trade and other receivables of the Group decreased to US$9.53 million as at 31 December 2017, from US$22.61 million as at 31 December 2016, due to a decrease in income tax receivables from the Norwegian tax authorities, as a result of fewer E&E activities in Norway in FY2017.

Quoted investments increased to US$33.57 million as at 31 December 2017, from US$31.10 million as at 31 December 2016, mainly due to the purchase of US$2.25 million in quoted investments in FY2017.

NON-CURRENT LIABILITIES

Deferred tax liabilities increased to US$2.36 million as at 31 December 2017, from US$0.58 million as at 31 December 2016, due to an increase in capitalised exploration and evaluation costs in Norway.

CURRENT LIABILITIES

All short-term bank borrowings drawn-down of credit facilities to fund exploration activities in Norway by LPA were fully repaid in 4Q FY2017. Hence, there were no short-term bank borrowings as at 31 December 2017, as compared to US$12.49 million as at 31 December 2016. LPA, a pre-qualified petroleum company in Norway, is eligible to receive a cash tax refund of 78% of exploration costs annually from the Norwegian tax authorities.

CASH FLOWS

The Group reported net cash of US$11.27 million generated from operating activities in FY2017, after accounting for movements in working capital. This was primarily due to receipt of tax refunds of US$22.38 million from the Norwegian tax authorities in relation to the exploration costs incurred in Norway, offset by payments of office-related administrative and operational expenses as well as consultancy and professional fees incurred in relation to the Group's business.

Net cash of US$19.99 million used in investing activities in FY2017 was largely attributable to 1) exploration and evaluation expenditure of US$20.24 million incurred for exploration and drilling activities undertaken by LPA and MOL; and 2) purchase of US$2.25 million in quoted investments.

The cash outflow from investing activities was partially offset by the cash inflows generated from investing activities including 1) interest received from funds placed in banks and quoted investments of US$1.01 million; and 2) proceeds received from the disposal of an available-for-sale investment of US$1.72 million.

Net cash of US$14.32 million used in financing activities in FY2017 was attributable to the repayment of short-term bank borrowings of US$20.26 million, and payment of interest expense of US$0.82 million in relation to the bank borrowings. The cash outflow from financing activities was partially offset by proceeds from borrowings of US$6.76 million for exploration and drilling activities in Norway.

The Group recorded an overall net decrease in cash and cash equivalents of US$23.05 million in FY2017. As at 31 December 2017, the Group's cash and cash equivalents stood at US$11.70 million and quoted investments stood at US$33.57 million, totalling US$45.27 million, as compared to a total of US$64.34 million as at 31 December 2016 (comprising cash and cash equivalents of US$33.24 million and quoted investments of US$31.10 million).

INVESTOR RELATIONS
& COMMUNICATIONS

Rex International Holding aims to provide regular, succinct, transparent and timely information on Rex International Holding's strategy, business activities and financial performance, and to address concerns and strengthen relationships with its stakeholders. The Company employs various platforms, including announcements, press releases, investor presentations, meetings, briefings, conference calls, annual reports, the corporate website and social media, to communicate with its stakeholders comprising shareholders, investors, analysts, the media and the general public.

2017 INVESTOR RELATIONS ACTIVITIES

1Q2017
Release of FY2016 financial results

2Q2017
Release of 1Q 2017 financial results
Annual General Meeting
Extraordinary General Meeting

3Q2017
Release of 2Q 2017 financial results

4Q2017
Release of 3Q 2017 financial results

28/578
Ranked 28 in the inaugural Investor Relations Website Survey (released in October 2017) by IRPAS (Investor Relations Practitioners Association of Singapore) and EQS, out of 578 companies in Singapore.

>35
announcements and press releases were issued.

51/606
Ranked 51 in the Singapore Corporate Transparency Index 2017, out of 606 companies listed on both the Singapore Exchange's Mainboard and Catalist; the highest ranking among listed oil exploration & production companies in Singapore for three consecutive years.

CONTACT US

If you have any enquiries or would like to find out more about Rex International Holding, please contact:

SHAREHOLDER ENQUIRIES

Rex International Holding Limited
1 George Street #14-01
Singapore 049145
Phone: +65 6557 2477
Fax: +65 6438 3164
Email: info@rexih.com or ir@rexih.com
Website: www.rexih.com

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898
Telephone: +65 6236 3333
Website: www.sg.tricorglobal.com

SHARE DEPOSITORY

The Central Depository (Pte) Limited
4 Shenton Way
#02-01 SGX Centre 2
Singapore 068807
Phone: +65 6535 7511
Fax: +65 6535 0775
Email: cdp@sgx.com
Website: www.cdp.com.sg

SUSTAINABILITY REPORT

BOARD STATEMENT

As a young listed company, Rex International Holding aspires to create a sustainable business model by adopting best practices in the environment, social and governance (ESG) aspects of its business. Sustainability efforts at Rex International Holding are led by the Company's management team, which reports directly to the Board. For this 2017 Sustainability Report, the Board has considered sustainability issues, and together with the management team, has determined the material ESG factors for the Group.
(G4-1)

Rex International Holding aims to progressively add metrics and targets that are material to its business in its future sustainability reports.

ABOUT THIS SUSTAINABILITY REPORT

This is the second Sustainability Report by Rex International Holding, which is headquartered in Singapore. This Sustainability Report covers the financial year from 1 January to 31 December 2017 and is aligned with the Group's financial year. This report has been prepared in accordance with the Global Report Initiative (GRI) G4 Standards – Core Level guidelines. The GRI Standards were chosen, given its longstanding universal application and robust guidance. The GRI content index and the relevant references are provided at the back of this report.
(G4-3) (G4-5) (G4-28) (G4-15).

Unless otherwise stated, the report covers the environment, social and governance (ESG) performance of Rex International Holding and its subsidiaries in Singapore, Norway and Oman. It is to be noted that the Human Capital performance indicators pertain only to staff under the direct employment of Rex International Holding in Singapore.
(G4-6)

This report supplements information on the Company's strategies and activities in relation to sustainability practices regarding ESG factors, which are covered in other parts of the 2017 Annual Report.

The report can be read or downloaded from www.rexih.com

Rex International Holding welcomes feedback from stakeholders on how it can improve on its sustainability reporting. Stakeholders can send their comments and suggestions to info@rexih.com
(G4-31)

The Company will publish the Sustainability Report annually, to account for its performance and strategy on key ESG issues that matter to our stakeholders.
(G4-30)

STAKEHOLDER ENGAGEMENT

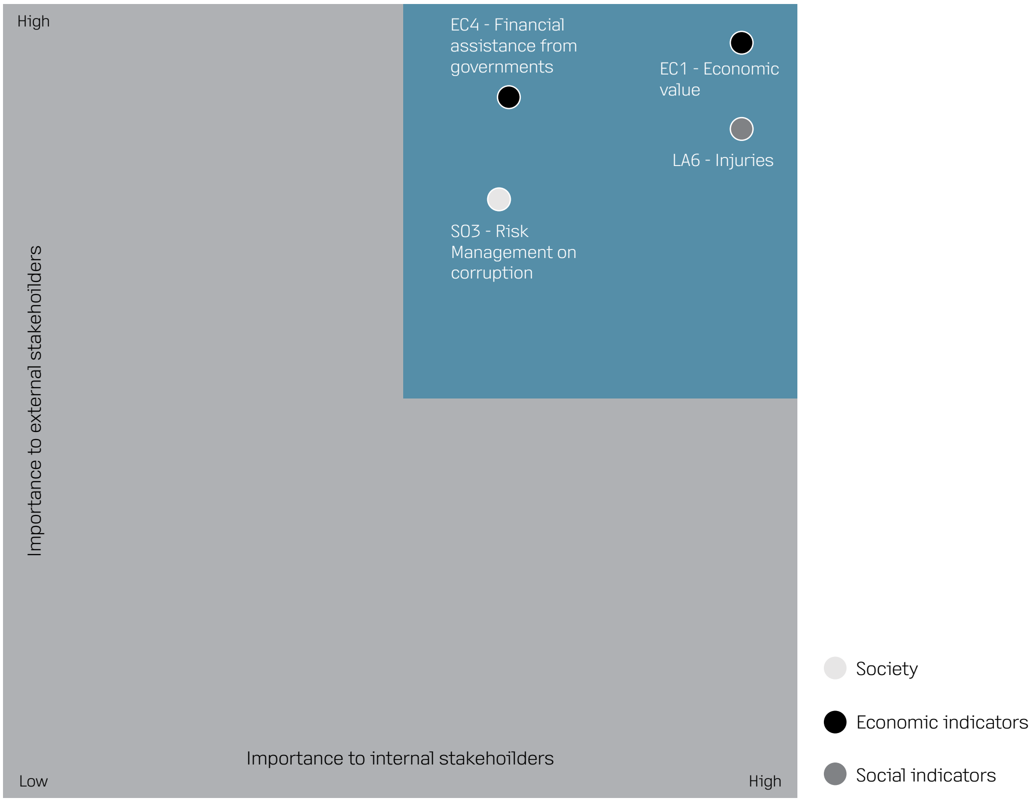
The Company engages its stakeholders regularly through various communications channels. Such engagement with stakeholders allows for the Company to identify, review and add to its sustainability efforts.

STAKEHOLDER GROUPS (G4-24)	PURPOSE & GOAL (G4-25)	MODES OF ENGAGEMENT (G4-26)	KEY CONCERNS RAISED BY STAKEHOLDER GROUPS (G4-27)
Shareholders & Investors – institutional investors	Provide timely and accurate information to shareholders and the investing public	Dedicated Investor Relations section on the company's website SGXNet announcements Annual General Meetings Extraordinary General Meetings Quarterly Financial Reports Annual reports Meetings with investors, roadshows and conferences Corporate and marketing videos, factsheets Communications via social media	Business performance and strategy Sustainable delivery of returns Industry conditions Market presence
Partners and Clients	Collaborative efforts with partners to find oil in exploration drilling campaigns Provide timely and accurate RVD analyses to clients	Regular meetings, feedback and correspondence Electronic communications	Timely financial contribution to exploration drillings Fast and accurate RVD analyses Environment, health & safety
Employees	Inclusive environment with enhanced well-being and productivity, opportunities to develop skills	Weekly internal meetings Employment incentives Training courses Staff bonding activities	Reward and recognition Training and career development
Regulators and service providers	Compliance with government policies, rules and regulations Fair and reasonable treatment	Regular meetings, feedback and correspondence	Compliance with rules and regulations Sharing of best practices
Community	Contribute to the communities we operate in	Corporate social responsibility efforts	Environment Corporate philanthropy

MATERIALITY ASSESSMENT

A materiality assessment was conducted by the Management, referencing the GRI G4 Guidelines, to define the key material issues for Rex International Holding. For FY2017, the Management and Board reviewed and endorsed the following material factors:

MATERIALITY MATRIX



MATERIAL ISSUES SELECTED FOR SUSTAINABILITY REPORTING

NO.	CATEGORY	ESG ISSUES	MAPPED TO GRI ASPECTS
1	Economic	Economic and financial performance	EC1 - Economic value generated and distributed
2	Economic	Economic consideration for investment	EC4 – Financial assistance received from government
3	Social	Worker Health and Safety	LA6 – Injury, lost days and total number of work-related fatalities, by region and by gender
4	Society	Risk Management	SO3 – Total number and percentage of operations assessed for risks related to corruption and significant risks identified

The abovementioned material ESG factors are further elaborated in the Sustainability Report along with other non-material ESG factors.

APPROACH TO SUSTAINABILITY

Since its listing in July 2013, Rex International Holding has strived to create long-term growth to shareholders, offer investors a sound investment opportunity based on its game-changing technology, adopt responsible business practices and high corporate governance standards, lessen adverse impact to the environment, be an employer of choice and contribute back to communities where it operates.

SUSTAINABILITY GOVERNANCE (G4-34)

- The Management, headed by the Chief Executive Officer, oversees sustainability at Rex International Holding. This sets the tone for the integration of business and sustainability strategy from the top. Management also reviews the Company's sustainability strategy, approach and performance. During the year, several senior management members attended sustainability workshops.
- Rex International Holding was ranked No. 51 in the Singapore Corporate Transparency Index 2017, out of more than 600 companies listed on both the Singapore Exchange's Mainboard and Catalist. This was the highest ranking among Mainboard and Catalist oil exploration & production companies in Singapore.
- Rex International Holding was among the Top 30 (ranked 28 out of some 600 Mainboard and Catalist companies) in the inaugural Investor Relations Website Survey of listed companies in Singapore done by the Investors Relations Practitioners Association of Singapore (IRPAS) and EQS.

ECONOMIC

ECONOMIC AND FINANCIAL PERFORMANCE*

- Details of the Company's economic and financial performance are found in the Financial Statements section of this Annual Report.

FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT*

- With oil exploration being a capital intensive industry, the Company looks to invest in exploration assets in jurisdictions that offer attractive tax incentives. Incentives or financial assistance from the governments in these jurisdictions are a key determining factor for the Group's investment decisions as these will have a bearing on the Group's return on investment in the long term.
- The Company's subsidiary Lime Petroleum AS was established in 2012 and became a Pre-qualified Petroleum Company in Norway in February 2013. Hence, the company is eligible for tax rebates of 78 per cent of all oil exploration costs, regardless of any oil discovery or not. This allows the Group to participate in a highly developed oil market among reputed operators in Norway.
- This aspect would continue to be a major consideration for the Company's investment decisions in the future.

SOCIAL

WORKER HEALTH & SAFETY*

- The upstream or oil exploration & production sector is a capital and labour intensive sector that carries significant risks. The drilling of exploration wells requires a technically specialised crew to be on-site for weeks in a potentially combustible environment. As such, the Company considers worker health and safety to be a material ESG factor.
- Operators managing exploration drillings in which the Company participates have to adhere to strict Environment, Health, Safety and Security (EHSS) regulations and are subject to pre-qualification and audit for every drilling undertaken in the respective jurisdictions.
- Where Rex International Holding or any of its subsidiaries is the operator, risks associated with its operations are managed through the implementation of its Operations Risk Management System "("**ORMS**"). The ORMS is adapted to the local rules and regulations in each jurisdiction where necessary.
- The Group aims to have zero major injuries and fatalities in drilling campaigns where its subsidiary is the operator.
- The Group participated in one drilling in Oman in 2017. An incident occurred during the drilling, resulting in some operational difficulties. However, no major injuries nor fatalities were sustained during the incident.

*Material ESG factor

TALENT MANAGEMENT

- As a relatively young company, the Company considers human capital as one of its key assets. The Company aims to inculcate its values of innovation, integrity and entrepreneurship among its staff by availing learning and development opportunities to them.
- In 2017, the Company's employees have been assessed against a set of internal performance targets, which also includes Environmental, Social and Governance (ESG) targets.
- Rex International Holding offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit, to its employees. Employees are also entitled to various healthcare and insurance subsidies.
- The Company agrees with international human rights conventions, such as the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions, against coerced labour and discrimination in any form.

STAFF DEVELOPMENT

- The provision of appropriate development and training opportunities to employees is one of the key internal performance targets monitored by the Company. In 2017, employees attended a variety of training and seminars.
- The Company also engages its employees in regular social events.

DIVERSITY AND INCLUSION

- The Company embraces diversity in terms of gender, age and ethnicity in its work force.
- In FY2017, there was one voluntary departure. There were no new hires during the financial year.
- In FY2017, one female staff member returned to work after maternity leave.

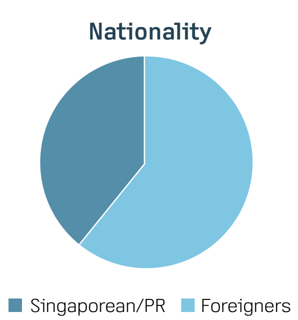
SOCIETY

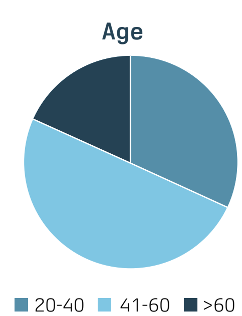
RISK MANAGEMENT*

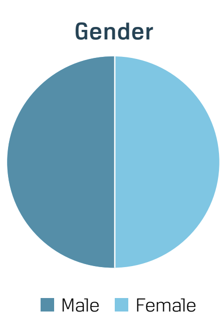
- The Company views Risk Management as a key governance factor and is committed to maintaining a sound system of risk management and internal controls to safeguard shareholders' interest and the Company's assets.
- A Risk Management Committee, overseen by the Audit Committee, is in place.
- Details of the Company's Enterprise Risk Management are found in the Corporate Governance section of this Annual Report.
- The Company aims to continue to mitigate risks effectively and to ensure that internal controls remain robust.

CODE OF CONDUCT & ETHICS POLICY

- All board committees are chaired by independent non-executive Directors.
- Each year, the Nominating Committee undertakes a process to evaluate the effectiveness of the Board as a whole and the Board Committees, facilitated by an independent external consultant, if and when necessary. More details are found in the Corporate Governance section of this Annual Report.
- The Company has in place a code of ethics and business conduct policy and a conflict of interest policy, which encompass the Company's strong stance against bribery and corruption. A whistle-blowing policy is also in place. There was no incidence of whistle-blowing, bribery or corruption, anti-competitive behaviour nor fines for non-compliance with the law in FY2017, as was the case in FY2016. (G4-SO3,G4-SO4,G4-SO5)







Note: Charts are for Rex International Holding Limited only; excludes subsidiaries and jointly controlled entities.

*Material ESG factor

COMMUNITY

- As a young company, we aspire to do good in the communities we operate in. In 2017, Rex International Holding's Singapore office contributed to the Boys' Brigade Share-a-Gift initiative, a high profile national community service project that promotes the spirit of caring and sharing among Singaporeans during the year-end festivities. The Company participated in similar community projects in previous years.

PRODUCT RESPONSIBILITY

MARKETPLACE & CUSTOMERS

- The Company had previously used its proprietary technology Rex Virtual Drilling ("**RVD**") on its own assets. With the collapse of oil prices since mid-2014, the Company has made the strategic decision to also offer RVD as a service for oil exploration companies, as an additional tool to de-risk their assets.
- Research and development efforts on RVD have continued unabated during the past few years. The latest version, RVD version 3, is even more accurate and faster than previous versions, allowing the Company to scale up on the number of licences to be analysed at any one time.
- Continued to strive towards compliance with privacy protection rules with regard to our shareholders and customers.
- In marketing communications, the Company strives for a high standard in fair marketing communications.
- In end-2017, a new client in Norway was clinched for RVD services.
- The Company aims to garner more external clients for its RVD services in 2018.

ENVIRONMENTAL

- The Group's suite of technologies, including Rex Virtual Drilling, Rex Gravity and Rex Seepage are environmentally friendly. These technologies empower the Group to have a higher chance of success in finding oil, and in turn, minimises the use of resources and the adverse impact on the environment as fewer dry wells will be drilled.
- With SGX allowing the move towards electronic transmission of shareholder documents with effect from March 2017, the Company is seeking shareholders' approval at its 2018 Annual General Meeting to change its Memorandum and Articles of Association accordingly so as to adopt the e-communication regime for its shareholder base. This proposed e-communication regime will help in reducing the Company's environmental footprint while lowering operational costs. Once approved, the Company intends to do away with mailing out physical copies of the Annual Report and CD-ROMs of the Qualified Person's Reports and will write to shareholders to explain that the same information can be viewed on our website. However, physical copies of the Annual Report will still be made available upon request.

ITEM	DESCRIPTION	PAGE REFERENCE AND REMARKS
Strategy & Analysis		
G4-1	Statement from senior decision maker	pg 4-7
G4-2	Description of key impacts, risks and opportunities	pg 4-7
Organisational Profile		
G4-3	Name of the organisation	pg 1
G4-4	Primary brands, products, and/or service	pg 1
G4-5	Location of headquarters	pg 1
G4-6	Countries of operation	pg 2
G4-7	Nature and ownership and legal form	pg 2, 22-29
G4-8	Markets served	pg 22-29
G4-9	Scale of the organisation	pg 7
G4-10	Size of workforce	
G4-11	Employees covered by collective bargaining agreements	NA
G4-12	Organisation's supply chain	NA
G4-13	Change in organisation's size, structure, ownership, or its supply chain	NA
G4-14	How precautionary approach is addressed	
G4-15	Externally developed charters, principles, or other initiatives to which the organisation subscribes	NA
G4-16	Membership of associations and advocacy organisations	Member of Singapore Business Federation
Identified Material Aspects and Boundaries		
G4-17	Entities included in the organisation's consolidated financial statements	
G4-18	Process for defining the report content and the aspect boundaries	pg 33-38
G4-19	List of identified material aspects	pg 35
G4-20	Aspect boundary of material aspect within the organisation	pg 33-35
G4-21	Aspect boundary of material aspect outside the organisation	pg 33-35
G4-22	Restatement of information	Nil
G4-23	Significant change from previous reporting periods in the scope and aspect boundaries	
Stakeholder Engagement		
G4-24	List of stakeholder groups engaged	pg 34
G4-25	Basis for identification and selection of stakeholders with whom to engage	pg 34
G4-26	Approach to stakeholder's engagement	pg 34
G4-27	Key topics and concerns raised through stakeholder engagement	pg 34
Report Profile		
G4-28	Reporting period	pg 33
G4-29	Date of most recent previous report	pg 33
G4-30	Reporting cycle	pg 33
G4-31	Contact point for questions regarding the report or its contents	pg 33
G4-32	GRI content index	pg 39-40
G4-33	External assurance	Nil
Governance		
G4-34	Governance structure	
Ethics and Integrity		
G4-56	Values, principles, ethics and standards	pg 1
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.	pg 32, 37
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through the management, whistleblowing mechanisms or hotlines	pg 32, 37

SPECIFIC STANDARD DISCLOSURES

ITEM	DESCRIPTION	PAGE REFERENCE AND REMARKS
Performance Indicators		
ECONOMIC		
	Aspect: Economic Performance	
G4-EC1	Direct economic value generated and distributed	pg 3, 30-31
G4-EC4	Financial assistance received from government	pg 25, 36
	Aspect: Market Presence	
G4-EC6	Proportion of senior management hired from local community	
ENVIRONMENT		
	Products and Services	
G4-EN3	Energy consumption within the organisation	
G4-EN24	Significant spills	Nil
G4-EN27	Initiatives to mitigate environmental impacts of products	pg 38
SOCIAL		
Labour Practices and Decent Work		
	Aspect: Employment	
G4-LA1	New hires and employee turnover	pg 37
G4-LA3	Return to work and retention rates after parental leave, by gender	pg 37
	Aspect: Occupational Health and Safety	
G4-LA6	Occupational injury	pg 36
	Aspect: Training and Education	
G4-LA10	Skills management and lifelong learning	pg 37
Human Rights		
	Aspect: Non-Discrimination	
G4-HR3	Incidence of discrimination and corrective actions taken	Nil
Society		
	Aspect: Anti-Corruption	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	
G4-SO4	Communication and training on anti-corruption policies and procedures	pg 37
G4-SO5	Confirmed incidents of corruption and actions taken	Nil
Product Responsibility		
	Aspect: Marketing Communications	
G4-PR7	Incidence of non-compliance with regulations and voluntary codes concerning marketing communications	Nil
G4-PR8	Substantiated complaints regarding breaches of customer privacy and loss of data	Nil

10 UN GLOBAL COMPACT PRINCIPLES

PRINCIPLE	DESCRIPTION	PAGE REFERENCE
HUMAN RIGHTS		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	pg 37
Principle 2	Make sure that they are not complicit in human rights abuses.	NA
LABOUR		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	NA
Principle 4	The elimination of all forms of forced and compulsory labour;	NA
Principle 5	The effective abolition of child labour; and	NA
Principle 6	The elimination of discrimination in respect of employment and occupation.	PG 37
ENVIRONMENT		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	PG 38
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	PG 38
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	PG 17-19
ANTI-CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	PG 37

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Rex International Holding Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs, so as to improve the performance, accountability, and transparency of the Group.

During the financial year under review, the Board of Directors of the Company (the "**Board**" or the "**Directors**") has reviewed its corporate governance practices and ensured that they are in compliance with the applicable provisions of the Code of Corporate Governance 2012 (the "**Code**") issued by the Monetary Authority of Singapore and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"). Where applicable, deviations from the Code have been explained.

This corporate governance report sets out how the Company has applied the principles of good corporate governance in a disclosure-based regime where the accountability of the Board to the Company's shareholders and the Management to the Board provides a framework for achieving a mutually beneficial tripartite relationship aimed at creating, enhancing and growing sustainable shareholders' value.

GUIDELINE

General

Compliance to the Code

The Company has complied with the principles and guidelines as set out in the Code and the disclosure guide developed by the SGX-ST in January 2015 (the "**Guide**"), where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

1.1 ***Role of the Board***

Composition of the Board	
Name of Director	**Designation**
Dan Broström	Executive Chairman
Dr Karl Lidgren	Executive Director
Sin Boon Ann	Lead Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director
Dr Christopher Atkinson	Independent Non-Executive Director

The Company's Board is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs, so as to improve the performance, accountability, and transparency of the Group. The Company's Board of Directors Policy sets out the principles and general guidelines for the Directors, who should abide by the policy and any applicable law, legislation, the Catalist Rules or the Companies Act. The policy covers aspects including Board composition and balance, Board diversity, tenure and number of directorships, Board member selection, and code of conduct for the avoidance of conflicts of interest and dealing in the shares of the Company.

The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions are:

- Setting the corporate strategies of the Group and directions and goals for Management;
- Supervising Management and monitoring Management's performance against the goals set to enhance shareholders' value; and
- Overseeing the overall corporate governance of the Group.

1.3 ***Delegation by the Board***

The Board has delegated certain responsibilities to the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"). The compositions of the Board Committees are as follows:

Composition of the Board Committees

Board Committee	AC	NC	RC
Chairman	• Muhammad Sameer Yousuf Khan	• Sin Boon Ann	• Sin Boon Ann
Member	• Sin Boon Ann	• Muhammad Sameer Yousuf Khan	• Muhammad Sameer Yousuf Khan
Member	• Dan Broström	• Dr Karl Lidgren	• Dan Broström

1.4 *Board Meetings and Attendance*

The Board meets on a quarterly basis, and as and when circumstances require. In the financial year ended 31 December 2017 ("**FY2017**"), the number of Board and Board Committee meetings held and the attendance of each Board member at such meetings as well as at the annual general meeting ("**AGM**") and the extraordinary general meeting ("**EGM**") held on 28 April 2017 are shown below:

Board, Board Committee and General Meetings in FY2017						
	Board	**AC**	**NC**	**RC**	**AGM**	**EGM**
Number of Meetings Held	4	4	1	1	1	1
Name of Director			**Number of Meetings Attended**			
Dan Broström	4	4	-	1	1	1
Dr Karl Lidgren	4	-	1	-	-	-
Sin Boon Ann	4	4	1	1	1	1
Muhammad Sameer Yousuf Khan	4	4	1	1	1	1
Dr Christopher Atkinson	4	-	-	-	1	1

To ensure meetings are held regularly with maximum Directors' participation, the Company's Constitution allows for meetings to be held through telephone conference. The Company ensures that telephonic and screen sharing facilities are made available for directors to attend the board meetings.

Regular meetings are held by the Board to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results. The Board will also convene additional meetings for particular matters as and when they are deemed necessary.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion which the Board uses to measure Directors' contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

The responsibility of day-to-day management, administration and operation of the Group are delegated to the Executive Chairman, the Executive Director and the Chief Executive Officer of the Group (the "**CEO**"). The CEO does not sit on the Board. The CEO has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties can be carried out in an effective and efficient manner.

1.5 ***Material Transactions Requiring Board Approval***

The Company has in place policies for investments and divestments, related persons transactions and cash management. All material transactions are subject to Board's approval.

Matters that require the Board's approval include, amongst others, the following:
- Overall Group business and budget strategy;
- Capital expenditures exceeding certain material limits;
- Investments or divestments;
- All capital-related matters including capital issuance;
- Significant policies governing the operations of the Company;
- Corporate strategic development and restructuring;
- Interested person transactions exceeding the S$100,000 threshold; and
- Risk management strategies.

1.6 ***Board Induction and Training***

All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management, whenever required.

Except for Mr Sin Boon Ann and Mr Muhammad Sameer Yousuf Khan, the rest of the Directors of the Company do not have prior experience holding directorship(s) in public listed companies in Singapore. Mr Dan Broström, and Dr Karl Lidgren had completed the Listed Company Director courses conducted by the Singapore Institute of Directors (the "**SID**") in 2013 while Dr Christopher Atkinson underwent a session on Director's Duties for a Listed Company conducted by Baker McKenzie in 2016 to prepare and familiarise themselves with the roles and responsibilities of Directors of a public listed company.

The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. To this end, the Company encourages continuous professional development for its Directors. The Company is responsible for arranging and funding the training of Directors.

Furthermore, Directors are regularly updated with the latest professional developments in relation to the Catalist Rules and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors.

In 2017, Mr Muhammad Sameer Yousuf Khan attended the AC Chapter Pit Stop on FRSP & AQIs and the AC Chapter Pit-Stop Series 1 (EAR) organised by the SID, the SGX-SID Audit Committee Seminar 2017 organised by ACRA and the launch of the APAC Fraud Survey 2017, *'Economic uncertainty | Unethical conduct: How should over-burdened compliance functions respond', organised by* Ernst & Young Advisory Pte Ltd. Mr Dan Broström attended the seminar on the Singapore Board of Directors Survey 2017 and the CTP 6 Private Equity vs Public Markets Forum organised by the SID; the SGX Sustainability Round Table for Directors of Catalist Companies and Oil & Gas Property Evaluation seminar organised by the SGX; a discussion on Shareholders' activism hosted by APIC Corporate Solutions Pte. Ltd.; and the SGX-SID Audit Committee Seminar 2017 organised by ACRA.

1.7 ***Formal Appointment Letter to Each Director***

For future appointments, the Company will also provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and obligations.

Board Composition and Balance

Principle 2 ***There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individuals or small group of individuals should be allowed to dominate the Board's decision making.***

2.1 ***Independent Directors***

2.2
3.3
In view that the Executive Chairman is part of the management team and is not an independent director, Guideline 2.2 of the Code is met as the Independent Directors make up more than half of the Board since the Company's listing in July 2013. Three of the five directors are independent. Mr Sin Boon Ann has also been appointed as the Lead Independent Director of the Company to represent the views of independent directors, and to facilitate a two-way flow of information between shareholders, the Chairman and the Board. He also makes himself available at all times when shareholders have concerns and for which normal channels of the Chairman, CEO or Chief Financial Officer ("**CFO**") have failed to resolve or are inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meetings.

2.3 ***Review of Directors' Independence***

The Company has in place a policy on Board of Directors whereby Directors should refrain from having any conflicts of interests with the Company to ensure that their duty to act in the best interest of the Company is not jeopardised. Directors must immediately report any conflicts of interests that have occurred or may possibly occur as soon as the Directors is aware of such potential or actual conflict of interest. This ensures that Directors continually meet the stringent requirements of independence under the Code.

4.3 The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.

The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code.

There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

2.4 ***Duration of Independent Directors' Tenure***

It is the Company's policy that the submission for re-election of an Independent Director who has served beyond nine years since the date of his or her appointment would be reviewed and approved by the NC.

There is no Independent Director who has served beyond nine years since the date of his first appointment.

2.5 ***Board Diversity***

2.6 The Board comprises five directors: One Executive Chairman, one Executive Director and three Independent Non-Executive Directors, who have the appropriate mix of core competencies and diversity of experience, to direct and lead the Company. There is a good balance between the Executive and Non-Executive Directors, with a strong and independent element on the Board.

The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender, ethnicity or nationality. The current five Board members are of four different nationalities. The Company is also receptive to achieving gender diversity on the Board and appointment of a woman to the Board if it encounters suitable candidates.

The Board is of the view that the current board size is appropriate to effectively facilitate decision making in relation to the operations of the Group, taking into account the nature and scope of the Company's operations. The Board believes that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The NC is also of the view that the current Board members comprise persons with a broad range of expertise and experience in diverse areas including accounting, finance, legal, business and management, technology, oil and gas, strategic planning and regional business experience.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC and periodic engagement of external consultants to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

To meet the changing challenges in the industry and countries which the Group operates in, such reviews and evaluations, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies, would be done on a periodic basis to ensure that the Board dynamics remain optimal.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

2.7 ***Non-Executive Director Meetings in Absence of Management***

2.8 The Independent Non-Executive Directors constructively challenge and help develop proposals on strategies. From time to time, the Independent Non-Executive Directors have met in the absence of Management in FY2017 to discuss concerns or matters such as overall Group business strategies and investments.

Chairman and Chief Executive Officer

Principle 3 ***There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.***

3.1 ***Segregation of the Role of Chairman and the CEO***

3.2

The roles of the Executive Chairman and the CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Executive Chairman is not related to the CEO and is not a substantial shareholder of the Company.

The Executive Chairman leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures the quality, quantity and timeliness of the flow of information between the Board and Management to facilitate efficient decision making. He chairs the Board meetings and encourages the Board members to present their views on topics under discussion at the meetings. He also assists in ensuring compliance with the Group's guidelines on corporate governance.

The CEO is responsible for the business management and day-to-day operations of the Group. He takes a leading role in developing and expanding the businesses of the Group, including making major business and finance decisions. He also oversees the execution of the Group's business and corporate strategy as set out by the Board and ensures that the Directors are kept updated and informed of the Group's businesses.

The Executive Chairman's performance and appointment to the Board were reviewed by the NC. The Executive Chairman and CEO's remuneration packages were reviewed by the RC. As the roles of the Executive Chairman and the CEO are separate, and the AC, NC and RC comprise a majority of Independent Directors of the Company, the Board believes that there are adequate safeguards in place to ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

3.3 ***Lead Independent Director***

The appointment of Mr Sin Boon Ann as the Lead Independent Director where the Executive Chairman is part of the management team and is not an independent director is in line with the recommendation under Guideline 3.3 of the Code. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between shareholders, the Chairman and the Board.

3.4 ***Independent Director Meetings in Absence of Other Directors***

To facilitate well-balanced viewpoints on the Board, the Lead Independent Director will, where necessary, chair meetings with the Independent Directors without the involvement of other Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

Board Membership

Principle 4 ***There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.***

4.1 ***Nominating Committee***

The Board has established an NC which comprises three members, a majority of whom including the chairman, are Independent Directors. The members of the NC, with the Lead Independent Director as Chairman, are as follows:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director
Dr Karl Lidgren	Member	Executive Director

The NC is guided by key terms of reference as follows:

(a) recommending to the Board on all board appointments, including re-nominations of existing Directors for re-election in accordance with the Constitution, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Non-Executive Director. All Directors shall be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

(b) reviewing and approving any new employment of related persons and their proposed terms of employment;

(c) reviewing and recommending to the Board succession plans for the Company's Directors, in particular, for the Executive Chairman and the CEO;

(d) determining annually, and as and when circumstances require, whether or not a Director is independent;

(e) reviewing and deciding whether or not a Director who has multiple board representations on various companies is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards and discharging his/her duties towards other principal commitments;

(f) deciding whether or not a Director of the Company is able to and has been adequately carrying out his/her duties as a Director; and

(g) developing a process for evaluation of the performance of the Board, the Board Committees and Directors and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addresses how the Board has enhanced long-term shareholders' value.

4.4 ***Board Representations***

The Board has capped the maximum number of listed company board representations each Director may hold to six. This is to ensure the Directors have sufficient time and attention to adequately perform their role.

Notwithstanding the above, the NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively, whilst taking into consideration the maximum number of listed company board representations each Director may hold. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors;
- Geographical location of Directors;
- Size and composition of the Board; and
- Nature and scope of the Group's operations and size.

The NC takes into consideration the following measures and evaluation tools in its assessment of competing time commitments of Directors:

- Declarations by individual Directors of their other listed company board directorships and principal commitments;
- Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and
- Assessment of the individual Directors' performance based on the criteria set out in Section 5 of this report.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2017.

4.5 ***Alternate Directors***

The Company does not have any alternate directors currently. Alternate directors may be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health and age related concerns as well as Management succession plans.

4.6 ***Board Nomination Process***

The Board has adopted the following nomination process for the Company in the last financial year for selecting and appointing new directors and re-electing incumbent directors:

Process for the Selection and Appointment of New Directors:			
1.	Determination of selection criteria	•	The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge and gender to complement and strengthen the Board and increase its diversity.
2.	Search for suitable candidates	•	The NC would consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations to source for a suitable candidate.
3.	Assessment of shortlisted candidates	•	The NC would meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of director	•	The NC would recommend the selected candidate to the Board for consideration and approval.

Process for the Re-election of Incumbent Directors			
1.	Assessment of director	•	The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and
		•	The NC would also consider the current needs of the Board.
2.	Re-appointment of director	•	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.

The Constitution requires that at least one-third of the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM. A retiring Director is eligible for re-election by the shareholders at the AGM. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

4.7 The NC has recommended to the Board that Mr Sin Boon Ann and Dr Christopher Atkinson, who are due to retire pursuant to the Constitution, be re-elected at the forthcoming AGM.

Mr Sin Boon Ann will, upon re-election as a Director, remain as an Independent Non-Executive Director, the Lead Independent Director, the Chairman of the NC and RC respectively and a member of the AC. He will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including family relationships) between Mr Sin Boon Ann and the other Directors, the Company and its ten per cent. (10%) shareholder. Further information on Mr Sin Boon Ann can be found on page 10 of the Annual Report.

Dr Christopher Atkinson will, upon re-election as a Director, remain as an Independent Non-Executive Director. There are no relationships (including family relationships) between Dr Christopher Atkinson and the other Directors, the Company and its ten per cent. (10%) shareholder. Further information on Dr Christopher Atkinson can be found on page 11 of the Annual Report.

The Constitution further provides that any Director appointed to fill a casual vacancy shall hold office only until the next AGM of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Each member of the NC has abstained from voting on any resolutions and making recommendation and/or participating in respect of matters in which he has an interest.

CORPORATE GOVERNANCE REPORT

4.7 ***Directors' Key Information***

Key information regarding the Directors, including their present and past three years' directorships in other listed companies and other principal commitments are set out below:

Name of Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Current Directorships in Other Listed Companies Current / Principal Commitments	Directorships in Other Listed Companies Over the Past Three Years
Dan Broström	Executive Chairman	11 January 2013	29 April 2016	NA	NA
Dr Karl Lidgren	Executive Director	1 May 2013	28 April 2017	NA	NA
Sin Boon Ann	Lead Independent Non-Executive Director	26 June 2013	29 April 2016	- HRnetGroup Limited - OUE Limited - CSE Global Limited	- OSIM International Pte. Ltd. - Courage Marine Group Limited - MFS Technology Ltd - Swee Hong Limited - Transcorp Holding Limited (f.k.a. Transview Holding Limited)
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director	26 June 2013	28 April 2017	NA	NA
Dr Christopher Atkinson	Independent Non-Executive Director	6 January 2015	30 April 2015	- Sonoro Energy Limited [(1)]	NA

[(1)] Listed on TSX Venture Exchange.

NA – Not Applicable

Further information on the Directors are set out on pages 9 to 11 of this Annual Report.

Board Performance

Principle 5 ***There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.***

5.1 ***Performance Criteria***
5.2
5.3 The Board has established processes including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual directors. At the same time, the processes also identify weaker areas where improvements can be made. The Board and individual directors can direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual directors.

The NC has been tasked to evaluate the Board's performance covering areas that include, *inter alia*, size and composition of the Board, Board's access to information, Board processes, strategic planning and accountability.

The NC shall also review the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole. The Board is of the opinion that a separate assessment on the effectiveness of the Board Committees is not necessary as the Board Committees share common members.

The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.

For FY2017, the review process was as follows:

1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board based on criteria disclosed;
2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report;
3. The NC discussed the report and concluded the performance results during the NC meeting; and
4. Each individual Director was also requested to send a duly completed confidential individual director self-assessment checklist to the NC chairman for review.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of their individual performance.

The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork, and overall effectiveness.

The NC would review the aforementioned criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long-term shareholder value, and thereafter propose amendments if any, to the Board for approval. There has been no change in the assessment criteria for FY2017 as the assessment criteria for FY2016 was considered adequate for the aforementioned assessment.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2017 and that the Board has met its performance objectives in FY2017. The evaluation process of the overall performance of the Board was conducted without an external facilitator in FY2017.

Access to Information

Principle 6 ***In order to fulfil their responsibilities, all directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

6.1 *Provision of Information*

6.2 All Directors are furnished on an on-going basis with complete, adequate and timely information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's Management. Information provided to the Board include board papers, copies of disclosure documents, budgets, forecasts, business strategies, risk analyses and assessments, internal financial statements and reports from the internal and external auditors. Most of the information distributed on electronic devices to the Board are encrypted for added cyber security. The Board has unrestricted access to the Company's records and information.

Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least one week prior to the meetings to allow sufficient time for the Directors' review.

The Board has separate and independent access to Management at all times. Management is available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or such information can also be provided by external consultants engaged on specific projects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.

Management will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Meetings with subsidiaries, partners and consultants through overseas trips are also arranged, whenever possible. Frequent information updates are provided by the Executive Chairman through emails, telephone conferences and informal meetings.

Management also keeps the Board apprised of regulatory updates and implications, as well as significant project updates.

6.3 ***Company Secretary***

6.4 The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:

- Ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules, are complied with;
- Assisting the Executive Chairman to ensure good information flow within the Board and its committees and Management;
- Attending and preparing minutes for all Board meetings;
- Assisting to ensure coordination and liaison between the Board, the Board Committees and Management, in its capacity as secretary to all other Board Committees; and
- Assisting the Executive Chairman, the Chairman of each Board Committee and Management in the development of the agenda for the various Board and Board Committee meetings.

The Directors have separate and independent access to the Company Secretary.

6.5 ***Independent Professional Advice***

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.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7 ***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No directors should be involved in deciding his own remuneration.***

7.1 ***Remuneration Committee***

7.2 To effect the best corporate governance, the Company has established an RC. The RC comprises three members, of which a majority including the chairman are independent:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Dan Broström	Member	Executive Chairman
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director

The RC does not comprise solely of non-executive directors following the appointment of Mr Dan Broström, the Executive Chairman, as a member of the RC. Taking into account that the Executive Chairman would be able to provide relevant input and guidance to the RC, given his familiarity with the Group's activities as well as industry and market practices (including remuneration packages which are in line with the current market standards and commensurate with the respective job scope and responsibilities of executives) in jurisdictions where the Group operates, the NC had recommended his appointment to the Board. The Board opined that as the RC continued to have majority representation of independent directors, the independent directors collectively, would have the decisive vote in relation to executive remuneration matters. Furthermore, retaining an RC member who is in an executive position will not lead to a conflict of interest or impede the independence of the RC as no Director or member of the RC is allowed to participate in the deliberation, and has to abstain from voting on any resolution, relating to his own remuneration or that of employees related to him. Based on the foregoing, the Board had approved Mr Dan Broström's appointment as a member of the RC.

The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration packages for each Executive Director as well as for the key management personnel. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.

The RC is guided by key terms of reference as follows:

(a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel;

(b) Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and

(c) In respect of such long-term incentive schemes (if any) including share schemes as may be implemented, to consider whether directors should be eligible for benefits under such long-term incentive schemes.

7.3 **Remuneration Consultant**

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard. The Company engaged an independent remuneration consultant, Mercer (Singapore) Pte Ltd ("**Mercer**"), to review remuneration matters for FY2016 including competitiveness and performance targets with respect to Directors and employees of the Company. For FY2017, the RC relied on the previous year's remuneration review by Mercer and the Company appointed an independent remuneration consultant, Robinson Consulting Pte Ltd ("**RCPL**"), to review remuneration matters for FY2017, to ensure that the Company's remuneration policy is in line with the prevailing market standards. Save for the aforementioned engagement, Mercer and RCPL do not have any relationship with the Company and its independence and objectivity are not affected.

Level and Mix of Remuneration

Principle 8 ***The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) the CEO to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

8.1 ***Remuneration Structure***

8.3 In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The RC also seeks to ensure that the structure of remuneration packages for the Executive Chairman, the Executive Director and key management personnel are appropriate in linking rewards with performance and that is aligned with the interests of shareholders and promote the long-term success of the Group. The remuneration of the Independent Directors is also reviewed by the RC to ensure that the remuneration is commensurate with the contribution and responsibilities of the Independent Directors.

The Company had entered into a service agreement with the Executive Chairman, Mr Dan Broström, which became effective from 1 February 2014. The service agreements with key management personnel, namely, Mr Svein Kjellesvik and Mr Per Lind, commenced on 8 October 2015 and 27 November 2013 respectively. In connection with Mr Svein Kjellesvik becoming an employee of Lime Petroleum AS, serving as the company's Executive Chairman with effect from 1 June 2017, an addendum to Mr Svein Kjellesvik's service agreement was made with the effective date of 1 June 2017. An addendum to Mr Måns Lidgren's service agreement dated 1 August 2013 was made on 1 August 2015 while a service agreement, effective from 1 August 2015, was entered with Mr Kristofer Skantze. An addendum to Ms Mok Lai Siong's service agreement dated 1 August 2013 was made on 1 August 2016. A service agreement was entered into with Executive Director, Dr Karl Lidgren on 15 January 2015. The aforesaid service agreements shall collectively be referred to as "**Service Agreements**".

Service agreements for new key management personnel are for an initial period of three (3) years with automatic renewal annually for such annual period thereafter unless otherwise agreed in writing between the Company and the executive or terminated in accordance with the terms of the service agreements. Where any of the initial period of the aforementioned Service Agreements have expired, those Service Agreements have been automatically renewed on an annual basis with no material amendments or modifications. There is no service contract with the Independent Directors and the term of their appointment is not fixed.

The Company will submit the quantum of Directors' fees of each financial year to the shareholders for approval at each AGM.

8.4 ***Contractual Provisions***

The present Service Agreements do not include the contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company will consider to include this provision for future new service agreements and renewal of service agreements. However, the Company has included in the terms of the Rex International Performance Share Plan, to allow for the Company to cancel the share awards before the date of the vesting of the awards in the event of misconduct at its discretion. The Company has also included in the terms of the Rex International Employee Share Option Scheme, to allow for the share option committee to cancel unexercised options in the event of misconduct at its discretion.

Disclosure on Remuneration

Principle 9 ***Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel and performance.***

9.1 ***Directors' Remuneration***

9.2 The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

The breakdown for the remuneration of the Directors and the CEO for FY2017 is as follows:

Name of Director/CEO	Salary S$	Benefits S$	Shares S$	Bonus/ Commission S$	Directors' Fee S$	Total S$
Måns Lidgren[1]	686,160	768,851	294,706	–	–	1,749,717
Dan Broström	443,000	55,007	–	–	161,045	659,052
Dr Karl Lidgren	514,359	–	–	157,811	72,730	744,900
Muhammad Sameer Yousuf Khan	–	–	–	–	129,875	129,875
Sin Boon Ann	–	–	–	–	145,460	145,460
Dr Christopher Atkinson	–	–	–	–	62,340	62,340

Note:

(1) Måns Lidgren is the CEO of the Company but he does not sit on the board of Directors. His remuneration is paid indirectly from various Group companies.

Directors have remuneration packages consisting of basic retainer fees as directors and attendance fees, with additional fees for attendance and serving on Board Committees.

Remuneration to executive directors includes in part the aforementioned components of directorship, and in part compensation to reflect the additional responsibilities to execute strategic plans of the Group.

The breakdown of directors' fees for FY2017 paid to the respective Directors is as follows:

Name of Director	Board S$	AC S$	RC S$	NC S$	Others S$	Total S$
Dan Broström	124,680	20,780	15,585	-	-	161,045
Dr Karl Lidgren	62,340	-	-	10,390	-	72,730
Muhammad Sameer Yousuf Khan	62,340	41,560	15,585	10,390	-	129,875
Sin Boon Ann	62,340	20,780	31,170	20,780	10,390	145,460
Dr Christopher Atkinson	62,340	-	-	-	-	62,340

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the Directors and the CEO in FY2017.

9.3 ***Key Management Personnel's Remuneration***

In the interest of maintaining good morale and a strong spirit of teamwork within the Company, the breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2017 is disclosed in bands of S$250,000 as follows:

Name of Key Management Personnel	Salary %	Benefits %	Shares %	Bonus %	Total %
S$750,000 to S$1,000,000					
Per Lind	53	8	35	4	100
S$500,000 to S$750,000					
Kristofer Skantze*	48	15	33	4	100
S$250,000 to S$500,000					
Svein Kjellesvik#	100	-	-	-	100
Mok Lai Siong	59	1	36	4	100

Note: The Company has a total of four key management personnel.

* Remuneration is paid indirectly from various Group companies.

\# Mr Svein Kjellesvik became a full-time direct employee of Lime Petroleum AS, serving as the company's Executive Chairman with effect from 1 June 2017.

The annual aggregate remuneration paid to the four key management personnel of the Company (excluding the CEO) for FY2017 was S$2,204,926.

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the top four key management personnel in FY2017.

9.4 ***Parties Related to a Director or the CEO***

The CEO, Mr Måns Lidgren, is the son of the Executive Director, Dr Karl Lidgren. The details of the remuneration to the CEO is disclosed in the table on Directors' and CEO's Remuneration.

Mr Hans Lidgren, an executive of Rex Technology Management Ltd, is the brother of the Executive Director, Dr Karl Lidgren and the uncle of Mr Måns Lidgren, the CEO. Mr Hans Lidgren's remuneration for FY2017 was in the band of S$350,000 to S$400,000.

Mrs Lina Berntsen, Chief Technology Officer, is the daughter of Mr Hans Lidgren, the niece of Dr Karl Lidgren and cousin of Mr Måns Lidgren. Mrs Lina Berntsen's remuneration for FY2017 was in the band of S$150,000 to S$200,000.

Mr Martin Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management, is the son of Dr Karl Lidgren and the brother of Mr Måns Lidgren. Mr Martin Lidgren's remuneration for FY2017 was in the band of S$150,000 to S$200,000.

Mr Magnus Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management, is the brother of Dr Karl Lidgren and the uncle of Mr Måns Lidgren. Mr Magnus Lidgren's remuneration for FY2017 was in the band of S$150,000 to S$200,000.

Mr Måns Lidgren, Mr Hans Lidgren, Mrs Lina Berntsen, Mr Martin Lidgren and Mr Magnus Lidgren had also been granted share awards under the Rex International Performance Share Plan during FY2017, details of which are set out in Section 9.5 below.

Save for the aforementioned, there is no other employee of the Company who is an immediate family member of a Director and/or the CEO, whose remuneration exceeded S$50,000 during FY2017.

9.5 ***Employee Share Scheme***

Rex International Employee Share Option Scheme ("ESOS")

The Company has an ESOS which was approved and adopted by the members of the Company at an Extraordinary General Meeting ("**EGM**") on 24 June 2013. The ESOS is designed to reward valuable and outstanding employees or Non-Executive Directors (including Independent Directors), and incentivise them to continue contributing to the long-term growth and success of the Group.

The ESOS allows for participation by employees or Non-Executive Directors (including Independent Directors) of the Group who have attained the age of 21 years and above on or before the date of grant of the option, provided that none of them is a discharged bankrupt. Controlling shareholders and their associates are not eligible to participate in the ESOS.

The ESOS is administered by the RC in consultation with the CEO. Please refer to Guideline 7.1 for the members of the RC. The total number of new shares over which options may be granted pursuant to the ESOS, when added to the number of shares issued and issuable in respect of all options granted under the ESOS and all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15 per cent of the number of all issued Shares of the Company (excluding treasury shares), on the day preceding the date of the relevant grant.

Other salient information regarding the ESOS is set out below:

Exercise price of options

The exercise price of options shall be determined at the discretion of the RC on the date which the options are granted and may be set at:

- a price equal to the average of the last dealt prices for the Company's shares on SGX-ST over the five consecutive trading days immediately preceding the date that option was granted, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices (the "**Market Price**"); or
- a discount to the Market Price not exceeding 20 per cent of the Market Price (or such other percentage or amount as may be determined by the RC) in respect of options granted at the time of grant, provided that shareholders in general meeting have authorised, in a separate resolution, the making of offers and grants of options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

For the options granted with exercise price set at Market Price, they can be exercised one year from the date of the grant and will expire five years from the date of the grant.

For the options granted with exercise price set at a discount to Market Price, they can be exercised two years from the date of the grant and will expire five years from the date of the grant.

Duration of the ESOS

The ESOS shall be in force for a maximum of 10 years from the date on which the ESOS was adopted. Upon obtaining the approval of shareholders by ordinary resolution in a general meeting and of any relevant authority which may be required, the ESOS may continue beyond 10 years from the date it was adopted.

At the end of the financial year, details of the options granted under the ESOS on the unissued ordinary shares of the Company, are as follows:

Date of Grant of Options	Exercise Price of Options	Options Outstanding at 1 Jan 2017	Options Granted during FY2017	Options Exercised during FY2017	Options Forfeited /Expired during FY2017	Options Outstanding as at 31 Dec 2017	Number of Option Holders as at 31 Dec 2017	Exercise Period
29 Nov 2013	S$ 0.65(1)	2,025,000	-	-	(500,000)	1,525,000	7	29 Nov 2014 – 28 Nov 2018
29 Nov 2013	S$ 0.52(2)	1,012,500	-	-	(250,000)	762,500	7	29 Nov 2015 – 28 Nov 2018
		3,037,500	-	-	**(750,000)**	**2,287,500**		

(1) Market Price

(2) 20 per cent discount to the Market Price

Details of options granted to directors of the Company under the ESOS are as follows:

Name of Director	Options Granted during FY2017	Aggregate Options Granted Since Commencement of ESOS to 31 Dec 2017	Aggregate Options Exercised Since Commencement of ESOS to 31 Dec 2017	Aggregate Options Outstanding as at 31 Dec 2017
Muhammad Sameer Yousuf Khan	–	375,000(1)	–	375,000
Sin Boon Ann	–	375,000(1)	–	375,000
Total	**–**	**750,000**	**–**	**750,000**

(1) Comprising 250,000 options with exercise price set at Market Price and 125,000 options with exercise price set at a 20 per cent discount to Market Price.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

No options were granted by Company during FY2017.

There were no participants who received options comprising Shares representing five per cent or more of the aggregate of the total number of new Shares available under the ESOS. Controlling shareholders and their associates and the directors and employees of the Company's parent company and its subsidiaries are not eligible participants of the ESOS.

As at 31 December 2017, all options granted have yet to be exercised. Further details on the ESOS were set out in the Company's Offer Document dated 22 July 2013.

Rex International Performance Share Plan

The Company has a performance share plan under the Rex International Performance Share Plan (the "**Plan**") which was adopted by the Company on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 30 April 2014. The objective of the Plan is to promote higher performance goals and recognise the achievements of employees or Non-Executive Directors (including Independent Directors) ("**Participants**") by motivating and aligning their interests to the Group's pre-determined goals. The Plan is administered by the RC in consultation with the CEO. Please refer to Guideline 7.1 for members of the RC.

The Plan contemplates the award of fully-paid Shares ("**Awards**"), free of charge, to Participants after certain pre-determined benchmarks have been met. Awards granted under the Plan may be time-based or performance-related. Performance targets set are based on short to medium-term corporate objectives including market competitiveness, quality of returns, business growth and productivity growth. These performance targets include targets set based on criteria such as shareholders' return, return on equity and earnings per share.

No minimum vesting periods are prescribed under the Plan for Awards and the length of the vesting period in respect of each Award will be determined on a case-by-case basis by the RC.

Vesting of Awards Granted

On 31 January 2017 and 3 May 2017, the Company issued and allotted 10,719,024 and 5,170,264 new ordinary shares in the Company pursuant to the vesting of the Awards granted to eligible participants and to Mr Måns Lidgren, an associate of a controlling shareholder of the Company, respectively, based on the achievement of pre-determined performance goals set for the financial year ended 31 December 2016 and the satisfactory completion of time-based service conditions under the Plan.

Grant of Awards in FY2017

On 28 April 2017, the Company granted Awards of up to 161,459,064 shares in the capital of the Company pursuant to the Plan to eligible participants. Depending on the achievement of pre-determined targets over a two-year performance period, the actual number of shares to be delivered pursuant to the Awards granted could range from 0% to 100% of the number of shares which are the subject of the Awards granted. Out of the 161,459,064 shares which are the subject of the Awards granted on 28 April 2017, 96,011,464 were granted to Directors and controlling shareholders or their associates, which was approved by the shareholders at the Company's annual general meeting held on 28 April 2017.

Details of the Awards granted in FY2017 are as follows:

Date of Grant	Number of Shares which are the Subject of Awards Granted as at 1 Jan 2017	Number of Shares which are the Subject of Awards Granted during FY2017	Number of Shares which are the Subject of Awards which had Lapsed/were Cancelled during FY2017	Number of Shares which are the Subject of Awards Granted which were Vested during FY2017	Number of Shares which are the Subject of Awards Granted as at 31 Dec 2017	Number of Holders
3 Mar 2016	10,719,024	-	-	(10,719,024)[1]	-	-
29 Apr 2016	11,407,100	-	-	-	11,407,100	4
28 Apr 2017	-	5,170,264[2]	-	(5,170,264)[2]	-	-
28 Apr 2017	-	156,288,800[3]	-	-	156,288,800	18

(1) The Company had on 31 January 2017 issued and allotted 10,719,024 new Shares pursuant to the partial vesting of the Awards which were granted to eligible participants on 3 March 2016 based on the achievement of pre-determined performance goals set for the financial year ended 31 December 2016 and the satisfactory completion of time-based service conditions under the Plan. The RC which administers the Plan had determined that the Awards shall be partially vested, taking into consideration the Company's performance in FY2016, a difficult year.

(2) On 3 May 2017, the Company issued and allotted 5,170,264 new ordinary shares in the Company, pursuant to the share award granted on 28 April 2017 to Mr Måns Lidgren, the CEO of the Company and an associate of a controlling shareholder of the Company, in respect of his performance in the financial year ended 31 December 2016. Please refer to the Company's announcement dated 3 May 2017.

(3) The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of five (5) market days in which transactions in the shares were recorded, at any time within a two-year period from the date of grant of the Awards ("**Average Performance Market Price**"). If the Average Performance Market Price is S$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the Plan. Please refer to the Company's announcement dated 28 April 2017.

Details of the Awards granted to participants who are directors, controlling shareholders or associates of the controlling shareholders and participants who received more than five per cent of the total grants available in FY2017 are as follows:

Name of Participant	Awards Granted for Financial Year Ended 31 Dec 2017[11]	Aggregate Awards Granted since Commencement of the Plan to 31 Dec 2017	Aggregate Awards Released since Commencement of the Plan to 31 Dec 2017	Aggregate Awards Outstanding as at 31 Dec 2017
Directors				
Dan Broström[1]	16,248,200	16,248,200	–	16,248,200
Dr Karl Lidgren[2]	16,358,400	16,358,400	–	16,358,400
Muhammad Sameer Yousuf Khan[3]	2,600,000	2,600,000	–	2,600,000
Sin Boon Ann[4]	3,000,000	3,000,000	–	3,000,000
Dr Christopher Atkinson[5]	1,400,000	1,400,000	–	1,400,000
Controlling Shareholders or Associates of the Controlling Shareholders				
Måns Lidgren[6]	36,113,600	45,185,064	(6,331,864)	38,853,200
Lina Berntsen[7]	3,373,400	5,124,100	–	5,124,100
Martin Lidgren[8]	3,373,400	4,249,800	–	4,249,800
Magnus Lidgren[9]	3,373,400	4,249,800	–	4,249,800
Hans Lidgren[10]	10,164,800	10,164,800	–	10,164,800
Participants who received more than 5% of the total grants available				
Svein Kjellesvik	15,552,000	15,552,000	–	15,552,000
Per Lind	17,086,200	21,696,566	(4,610,366)	17,086,200
Kristofer Skantze	13,995,600	17,713,604	(3,718,004)	13,995,600
Mok Lai Siong	11,639,000	14,615,032	(2,976,032)	11,639,000

(1) Mr Dan Broström is the Chairman and Executive Director of the Company.

(2) Dr Karl Lidgren is the Executive Director and a controlling shareholder of the Company.

(3) Mr Muhammad Sameer Yousuf Khan is an Independent Non-Executive Director of the Company.

(4) Mr Sin Boon Ann is an Independent Non-Executive Director of the Company.

(5) Dr Christopher Atkinson is an Independent Non-Executive Director of the Company.

(6) Mr Måns Lidgren (the CEO of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

(7) Ms Lina Bernsten (the Group's Chief Technology Officer) is an associate of Mr Hans Lidgren, a controlling shareholder of the Company.

(8) Mr Martin Lidgren (key employee of Equus Consulting AB, a wholly–owned subsidiary of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

(9) Mr Magnus Lidgren (key employee of Equus Consulting AB, a wholly–owned subsidiary of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

(10) Mr Hans Lidgren (Executive Director of Rex Technology Management Ltd) is a controlling shareholder of the Company.

(11) The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of five (5) market days in which transactions in the shares were recorded, at any time within a two-year period from the date of grant of the Awards ("**Average Performance Market Price**"). If the Average Performance Market Price is S$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the Plan.

Directors and employees of the Company's parent company and its subsidiaries are not eligible participants of the Plan.

The number of shares which are the subject of Awards granted to each holder ranges from 1,035,200 to 30,943,600. The closing market prices of the Company's shares on 28 April 2017 was S$0.057 per share.

The vesting and release of the Awards granted to eligible participants under the Plan are based on pre-determined performance goals and conditional on the satisfactory completion of time-based service conditions.

Further details on the Plan were set out in the Company's Circular dated 30 March 2017.

9.6 ***Performance Criteria for Remuneration***

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2017. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The Company's Executive Directors and key management personnel have been assessed against performance targets set based on the average of the Company's closing market prices of shares over a consecutive period of five market days in which transaction of the shares were recorded over a set time period.

The remuneration of the Executive Chairman includes a per hour rate with a cap and a variable performance related bonus, which is designed to align the interests of the Executive Chairman with those of shareholders.

The Independent Non-Executive Directors receive Directors' fees based on their responsibilities, effort and time spent. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the Annual General Meeting.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10 ***The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

10.1 ***Assessment of Company's Performance, Position and Prospects***

10.2 The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Catalist Rules.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within regulatory prescribed periods.

Management provides the Board with updates covering operational performance, financial results, marketing and business development and other relevant information on a regular basis as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

The Board also acknowledges its responsibility in relation to the preparation of the financial statements of the Group. The Board ensures that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

All material information are released in a timely manner through various media, including announcements and press releases posted on the Company's website and disclosure via SGXNet.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in "**The Independent Auditor's Report**" section on pages 87 to 91 of this Annual Report.

10.3 ***Monthly Reporting to Board***

Management does not provide all members of the Board with management accounts and such explanation and information on a monthly basis. Instead, quarterly financial statements are presented to the Directors and the Board is always informed of all investments on a regular basis. The Board is of the opinion that sufficient information is provided to the Board with the current level of Group activities and will review when there are any changes to the level of the Group's activities.

Risk Management and Internal Controls

Principle 11 ***The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objective.***

11.1 ***Risk Management and Internal Controls***

11.2 The Board, with the assistance from the AC and the Risk Management Committee ("**RMC**"), is responsible for risk governance and ensuring that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets. The Board appreciates that risk management is an on-going process in which Management continuously participates to evaluate, monitor and report to the Board and the AC on significant risks. The RMC was formed in October 2013. The current RMC consists of the following members: Mr Per Lind (CFO), Mr Svein Kjellesvik (COO) and Ms Lixian Wu (Financial Controller).

Since FY2013, the Company engaged an independent third party, KPMG Services Pte. Ltd. ("**KPMG**") to develop and establish a Board Assurance Framework ("**BAF**"). The BAF, which includes an enterprise risk management framework, was utilised by the Company to identify and manage the significant and material risks it faces, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans being taken to mitigate those risks. The risks identified include strategic, financial, operational, compliance and information technology risks. The Company has also defined and documented clear roles and responsibilities for the Board and Management in risk mitigation, monitoring and reporting.

The Company has established risk appetite statements with tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels. These appetite statements have been reviewed and approved by the Board and will be monitored on a quarterly basis.

The Company has appointed an independent third party, Ernst and Young Advisory Pte Ltd ("**EY**") as the Internal Auditors ("**IA**") to perform internal audit reviews and highlight all significant matters to Management and the AC.

11.3 ***Adequacy and Effectiveness of Internal Controls***

The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2017.

The bases for the Board's view are as follows:

1. Assurance has been received from the CEO and the CFO;
2. An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;
3. Management regularly evaluates, monitors and reports to the AC and the RMC on material risks;

4. Discussions were held between the AC and auditors in the absence of the Management to review and address any potential concerns;
5. An enterprise risk management framework was in place to identify, manage and mitigate significant risks; and
6. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a quarterly basis.

The AC is responsible for making the necessary recommendations to the Board regarding the adequacy and effectiveness of the risk management and internal control systems of the Company. In this regard, the AC is assisted by the enterprise risk reports from the RMC.

The Board has obtained the following assurance from the CEO and the CFO in respect of FY2017:

i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

ii) the Company's risk management and internal control systems are effective.

The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

The Board has additionally relied on the IA's reports in respect of the BAF issued to the Company since FY2013 as assurances that the Company's risk management and internal control systems are effective. The IA's scope of work includes conducting risk assessments to identify the risk categories and major risk areas of the Company's subsidiaries; developing a risk-based internal audit plan based on the risk assessment results; and conducting a detailed process for audit programmes for the internal audit. The IA also performs analytics and fieldwork for areas in the scope of work for the audit period and discusses the findings with Management, which are then incorporated into the final report that is presented to the AC in a timely manner.

In relation to sustainability, the Group, as a young company, aspires to do good in the communities it operates in, be it to have minimal impact on the environment in its operations, or in helping the underprivileged. Please refer to the Sustainability section on pages 33 to 40 of this Annual Report for more details.

Audit Committee

Principle 12 ***The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.***

12.1 ***Audit Committee***

12.4 The Company has established the AC comprising the following three members, the majority of whom, including the Chairman, are Independent Non-Executive Directors:

Muhammad Sameer Yousuf Khan	Chairman	Independent Non-Executive Director
Dan Broström	Member	Executive Chairman
Sin Boon Ann	Member	Lead Independent Non-Executive Director

However, not all of the members of the AC are non-executive directors. Dan Broström, the Executive Chairman, is a member of the AC. Taking into account that he would be able to provide relevant input and guidance to the AC, given his familiarity with the Group's activities as well as industry and market practices in jurisdictions where the Group operates, the NC had recommended his appointment to the Board. The Board had then approved his appointment as a member of the AC. Further, the Board is of the opinion that the AC continues to have majority representation of independent directors, and the independent directors collectively, would have the decisive vote in relation to proposals made by the Management. The AC (excluding Mr Dan Broström) meets with the external and internal auditors without the presence of Management at least once a year, to, *inter alia*, ascertain if there are any material weaknesses or control deficiency in the Group's financial reporting and operational systems. Mr Dan Broström, being an executive director, has been excluded from the aforesaid meetings to ensure that the AC remains a platform for external and internal auditors to provide their independent opinions without the influence of Management. This arrangement is essential to ensure that the presence of an executive director on the AC will not lead to any conflict of interest or impede the independence of the AC.

The remaining members of the AC are independent and non-executive directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company.

None of the AC members were previous partners or directors of the existing external auditing firm within the previous 12 months and none of the AC members hold any financial interest in the external auditing firm.

The AC is guided by the following key terms of reference:

(a) Assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;

(b) Reviewing, with the Company's IA and External Auditors ("**EA**"), the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management's response, and results of the audits compiled by the IA and EA;

(c) Reviewing the quarterly financial statements and results announcements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;

(d) Reviewing the effectiveness and adequacy of the Group's internal control and procedures, including accounting and financial controls and procedures and ensure co-ordination between the IA, the EA and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

(e) Reviewing the scope and results of the external audit, and the independence and objectivity of the EA;

(f) Reviewing and discussing with the EA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(g) Making recommendations to the Board of Directors on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;

(h) Reviewing significant financial reporting issues and judgments with the CFO and the EA so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors;
(i) Reviewing and reporting to the Board of Directors at least annually the adequacy and effectiveness of the Group's material internal controls including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
(j) Reviewing and approving transactions falling within the scope of Chapters 9 and 10 of the Catalist Rules (if any);
(k) Reviewing any potential conflicts of interest;
(l) Reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
(m) Undertaking such other reviews and projects as may be requested by the Board of Directors and reporting to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC;
(n) Reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group, including the oversight of whistleblowing; and
(o) Generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

12.2 ***Qualifications of Audit Committee***

The Board is of the view that the AC chairman and members are appropriately qualified, with the necessary accounting, financial advisory, business management, corporate and finance, investment and corporate legal expertise and experience to discharge the AC's functions. The AC chairman, having more than 40 years of experience in the fields of accounting, business and financial advisory, is well qualified to chair the AC.

12.3 ***Authority of Audit Committee***

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC will abstain from participating in the deliberations of and voting in respect of matters in which he is interested.

The AC has the power to conduct or authorise investigations into any matters within the AC's terms of reference. The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC is authorised to obtain independent professional advice as it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

12.5 ***Meeting between Audit Committee and Auditors***

The AC has met with the IA and the EA once in the absence of Management in FY2017.

12.6 ***Independence of External Auditor***

The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.

Fees Paid / Payable to the EA for FY2017		
	S$	**% of total**
Audit fees	232,020	87
Non-audit fees		
- Tax advice advisory	9,300	4
- Enterprise risk management	24,000	9
Total	**265,320**	**100**

Notwithstanding the volume of non-audit services rendered to the Company, the AC is satisfied that the EA remains independent after considering the following:

- that all relationships and/or arrangements between the audit firm and the Company that may reasonably be thought to affect the EA's objectivity and as disclosed by the audit engagement partner did not impair the independence and objectivity of the EA; and
- the audit engagement partner has confirmed that, in his professional judgment, the audit firm is independent.

The AC also periodically receives updates on changes in accounting standards and treatment prepared by the EA.

There is no disagreement between the Board and the AC regarding the selection, appointment, resignation or dismissal of the EA.

12.7 ***Whistle-blowing Policy***

The Company has in place a whistle-blowing policy. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting to the AC a whistle-blowing report to whistleblowing@rexih.com, as stated on the Company's webpage http://www.rexih.com/investor-relations.html.

The AC has ensured that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The details of the policy have been disseminated and made available to all parties concerned in the Company's code of conduct.

12.8 ***Audit Committee Activities***

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2017 in the discharge of its functions and duties including the deliberation and review of:

- the unaudited quarterly financial results of the Group and announcements prior to submission to the Board for approval and release on the SGXNet;
- the internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit;
- the EA's report in relation to audit and accounting issues arising from the audit;
- the system of risk management and internal controls;
- the full year financial results of the Group and related announcements prior to submission to the Board of Directors for consideration and approval;
- the external audit and internal audit fees for FY2017 and recommendation to the Board for approval;
- the independence and re-appointment of the EA and recommendation to the Board for approval; and
- interested person transactions falling within scope of Chapters 9 and 10 of the Catalist Rules and any potential conflicts of interests.

Internal Audit

Principle 13 ***The Company should establish an internal audit function that is adequately resourced and independent of the activities it audits.***

13.1-5 ***Internal Audit***

The Company's IA function is outsourced to Ernst & Young Advisory Pte Ltd ("**EY**") that reports directly to the AC and administratively to the CEO. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the external auditors and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.

The AC is satisfied that EY is able to discharge its duties effectively as it:

- is adequately qualified, given that the partner/head of the internal audit and staff assigned to the internal audit of the Company are members of the Institute of Internal Auditors and it adheres to standards set by internationally recognised professional bodies;
- is adequately resourced with the Company's internal audit, led by Mr Philip Ng, who has more than 20 years of relevant, diverse audit experience; and
- has the appropriate standing in the Company, given, *inter alia*, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

The primary functions of the IA are to:

(a) assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;

(b) conduct regular in-depth audits of high-risk areas; and

(c) identify and recommend improvement to internal control procedures, where required.

The AC has reviewed the report submitted by EY on internal procedures, the EA's report and the internal controls in place, and is satisfied that there are adequate internal controls in the Company.

The AC meets with the IA without the presence of the Management at least once a year, and this has been done in FY2017.

The AC will review on an annual basis the adequacy and effectiveness of the IA function.

The AC has reviewed and is of the view that the IA function is adequate and effective in FY2017.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14 ***Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangement.***

14.1 *Shareholder Rights*

14.3 The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangement.

The Company is committed to making timely, full and accurate disclosure to the shareholders and the public. All information on the Company's new initiatives which would be likely to materially affect the price or value of the Company's shares will be promptly disseminated via SGXNet to ensure fair communication with shareholders.

With effect from 3 January 2016, the Companies Act provides that a relevant intermediary (as defined in Section 181 of the Companies Act) (such as a corporation, person or the Central Provident Fund Board that provide nominee or custodial services) may appoint more than two proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting. The Constitution of the Company allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint not more than two proxies to attend and vote at its general meetings.

Communication with Shareholders

Principle 15 ***Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

15.2-4 ***Communication with Shareholders***

The Company solicits feedback from and addresses the concerns of shareholders via the following:

- One-on-one and group meetings;
- Investor/analyst briefings;
- Conferences and roadshows;
- Annual General Meetings and Extraordinary General Meetings; and
- Email correspondence.

In 2017, the Company issued more than 30 announcements and press releases and conducted one-on-one and group meetings, as well as conference calls, with local and foreign investors or analysts, as well as with the media.

Apart from the SGXNet announcements and its Annual Report, the Company updates shareholders on its corporate developments through its corporate website at http://www.rexih.com and its investor relations webpage at http://www.rexih.com/investor-relations.html.

The Company has in place an Investor Relations policy which is executed by a dedicated investor relations team to facilitate communications with shareholders.

15.5 ***Dividend Policy***

The Company does not have a fixed dividend policy. Nonetheless, Management will review, *inter alia*, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.

The Board has not declared or recommended dividends for FY2017, as the Company was not profitable in FY2017.

Conduct of Shareholder Meetings

Principle 16 ***Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.***

16.1-5 ***Conduct of Shareholder Meetings***

Shareholders are encouraged to attend the AGM/EGM to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the General Meetings will be advertised in newspapers and announced on SGXNet

The Company's Constitution allows for abstentia voting (including but not limited to the voting by mail, electronic mail or facsimile). A shareholder is entitled to attend and vote or to appoint not more than two proxies who need not be a shareholder of the Company, to attend and vote at the meetings on his behalf.

An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meeting of shareholders. The Company ensures that shareholders are given the opportunity to participate effectively in and vote at general meetings.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless in cases of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

All minutes of general meetings including the questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to shareholders upon their request within one month after the general meeting.

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNet after the conclusion of the general meeting. Electronic poll voting has been adopted since 2017 so as to better reflect shareholders' interest and ensure greater transparency. Votes cast for and against each resolution will be tallied and displayed live-on-screen to shareholders immediately at the meeting.

COMPLIANCE WITH APPLICABLE CATALIST RULES

Appointment of Auditors

The Company confirms its compliance to the Catalist Rules 712 and 715. Significant foreign subsidiaries are audited by KPMG LLP, Singapore for consolidation purpose, and other member firms of KPMG International. Other foreign subsidiaries are registered BVI companies that have no operational activities in FY2017.

1204(8) ### *Material Contracts*

There were no material contracts entered into by the Group involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2016.

1204(10) ### *Confirmation of Adequacy of Internal Controls*

The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment based on the following:

- Assurance has been received from the CEO and CFO;
- An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;
- Management regularly evaluates, monitors and reports to the AC and the RMC on material risks;
- Discussions were held between the AC and the auditors in the absence of the Management to review and address any potential concerns;
- An enterprise risk management framework is in place to identify, manage and mitigate significant risks; and
- Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a quarterly basis.

1204(17) ### *Interested Persons Transaction ("IPT")*

There were no IPTs with value of more than S$100,000 transacted during FY2017. The Company does not have an IPT Mandate.

The Company has adopted an internal policy in respect of any transactions with an interested person (as defined in the Catalist Rules) and has established procedures for the review and approval of all IPTs entered into by the Group. The AC reviews the rationale and terms of the Group's IPTs, with the view that the IPTs should be on normal commercial terms, at arm's length basis and are not prejudicial to the interests of the Company's minority shareholders.

As part of the Company's policy, Directors are required to disclose to the Board all actual and potential conflicts of interest. A Director shall recuse himself or herself from discussions and abstain from voting on resolutions regarding any contract, arrangement or any other transaction in which he or she has any personal material interest, directly or indirectly.

1204(19) ***Dealing in Securities***

The Company and its subsidiaries have adopted an internal policy which prohibits the Directors and officers (including employees) from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers (including employees) of the Company and its subsidiaries are also discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the relevant results.

1204(21) ***Non-sponsor Fees***

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2017.

1204(22) ***Use of Proceeds Raised from Placement Exercise***

The Company had on 6 November 2013, completed a placement of 70 million new ordinary shares at an issue price of S$0.755 per share (the "**2013 Placement**"), raising net proceeds of S$50.87 million (after deducting placement expenses of S$1.98 million).

The utilisation of proceeds from the Company's 2013 Placement exercise as at the date of this announcement is as follows:

Use of Proceeds	Amount Allocated S$'000	Amount Redeployed S$'000	Amount Utilised S$'000	Balance S$'000
Exploration and drilling activities in new opportunities in the Asia-Pacific region	17,856	(17,856)[(1)(2)]	-	-
Exploration and drilling activities in new opportunities in geographical regions including the Middle East, Norway and Western Europe	16,787	(6,268)[(3)]	(10,519)	-
Invest in and expand the business in the oil services sector using well stimulation technology	16,228	(100)[(4)]	(16,128)	-
Share buyback mandate	-	5,960[(1)]	-	5,960
General working capital	-	13,264[(2)(3)(4)]	(13,264)[(5)]	-
Total	**50,871**	**(5,000)**	**(39,911)**	**5,960**

Footnotes:

[1] The provisional amount of S$5.96 million which was redeployed was equivalent to 50% of the illustrated maximum amount of funds required for market purchases as disclosed in Section 2.9(c) of the circular to shareholders in relation to the proposed adoption of the share buyback mandate dated 1 October 2015.

[2] S$6.90 million and S$5.00 million were redeployed to general working capital and further field development in Oman respectively due to fewer opportunities in the Asia Pacific region.

[3] S$6.27 million was redeployed to general working capital due to fewer opportunities in the Western Europe region.

[4] S$0.10 million was redeployed to general working capital as no further funds will be used for the investment in the oil services sector.

[5] S$13.26 million was used for Singapore's office staff cost and operational expenses, consultancy and professional fees.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements of Rex International Holding Limited ("**the Company**") and its subsidiaries ("**the Group**") for the financial year ended 31 December 2017.

In our opinion:

(a) the financial statements set out on pages 92 to 172 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, the financial performance of the Group, the changes in equity of the Group and of the Company, and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Dan Broström (Executive Chairman)
Dr Karl Lidgren
Muhammad Sameer Yousuf Khan
Sin Boon Ann
Dr Christopher Atkinson

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 ("**the Act**"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 January 2018
Dan Broström			
Rex International Holding Limited			
Ordinary shares			
- direct interest	428,000	1,928,000	1,928,000
- deemed interest	3,000,000	3,000,000	3,000,000

DIRECTORS' INTERESTS – CONTINUED

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 January 2018
Dr Karl Lidgren			
Rex International Holding Limited			
Ordinary shares			
- deemed interest	452,020,422	452,020,422	452,020,422

By virtue of Section 7 of the Act, Dan Broström and Dr Karl Lidgren are deemed to have interests in all the related corporations of the Company at the beginning and at the end of the financial year.

Except as disclosed under the "Share options" and "Share awards" sections of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

The Employee Share Option Scheme (the "**ESOS**") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013. The ESOS is administered by the Company's Remuneration Committee, comprising 3 directors, Sin Boon Ann, Muhammad Sameer Yousuf Khan and Dan Broström.

Other information regarding the ESOS is set out below:

- The exercise price of the options can be set at a discount to the Market Price[(1)] not exceeding 20% of the Market Price at the date on which the options are granted.

- For the options granted with exercise price set at Market Price, they can be exercised 1 year from the date of the grant and will expire 5 years from the date on which the options are granted.

- For the options granted with exercise price set at a discount to the Market Price, they can be exercised 2 years from the date of the grant and will expire 5 years from the date on which the options are granted.

(1) The Market Price is calculated based on the average of the last dealt prices for the Company's shares on the Catalist of the SGX-ST over the 5 consecutive trading days immediately preceding the date on which the options are granted.

SHARE OPTIONS – CONTINUED

At the end of the financial year, details of the options granted under the ESOS on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2017	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2017	Number of option holders at 31 December 2017	Exercise period
29.11.2013	S$0.65	2,025,000	–	–	(500,000)	1,525,000	7	29.11.2014 – 28.11.2018
29.11.2013	S$0.52	1,012,500	–	–	(250,000)	762,500	7	29.11.2015 – 28.11.2018
		3,037,500	–	–	(750,000)	2,287,500		

Details of options granted to directors of the Company under the ESOS are as follows:

Name of director	Options granted for financial year ended 31 December 2017	Aggregate options granted since commencement of ESOS to 31 December 2017	Aggregate options exercised since commencement of ESOS to 31 December 2017	Aggregate options outstanding as at 31 December 2017
Muhammad Sameer Yousuf Khan	–	375,000	–	375,000
Sin Boon Ann	–	375,000	–	375,000
	–	750,000	–	750,000

There were no participants who received options comprising shares representing five per cent or more of the aggregate of the total number of new shares available under the ESOS. Controlling shareholders and their associates and the directors and employees of the Company's parent company and its subsidiaries are not eligible participants of the ESOS.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

At the end of the financial year, there were 2,281,224 unissued ordinary shares of Lime Petroleum AS ("**LPA**") under option relating to the LPA Share Incentive Plan, representing 1.75% of the total outstanding share capital of LPA. Out of the unexercised options for 2,281,224 ordinary shares, options for 1,295,084 shares are vested and exercisable at the end of the financial year. Details and terms of the options are disclosed in the annual report of LPA.

SHARE AWARDS

The Performance Share Plan (the "**PSP**") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 30 April 2014. The PSP is administered by the Company's Remuneration Committee, comprising three directors, Sin Boon Ann, Muhammad Sameer Yousuf Khan and Dan Broström.

The objective of the PSP of the Company is to promote higher performance goals and recognise the achievements of employees by motivating and aligning their interests to the Group's pre-determined goals. Performance targets set are based on short to medium-terms corporate objectives including market competitiveness, quality of returns, business growth and productivity growth.

The award of ordinary shares granted under the PSP represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge upon the achievement of pre-determined benchmarks set over the prescribed performance period, and upon the expiry of the prescribed vesting period.

Details of the movement of the awards of ordinary shares granted under the PSP (the "**Awards**") during the financial year were as follows:

Date of grant	Balance at 1 January 2017	Granted	Lapsed/ Cancelled	Vested	Balance at 31 December 2017	Number of award holders at 31 December 2017
03.03.2016	10,719,024	–	–	(10,719,024)	–	–
29.04.2016	11,407,100	–	–	–	11,407,100	4
28.04.2017	–	5,170,264	–	(5,170,264)	–	–
28.04.2017	–	156,288,800[1]	–	–	156,288,800	18
	22,126,124	161,459,064	–	(15,889,288)	167,695,900	

SHARE AWARDS - CONTINUED

Details of the Awards granted under the PSP to participants who are directors, controlling shareholders or associates of the controlling shareholders and participants who received more than five per cent of the total grants available in FY2017 are as follows:

Name of participant	Awards granted for financial year ended 31 December 2017[1]	Aggregate awards granted since commencement of PSP to 31 December 2017	Aggregate awards released since commencement of PSP to 31 December 2017	Aggregate awards outstanding as at 31 December 2017
Directors				
Dan Broström	16,248,200	16,248,200	–	16,248,200
Dr Karl Lidgren	16,358,400	16,358,400	–	16,358,400
Muhammad Sameer Yousuf Khan	2,600,000	2,600,000	–	2,600,000
Sin Boon Ann	3,000,000	3,000,000	–	3,000,000
Dr Christopher Atkinson	1,400,000	1,400,000	–	1,400,000
Controlling shareholders or associates of the controlling shareholders				
Måns Lidgren	36,113,600	45,185,064	(6,331,864)	38,853,200
Lina Berntsen	3,373,400	5,124,100	–	5,124,100
Martin Lidgren	3,373,400	4,249,800	–	4,249,800
Magnus Lidgren	3,373,400	4,249,800	–	4,249,800
Hans Lidgren	10,164,800	10,164,800	–	10,164,800
Participants who received more than 5% of the total grants available				
Svein Kjellesvik	15,552,000	15,552,000	–	15,552,000
Per Lind	17,086,200	21,696,566	(4,610,366)	17,086,200
Kristofer Skantze	13,995,600	17,713,604	(3,718,004)	13,995,600
Mok Lai Siong	11,639,000	14,615,032	(2,976,032)	11,639,000

(1) The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of five (5) market days in which transactions in the shares were recorded, at any time within a two-year period from the date of grant of the Awards ("**Average Performance Market Price**"). If the Average Performance Market Price is S$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S$0.15, none of the shares in the Award shall be released unless otherwise determined by the committee administering the PSP.

The directors and employees of the Company's parent company and its subsidiaries are not eligible participants of the PSP.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this statement are:

- Muhammad Sameer Yousuf Khan (Chairman) — Independent Non-Executive Director
- Sin Boon Ann — Lead Independent Non-Executive Director
- Dan Broström — Chairman and Executive Director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;

- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

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

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, the Board of Directors have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Dan Broström
Director

Muhammad Sameer Yousuf Khan
Director

8 March 2018

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Rex International Holding 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 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 92 to 172.

In our opinion, the accompanying 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 Companies Act, Chapter 50 ("**the Act**") and Financial Reporting Standards in Singapore ("**FRSs**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes of equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment risk over Exploration and Evaluation ("E&E") assets

Refer to Note 3.3 – Accounting policies: E&E assets and Note 4 to the financial statements

DESCRIPTION OF RISK	OUR RESPONSE TO THE RISK	FINDINGS
There is a risk of impairment on the Group's significant E&E assets (representing 54% of total assets) due to the continued volatility of the oil price and the risk associated with finding sufficient oil reserves for commercial production. Significant judgement and estimates are involved in assessing impairment, particularly the estimates of the future oil prices, production levels, operating costs, and economic assumptions used to estimate the recoverable amounts of the E&E assets.	We discussed with the Group's management and read supporting documents to understand the current status and future plans and intentions for the E&E assets. We challenged the reasonableness of the valuation methodology and key assumptions used by the Group by comparing against market valuation practices, industry market data and external independent reserve report.	We found the valuation methodology used to be in line with market valuation practices. Taking into consideration the Group's future plans, intentions for these E&E assets and the range of economic conditions that could exist, we found the key assumptions used by the Group to be reasonable.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED

Key audit matters - Continued

Contingent liability – litigation claims by Gulf Hibiscus Ltd ("GHL")

Refer to Note 3.10 – Accounting policy: Provisions and Note 33 to the financial statements

DESCRIPTION OF RISK	*OUR RESPONSE TO THE RISK*	*FINDINGS*
Since 2016, GHL made claims against the Group in relation to the conduct of the Group with regards to its investee companies in Singapore, Switzerland and the British Virgin Islands jurisdictions where both parties entered into legal proceedings. Significant judgement is involved in determining whether any provision should be set aside for the GHL's claims and whether adequate disclosure of the claims are made in the financial statements.	We obtained an update from the Group's external legal counsel on the status of the litigation and the likely outcome of these claims. We also reviewed correspondences between the Group and the legal counsels and legal documents relating to the claims, and discussed with the Group on the status of these claims. We further reviewed and assessed the sufficiency of the related disclosures made in the financial statements.	We found the Group's assessment that the litigation meets the criteria of a contingent liability to be reasonable. We also found the disclosures of the litigation to be balanced.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report, except for the Statistics of Shareholdings, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Statistics of Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED

Auditors' responsibilities for the audit of the financial statements – Continued

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditors' report is Chiang Yong Torng.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
8 March 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group 2017 US$'000	Group 2016 US$'000	Company 2017 US$'000	Company 2016 US$'000
Assets					
Exploration and evaluation assets	4	76,890	58,175	–	–
Other intangible assets	5	5,915	6,765	–	–
Plant and equipment	6	86	207	17	25
Subsidiaries	7	–	–	92,977	90,636
Jointly controlled entities	9	–	2,344	–	–
Available-for-sale investments	10	1,106	2,637	–	1,531
Non-current assets		83,997	70,128	92,994	92,192
Inventories	11	2,810	3,188	–	–
Trade and other receivables	12	9,529	22,609	2,397	2,276
Quoted investments	13	33,574	31,102	33,574	31,102
Cash and cash equivalents	14	11,700	33,240	8,631	18,108
Current assets		57,613	90,139	44,602	51,486
Total assets		141,610	160,267	137,596	143,678
Equity					
Share capital	15	255,758	254,873	255,758	254,873
Reserves	16	7,907	8,295	1,493	2,888
Accumulated losses		(145,121)	(139,892)	(135,248)	(125,890)
Total equity attributable to owners of the Company		118,544	123,276	122,003	131,871
Non-controlling interests	8	6,610	10,160	–	–
Total equity		125,154	133,436	122,003	131,871
Liabilities					
Deferred tax liabilities	18	2,358	581	–	–
Provisions	19	10,740	10,821	–	–
Non-current liabilities		13,098	11,402	–	–
Loans and borrowings	20	–	12,488	–	–
Trade and other payables	21	3,358	2,941	15,593	11,807
Current liabilities		3,358	15,429	15,593	11,807
Total liabilities		16,456	26,831	15,593	11,807
Total equity and liabilities		141,610	160,267	137,596	143,678

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	Group 2017 US$'000	Group 2016 US$'000
Revenue	22	356	350
Cost of sales:			
Cost of services		(230)	(723)
Exploration and evaluation expenditure	4	(3,163)	(44,198)
Gross loss		(3,037)	(44,571)
Administration expenses		(11,265)	(16,159)
Other income		993	851
Results from operating activities		(13,309)	(59,879)
Finance income	23	1,012	1,542
Finance costs	23	(1,378)	(3,168)
Foreign exchange gain/ (loss)		263	(293)
Net finance costs		(103)	(1,919)
Net change in fair value of available-for-sale investment, net of tax		830	–
Impairment of a jointly controlled entity	9	(2,148)	(1,246)
Loss on dilution of investment in an associate	29(ii)	–	(2,090)
Share of equity-accounted losses of an associate and jointly controlled entities, net of tax	9	(678)	(2,593)
Loss before tax	24	(15,408)	(67,727)
Tax credit	25	6,477	35,988
Loss for the year, net of tax		(8,931)	(31,739)
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of an available-for-sale investment, net of tax	10,16	–	830
Net change in fair value of an available-for-sale investment, net of tax (reclassified to profit or loss on disposal)	10,16	(830)	–
Foreign currency translation differences from foreign operations		1,125	451
Other comprehensive income for the year, net of tax		295	1,281
Total comprehensive loss for the year, net of tax		(8,636)	(30,458)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

		Group	
	Note	2017	2016
		US$'000	US$'000
Loss attributable to:			
Owners of the Company		(8,524)	(29,498)
Non-controlling interests		(407)	(2,241)
Loss for the year, net of tax		(8,931)	(31,739)
Total comprehensive loss attributable to:			
Owners of the Company		(8,377)	(28,410)
Non-controlling interests		(259)	(2,048)
Total comprehensive loss for the year		(8,636)	(30,458)
Loss per share			
Basic loss per share (cents)	26	(0.67)	(2.33)
Diluted loss per share (cents)	26	(0.67)	(2.33)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

		Attributable to owners of the Company									
	Note	Share capital	Merger reserve	Capital reserve	Fair value reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group											
At 1 January 2016		254,055	4,129	1,080	–	1,239	393	(127,220)	133,676	19,282	152,958
Total comprehensive loss for the year											
Loss for the year		–	–	–	–	–	–	(29,498)	(29,498)	(2,241)	(31,739)
Other comprehensive income/(loss)											
Net change in fair value of an available-for-sale investment, net of tax	10	–	–	–	830	–	–	–	830	–	830
Foreign currency translation differences		–	–	–	–	–	258	–	258	193	451
Total other comprehensive income		–	–	–	830	–	258	–	1,088	193	1,281
Total comprehensive income/(loss) for the year		–	–	–	830	–	258	(29,498)	(28,410)	(2,048)	(30,458)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of shares	15	818	–	–	–	(759)	–	–	59	–	59
Share-based payment transactions - employee share option scheme and performance share plan	17	–	–	–	–	1,125	–	–	1,125	2	1,127
Total contributions by and distributions to owners		818	–	–	–	366	–	–	1,184	2	1,186
Changes in ownership interests in subsidiaries											
Acquisition of non-controlling interests without a change in control	8, 29	–	–	–	–	–	–	12,174	12,174	(12,174)	–
Partial disposal of subsidiaries without a change in control	8, 29	–	–	–	–	–	–	4,652	4,652	5,098	9,750
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	16,826	16,826	(7,076)	9,750
Total transactions with owners		818	–	–	–	366	–	16,826	18,010	(7,074)	10,936
At 31 December 2016		254,873	4,129	1,080	830	1,605	651	(139,892)	123,276	10,160	133,436

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

		Attributable to owners of the Company									
	Note	Share capital	Merger reserve	Capital reserve	Fair value reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group											
At 1 January 2017		254,873	4,129	1,080	830	1,605	651	(139,892)	123,276	10,160	133,436
Total comprehensive loss for the year											
Loss for the year		–	–	–	–	–	–	(8,524)	(8,524)	(407)	(8,931)
Other comprehensive income/(loss)											
Net change in fair value of an available-for-sale investment, net of tax (reclassified to profit or loss)	10	–	–	–	(830)	–	–	–	(830)	–	(830)
Foreign currency translation differences		–	–	–			977	–	977	148	1,125
Total other comprehensive income		–	–	–	(830)	–	977	–	147	148	295
Total comprehensive income/(loss) for the year		–	–	–	(830)	–	977	(8,524)	(8,377)	(259)	(8,636)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of shares	15	885	–	–	–	(885)	–	–	–	–	–
Share-based payment transactions - employee share option scheme and performance share plan	17	–	–	–	–	350	–	–	350	4	354
Total contributions by and distributions to owners		885	–	–	–	(535)	–	–	350	4	354
Changes in ownership interests in subsidiaries											
Acquisition of non-controlling interests without a change in control, representing total changes in ownership interests in subsidiaries	8, 29	–	–	–	–	–	–	3,295	3,295	(3,295)	–
Total transactions with owners		885	–	–	–	(535)	–	3,295	3,645	(3,291)	354
At 31 December 2017		255,758	4,129	1,080	–	1,070	1,628	(145,121)	118,544	6,610	125,154

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Note	Share capital US$'000	Capital reserve US$'000	Fair value reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company							
At 1 January 2016		254,055	505	–	1,239	(119,598)	136,201
Total comprehensive loss for the year							
Loss for the year		–	–	–	–	(6,292)	(6,292)
Other comprehensive loss							
Net change in fair value of an available-for-sale investment, net of tax		–	–	830	–	–	830
Total other comprehensive loss		–	–	830	–	–	830
Total comprehensive loss for the year		–	–	830	–	(6,292)	(5,462)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issuance of shares	15	818	–	–	(759)	–	59
Share-based payment transactions - performance share plan	17	–	–	–	1,073	–	1,073
Total transactions with shareholders		818	–	–	314	–	1,132
At 31 December 2016		254,873	505	830	1,553	(125,890)	131,871

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Note	Share capital US$'000	Capital reserve US$'000	Fair value reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company							
At 1 January 2017		254,873	505	830	1,553	(125,890)	131,871
Total comprehensive loss for the year							
Loss for the year		–	–	–	–	(9,358)	(9,358)
Other comprehensive loss							
Net change in fair value of an available-for-sale investment reclassified to profit or loss, net of tax		–	–	(830)	–	–	(830)
Total other comprehensive loss		–	–	(830)	–	–	(830)
Total comprehensive loss for the year		–	–	(830)	–	(9,358)	(10,188)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issuance of shares	15	885	–	–	(885)	–	–
Share-based payment transactions - performance share plan	17	–	–	–	320	–	320
Total transactions with shareholders		885	–	–	(565)	–	320
At 31 December 2017		255,758	505	–	988	(135,248)	122,003

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

		Group	
	Note	2017	2016
		US$'000	US$'000
Cash flows from operating activities			
Loss for the year before tax		(15,408)	(67,727)
Adjustments for:			
Depreciation	6	136	181
Amortisation of other intangible assets	5	850	850
Net finance costs		366	1,626
Impairment of a jointly controlled entity	9	2,148	1,246
Net change in fair value of an available-for-sale investment, net of tax		(830)	–
Net gain on disposal of an available-for-sale investment, net of tax	10	(185)	–
Loss on dilution of investment in an associate	29(ii)	–	2,090
Impairment of exploration and evaluation assets	4	2,477	43,231
Write-off of doubtful receivables		–	1,250
Share of equity-accounted losses of an associate and jointly controlled entities, net of tax		678	2,593
Equity settled share-based payment transactions		352	1,184
Change in fair value of quoted investments		(579)	(697)
Loss on disposal of quoted investments		–	89
		(9,995)	(14,084)
Changes in:			
- Inventories		378	(471)
- Trade and other receivables		(1,911)	15,049
- Trade and other payables		418	(23,700)
Tax receipts from exploration and evaluation activities in Norway	12(i)	22,375	54,248
Net cash from operating activities		11,265	31,042

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2017

	Note	Group 2017 US$'000	Group 2016 US$'000
Cash flows from investing activities			
Interest received		1,012	1,542
Proceeds from disposal of an available-for-sale investment	10	1,717	–
Investment in a jointly controlled entity	9	(580)	(500)
Investment in an associate	29(ii)	–	(332)
Purchase of quoted investments	13	(2,253)	(7,269)
Proceeds from disposal of quoted investments	13	361	8,405
Exploration and evaluation expenditure	4	(20,237)	(40,297)
Purchase of plant and equipment	6	(9)	(45)
Net cash used in investing activities		(19,989)	(38,496)
Cash flows from financing activities			
Interest paid		(818)	(2,185)
Proceeds from partial disposal of subsidiaries	29(i)	–	9,750
Proceeds from bank loans		6,757	29,251
Repayment of bank loans		(20,262)	(53,803)
Net cash used in financing activities		(14,323)	(16,987)
Net decrease in cash and cash equivalents		(23,047)	(24,441)
Cash and cash equivalents at 1 January		33,240	53,447
Effect of exchange rate fluctuations on cash held		1,507	4,234
Cash and cash equivalents at 31 December	14	11,700	33,240

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 8 March 2018.

1 DOMICILE AND ACTIVITIES

Rex International Holding Limited ("**the Company**") is a company incorporated in Singapore. The address of its registered office is 80 Robinson Road, #02-00, Singapore 068898.

The financial statements of the Group as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as "**the Group**" and individually as "**Group entities**") and the Group's interest in equity-accounted investees.

The principal activities of the Company are those relating to investment holding. The principal activities of its subsidiaries are set out in Note 7 to the financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("**FRS**").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in United States ("**US**") dollars, which is the Company's functional currency. All financial information presented in US dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, 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.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

(i) Key sources of estimation uncertainty – Continued

Impairment of non-financial assets – Continued

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit ("**CGU**") and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessments of the non-financial assets subjected to assessment are disclosed in the financial statements as follows:

- Exploration and evaluation assets — Note 4
- Other intangible assets — Note 5
- Subsidiaries — Note 7
- Jointly controlled entities — Note 9
- Available-for-sale investments — Note 10

Amortisation of technology assets

Technology assets are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation expenses could be revised. The carrying amounts of these assets are disclosed in Note 5 to the financial statements.

Amortisation of exploration and evaluation assets

Where an oil reserve is either in or commences production, exploration and evaluation assets are amortised over the estimated life of the relevant areas of interest according to the rate of depletion of the economically recoverable reserves of the life of the area. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward cost in relation to that area of interest.

The production period is based on management's judgement of when it will no longer be commercially viable to extract more oil or gas, which is highly dependent on the future oil price, production costs, and the technical feasibility for extraction. The carrying amounts of these assets are disclosed in Note 4 to the financial statements.

Provisions

Estimates of the Group's obligations arising from exploration drilling rehabilitation that exist as at the reporting date may be affected by future events which cannot be predicted with any certainty. The assumptions and best estimates in determining these provisions are made based on management's judgement and experience and therefore, future exploration drilling rehabilitation obligations and expenses could be revised. The carrying amounts of the Group's provisions at the reporting date are disclosed in Note 19 to the financial statements.

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

(ii) Critical judgements made in applying accounting policies

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Classification of investments

During the year, the Group assessed the terms and conditions of the shareholders' agreement of subsidiaries that are not wholly-owned by the Group, jointly controlled entities, associate and available-for-sale investments. Information about critical judgements in applying accounting policies in assessing the classification of investments is disclosed in the financial statements as follows:

- Jointly controlled entities — Note 9
- Available-for-sale investments — Note 10

Business combinations

An acquisition of a business, which is determined as an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return directly to investors, is a business combination.

Determining whether an acquisition meets the definition of a business combination requires judgement to be applied on a case by case basis. Acquisitions are assessed under the relevant FRS criteria to establish whether the transaction represents a business combination or an asset purchase. Depending on the specific facts, acquisitions of exploration and evaluation licences for which a development decision has not yet been made, have largely been concluded to represent asset purchases.

Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure.

The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

(ii) Critical judgements made in applying accounting policies – Continued

Hydrocarbon reserves

Hydrocarbon reserves are estimates of the amount of oil that can be economically and legally extracted by the Group in approved fields. For the purpose of estimating reserves, several factors are considered, among others, such as geological, technical and economic, production techniques, recovery rates, production costs, transportation costs, demand and prices for commodities and exchange rates. Estimating the quantity and grade of reserves requires determining the size, shape and depth of the reservoirs or fields to be determined by analysing geological data and drilling samples. This process may require interpreting complex and difficult geological judgements. Because the economic assumptions change from period to period and the Group is still generating additional geological data during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the recovery of the carrying amount of oil properties due to changes in estimated future cash flows and the cost of depreciation recorded in profit or loss as it is given in terms of units of production based on total proven reserves.

2.5 New/revised standards and interpretations

The Group and Company adopted new or revised standards and interpretations that came into effect from 1 January 2017.

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- *Disclosure Initiative (Amendments to FRS 7)*;
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12)*; and
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016)*.

Other than the amendments to FRS 7, there is no impact on the current or prior period and is not likely to affect future periods.

(i) Disclosure Initiative (Amendments to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see Note 20).

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 2.5 to the financial statements, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation - Continued

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A jointly controlled entity is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation - Continued

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(viii) Subsidiaries, associates and jointly controlled entities in the separate financial statements

Investments in subsidiaries, associates and jointly controlled entities are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments which are recognised in other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting date.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.2 Foreign currency - Continued

(ii) Foreign operations – Continued

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("**translation reserve**") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Exploration and evaluation assets

Exploration and evaluation activity involves the search for oil and gas resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

(i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not 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 areas of interest are continuing.

Exploration and evaluation assets comprise, among others, costs that are directly attributable to researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies and/or gaining access to areas of interest including occupancy and relocation compensation and other directly attributable costs of exploration and appraisal including technical and administrative costs.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.3 Exploration and evaluation assets - Continued

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to development costs, a component of exploration and evaluation assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a CGU) to which the exploration and evaluation is attributable. To the extent that capitalised exploration and evaluation is not expected to be recovered, it is charged to profit or loss.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are depreciated over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward cost in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the cost of that stage. Site restoration costs include the dismantling and removal of drilling facilities, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the concession permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes to the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within 1 year of abandoning the concession site.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.4 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised net within other income in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	5 to 10 years
Office equipment	5 years
Office computers	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.5 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of equity-accounted investees is measured at the acquisition date and represents the excess of the fair value of the consideration transferred over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Any excess of the Group's share of the net fair value of the equity-accounted investees' identifiable assets acquired and liabilities assumed over the cost of investment is included as income in the determination of the Group's share of the equity-accounted investees' profit or loss in the period in which the investment is acquired.

Subsequent measurement

The carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Other intangible assets

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated based on the cost of asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which the assets are available for use.

The estimated useful lives are as follows:

Technology	10 years
Customer contracts	10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Inventories

Inventories comprise raw materials and are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any interest income and dividend income, are recognised in profit or loss.

Financial assets classified as held for trading comprise debt securities actively managed by the Group's treasury department to address short-term liquidity needs.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables (excluding prepayments and income tax receivables).

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(i) Non-derivative financial assets – Continued

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits. Short-term deposits include money market instruments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of change in their fair values, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Where an investment in equity securities classified as available-for-sale does not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate, the investment is measured at cost less impairment losses.

Available-for-sale financial assets comprise quoted and unquoted equity securities.

(ii) Non-derivative financial liabilities

The Group initially recognises subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and jointly controlled entity, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment – Continued

(i) Non-derivative financial assets – Continued

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment – Continued

(ii) Non-financial assets – Continued

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an equity-accounted investment is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of an equity-accounted investment is tested for impairment as a single asset when there is objective evidence that the equity-accounted investment may be impaired.

Associates and jointly controlled entities

An impairment loss in respect of an associate or jointly controlled entity is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.9 Employee benefits – Continued

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.11 Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.12 Revenue

Rendering of services

Revenue from the Rex Virtual Drilling ("**RVD**") technology is recognised in profit or loss over the period where services are rendered.

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested, including debt securities. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost comprises bank charges, which are inclusive of cash management and processing fees, and unwinding of discount on exploration drilling rehabilitation.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.15 Earnings per share

The Group presents basic and diluted earnings per share ("**EPS**") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options and awards granted to employees.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, and intangible assets other than goodwill.

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards

(i) Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council ("**ASC**") issued the Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards – Continued

(i) Applicable to 2018 financial statements – Continued

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;

- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;

- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;

- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;

- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;

- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and

- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards – Continued

(i) Applicable to 2018 financial statements – Continued

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The changes affecting the Group are described below.

- Foreign currency translation reserve ("**FCTR**")

  The Group plans to elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassify the cumulative FCTR of US$651,000 as at 1 January 2017 determined in accordance with FRS at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

  The Group expects the cumulative FCTR to decrease by US$651,000 and retained earnings to increase by the same amount as at 31 December 2017.

- Exploration and evaluation assets

  The Group plans to elect the optional exemption in SFRS(I) 1 to measure the exploration and evaluation assets at the carrying amount at the date of transition under the current FRS. Therefore the Group does not expect any material impact to the exploration and evaluation assets arising from the implementation of SFRS(I).

  Except as described above, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards – Continued

(i) Applicable to 2018 financial statements – Continued

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach.

The Group assessed that its Intellectual Property License Agreements provides its customers with the right to access the intellectual property. Consequently, revenue is recognised over time, which is in line with the current accounting treatment for revenue. Therefore the Group does not expect any financial impact arising from the implementation of SFRS(I) 15, and the comparative period presented in the 2018 financial statements will not be restated.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below.

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018.

  - The determination of the business model within which a financial asset is held.

  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  - The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income ("**FVOCI**").

  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss ("**FVTPL**").

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards – Continued

(i) Applicable to 2018 financial statements – Continued

SFRS(I) 9 – Continued

- If an investment in a debt security has low credit risk at 1 January 2018, the Group plans to assume that the credit risk on the asset has not increased significantly since its initial recognition.

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group's expectation of the implications arising from changes in the accounting treatment, however, the actual tax effect may change when the transition adjustments are finalised.

Classification and measurement: financial assets

For debt securities that are currently held at fair value, the Group expects to continue measuring these assets at fair value through profit or loss ("**FVTPL**") under SFRS(I) 9.

The Group has investment in equity securities that do not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate. The investment is currently measured at cost less impairment losses. Under SFRS(I) 9, the Group plans to elect to present in other comprehensive income the changes in fair value of its available-for-sale equity securities that are held by the Group because these investments are not held for trading.

As at 31 December 2017, the fair value of the investment in equity securities was based on the transaction price agreed on 5 May 2017 when a third party subscribed to a convertible term loan agreement in the entity. The fair value was determined to approximate the current carrying amount of the equity securities.

Impairment

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("**ECL**") model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or

- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards – Continued

(i) Applicable to 2018 financial statements – Continued

Impairment – Continued

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15. The Group does not expect any financial impact on the impairment loss recognised on financial assets.

The Group is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

(ii) Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards – Continued

(ii) Applicable to financial statements for the year 2019 and thereafter – Continued

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16 is as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("**ROU**") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (see Note 31).

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 0.9% of the consolidated total assets and 7.6% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

4 EXPLORATION AND EVALUATION ASSETS

	Group	
	2017	2016
	US$'000	US$'000
Cost		
At 1 January	117,956	77,345
Additions	20,237	40,297
Adjustments	(641)	–
Translation difference on consolidation	4,605	314
At 31 December	142,157	117,956
Accumulated amortisation and impairment loss		
At 1 January	59,781	17,873
Impairment of exploration expenditure previously capitalised	2,477	43,231
Translation difference on consolidation	3,009	(1,323)
At 31 December	65,267	59,781
Carrying amounts as at 31 December	76,890	58,175

Exploration and evaluation costs incurred were in respect of exploration and evaluation of hydrocarbons in Norway and Oman.

Adjustments

In 2017, adjustments were made to the exploration and evaluation costs due to a remeasurement of an existing provision for exploration drilling rehabilitation (see Note 19).

4 EXPLORATION AND EVALUATION ASSETS – CONTINUED

Impairment Assessment

The Group recognised total impairment loss of US$2,477,000 (2016: US$43,231,000) with respect to exploration and evaluation assets in Norway (2016: Norway) as a result of the relinquishment of certain licences in Norway (2016: Norway).

The table below shows the impairment loss on exploration and evaluation expenditure included in the consolidated statement of comprehensive income:

		Group	
	Note	**2017**	**2016**
		US$'000	**US$'000**
Cost of sales includes:			
Impairment of exploration expenditure previously capitalised	24	2,477	43,231
Other exploration costs		686	967
		3,163	44,198

Further impairment assessment was performed over the Group's remaining interests in its exploration and evaluation assets in Norway and Oman due to depressed oil prices.

Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of these exploration and evaluation assets, and no further impairment loss was recognised.

The recoverable amounts of the exploration and evaluation assets were determined based on value in use calculations. The key assumptions used in the calculation of recoverable amounts include gross unrisked recoverable resource estimates and geological chance of success estimated by the operators of respective concessions and future oil prices based on management's forecast.

5 OTHER INTANGIBLE ASSETS

Group	Technology US$'000	Customer Contracts US$'000	Total US$'000
Cost			
At 1 January 2016, 31 December 2016 and 31 December 2017	4,700	3,800	8,500
Accumulated amortisation			
At 1 January 2016	489	396	885
Amortisation	470	380	850
At 31 December 2016	959	776	1,735
Amortisation	470	380	850
At 31 December 2017	1,429	1,156	2,585
Carrying amounts			
At 1 January 2016	4,211	3,404	7,615
At 31 December 2016	3,741	3,024	6,765
At 31 December 2017	3,271	2,644	5,915

Amortisation

The amortisation of technology and customer contracts is included in "Administration expenses".

Impairment Assessment

The Group carried out an impairment assessment of its intangible assets as part of its annual impairment exercise. See Note 7 to the financial statements for a summary of the key assumptions used in the discounted cash flow projections.

6 PLANT AND EQUIPMENT

	Furniture and fittings US$'000	Office equipment US$'000	Office computers US$'000	Total US$'000
Group				
Cost				
At 1 January 2016	193	148	132	473
Additions	3	26	16	45
Disposals	–	–	(2)	(2)
Translation difference on consolidation	3	2	–	5
At 31 December 2016	199	176	146	521
Additions	–	–	9	9
Translation difference on consolidation	7	39	–	46
At 31 December 2017	206	215	155	576
Accumulated depreciation and impairment loss				
At 1 January 2016	31	23	82	136
Depreciation	26	115	40	181
Disposals	–	–	(2)	(2)
Translation difference on consolidation	–	(1)	–	(1)
At 31 December 2016	57	137	120	314
Depreciation	88	32	16	136
Translation difference on consolidation	3	37	–	40
At 31 December 2017	148	206	136	490
Carrying amounts				
At 1 January 2016	162	125	50	337
At 31 December 2016	142	39	26	207
At 31 December 2017	58	9	19	86

6 PLANT AND EQUIPMENT – CONTINUED

	Furniture and fittings US$'000	Office computers US$'000	Total US$'000
Company			
Cost			
At 1 January 2016	25	123	148
Additions	–	7	7
Disposals	–	(2)	(2)
At 31 December 2016	25	128	153
Additions	–	8	8
At 31 December 2017	25	136	161
Accumulated depreciation and impairment loss			
At 1 January 2016	8	81	89
Depreciation	5	36	41
Disposals	–	(2)	(2)
At 31 December 2016	13	115	128
Depreciation	5	11	16
At 31 December 2017	18	126	144
Carrying amounts			
At 1 January 2016	17	42	59
At 31 December 2016	12	13	25
At 31 December 2017	7	10	17

7 SUBSIDIARIES

	Company	
	2017 US$'000	2016 US$'000
Equity investments, at cost	793	793
Loan to a subsidiary, at cost	142,949	132,669
Less: Impairment losses	(50,765)	(42,826)
	92,977	90,636

7 SUBSIDIARIES – CONTINUED

The loan to a subsidiary is unsecured and interest-free. The settlement of the loan is neither planned nor likely to occur in the foreseeable future. This loan is, in substance, a part of the Company's net investment in the subsidiary.

The details of significant subsidiaries are as follows:

Name of significant subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2017	2016
			%	%
Rex International Investments Pte Ltd ("**RII**") [(a)]	Investment holding	Singapore	100	100
Lime Petroleum AS ("**LPA**") [(b)] (formerly known as Lime Petroleum Norway AS ("**LPN**"))	Oil and gas exploration	Norway	87.84	87.84
Rex Technology Management Ltd ("**RTM**") [(c)]	Oil exploration technology	British Virgin Islands	100	100
Masirah Oil Ltd ("**MOL**") [(d)]	Oil and gas exploration	British Virgin Islands	92.24	85.15

(a) Incorporated on 13 March 2013. Audited by KPMG LLP, Singapore.
(b) Acquired on 10 December 2015. Audited by other member firms of KPMG International.
(c) Acquired on 12 December 2014. Audited by KPMG LLP, Singapore for consolidation purposes.
(d) Acquired on 12 November 2015. Audited by other member firms of KPMG International.

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Impairment Assessment

In 2017, the Company recognised US$7,939,000 of total impairment losses in connection with the Group's investment in Rexonic Group (see Note 9) and Steeldrum Group (see Note 10).

Further impairment assessment was performed over the remaining material subsidiaries to determine recoverable amounts of the CGU. The recoverable amounts were determined based on the value in use calculations using the future cash flows of the financial budget approved by the Board of Directors, and management's estimated weighted average cost of capital of each CGU.

Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of the CGUs, and no further impairment loss was recognised.

8 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("**NCI**"):

Name of subsidiary	Country of incorporation	Operating segment	Ownership interest held by NCI	
			2017	**2016**
			%	**%**
Lime Petroleum AS ("**LPA**")	Norway	Oil and Gas	12.16	12.16
Masirah Oil Ltd ("**MOL**")	British Virgin Islands	Oil and Gas	7.76	14.85

The following summarised financial information of the above subsidiaries are prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	LPA	**MOL**	**Total**
	US$'000	**US$'000**	**US$'000**
2017			
Revenue	–	–	
Loss for the year	(2,325)	(1,592)	
Other comprehensive loss	–	–	
Total comprehensive loss	(2,325)	(1,592)	
Attributable to NCI:			
- Loss	(283)	(124)	(407)
- Other comprehensive loss	–	–	–
- Total comprehensive loss	(283)	(124)	(407)
Non-current assets	7,134	73,330	
Current assets	10,832	3,813	
Non-current liabilities	(2,358)	(10,740)	
Current liabilities	(2,864)	(1,203)	
Net assets	12,744	65,200	
Net assets attributable to NCI	1,550	5,060	6,610
Cash flows used in operating activities	14,994	(955)	
Cash flows from investing activities	(4,135)	(16,347)	
Cash flows from financing activities (dividends to NCI: nil)	(13,177)	10,340	
Net decrease in cash and cash equivalents	(2,318)	(6,962)	

8 NON-CONTROLLING INTERESTS – CONTINUED

	LPA US$'000	MOL US$'000	Total US$'000
2016			
Revenue	–	–	
Loss for the year	(15,860)	(2,106)	
Other comprehensive loss	–	–	
Total comprehensive loss	(15,860)	(2,106)	
Attributable to NCI:			
- Loss	(1,928)	(313)	(2,241)
- Other comprehensive loss	–	–	–
- Total comprehensive loss	(1,928)	(313)	(2,241)
Non-current assets	3,560	57,632	
Current assets	25,665	11,150	
Non-current liabilities	(581)	(10,821)	
Current liabilities	(14,823)	(869)	
Net assets	13,821	57,092	
Net assets attributable to NCI	1,682	8,478	10,160
Cash flows used in operating activities	37,611	(1,423)	
Cash flows from investing activities	(22,832)	(18,135)	
Cash flows from financing activities (dividends to NCI: nil)	(16,640)	15,574	
Net decrease in cash and cash equivalents	(1,861)	(3,984)	

9 JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Interests in jointly controlled entities	–	2,344	–	–

9 JOINTLY CONTROLLED ENTITIES – CONTINUED

Details of the jointly controlled entities are as follows:

Name of jointly controlled entity	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2017	2016
			%	%
Lime Petroleum Plc ("**Lime Plc**") [(i)] [(ii)]	Oil and gas exploration	Isle of Man	65	65
HIREX Petroleum Sdn. Bhd. ("**HIREX**") [(ii)]	Oil and gas exploration	Malaysia	41	41
Rexonic Holding AG ("**Rexonic Group**") [(ii)] (formerly known as Rexonic AG)	Oil exploration technology	Switzerland	50	50

(i) In 2016, the Group started the process to wind up Lime Plc. As at 31 December 2017 and 2016, the Group does not expect the completion of the winding up of Lime Plc to generate any surplus cash for distribution to shareholders. The carrying amount of Lime Plc is US$Nil as at 1 January 2017 and 2016 and the Group did not equity account further share of losses incurred in 2017 and 2016 because the Group has no obligation in respect of these losses.

The liquidation process is still ongoing as at 31 December 2017.

(ii) Based on the shareholders' agreements of Lime Plc, Rexonic Group and HIREX, key decisions over operational and financial matters have to be approved jointly by the shareholders of each of these jointly controlled entities without taking into consideration the board representations or shareholdings held by each partner. The Chairman of the board of each of these jointly controlled entities also has no over-riding casting vote. As such, these investments have been accounted for as jointly controlled entities.

The following table summarises the financial information of each of the Group's material jointly controlled entities, adjusted for any differences in accounting policies and reconciles the carrying amount of the Group's interest in jointly controlled entities and the share of losses and other comprehensive losses of equity-accounted investees (net of tax).

9 JOINTLY CONTROLLED ENTITIES – CONTINUED

	Rexonic Group US$'000
2017	
Group's interest in net assets of investee at beginning of year	2,344
Group's contributions during the year	580
Group's share of loss from continuing operations and total comprehensive loss	(678)
Elimination of unrealised currency gains and losses	(98)
Less: Impairment loss	(2,148)
Carrying amount of interest in investee at end of the year	–
2016	
Revenue	–
Loss from continuing operations and total comprehensive loss	(3,440)
Includes:	
- depreciation and amortisation expenses	(31)
- interest expense	(31)
- income tax credit	26
Non-current assets	1,155
Current assets	223
Non-current liabilities	(5,000)
Current liabilities	(313)
Net liabilities	(3,935)

9 JOINTLY CONTROLLED ENTITIES – CONTINUED

	Rexonic Group US$'000	HIREX US$'000	Total US$'000
2016			
Includes cash and cash equivalents	153		
Includes non-current financial liabilities (excluding trade and other payables and provisions)	–		
Includes current financial liabilities (excluding trade and other payables and provisions)	–		
Group's interest in net assets of investee at beginning of year	4,040	1,404	5,444
Group's share of loss from continuing operations and total comprehensive loss	(1,720)	(158)	(1,878)
Group's contributions during the year	500	–	500
Elimination of unrealised currency gains and losses	(476)	–	(476)
Less: Impairment loss	–	(1,246)	(1,246)
Carrying amount of interest in investee at end of the year	2,344	–	2,344

In 2017, the Group did not receive any dividend from its investments in jointly controlled entities (2016: US$Nil).

At the reporting date, the jointly controlled entities have no capital commitments and contingent liabilities (2016: US$Nil).

Impairment Assessment

Rexonic Group

In 2017, an impairment loss of US$2,148,000 was recognised in Rexonic Group after taking into consideration the challenging economic environment and the continued uncertainties of its business developments.

HIREX

In 2016, the Group recognised an impairment loss of US$1,246,000 in HIREX due to uncertainty of continuous business and financial support from its joint venture partners.

10 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Quoted equity shares, at fair value, net of impairment	–	1,531	–	1,531
Unquoted equity shares, at cost, net of impairment	1,106	1,106	–	–
	1,106	2,637	–	1,531

In 2017, the Group disposed 6,000,000 shares in North Energy ASA for a total cash consideration of US$1,717,000 and recognised a gain of US$185,000. This resulted in a decrease in the equity interest in North Energy ASA from 5.04% to Nil.

11 INVENTORIES

	Group	
	2017	2016
	US$'000	US$'000
Raw materials and spares	2,810	3,188

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Trade receivables	38	58	–	–
Amounts due from related corporations, trade	39	74	–	–
	77	132	–	–
Amounts due from subsidiaries, non-trade	–	–	2,084	2,046
Amounts due from related corporations, non-trade	6	6	6	6
Deposits	111	111	111	111
Interest receivables	61	53	61	53
Other receivables	1,383	298	107	14
Loans and receivables	1,638	600	2,369	2,230
Prepayments	433	829	28	46
Income tax receivables [(i)]	7,458	21,180	–	–
Trade and other receivables	9,529	22,609	2,397	2,276

12 TRADE AND OTHER RECEIVABLES – CONTINUED

Amounts due from subsidiaries and related corporations are repayable on demand, unsecured and interest-free.

(i) Income tax receivables of US$7,458,000 (2016: US$21,180,000) relates to an amount receivable from Norway tax authorities for exploration costs incurred in 2017 (2016: 2016). Oil exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to tax losses of the year. The refund will be paid out in December the following year.

The Group and Company's exposure to credit risks related to loans and receivables is disclosed in Note 30 to the financial statements.

13 QUOTED INVESTMENTS

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Debt securities, at fair value through profit or loss	33,574	31,102	33,574	31,102

Debt securities classified at fair value through profit or loss of the Group and Company bear interest at fixed rates ranging from 1.75% to 3.62% (2016: 1.75% to 4.88%) per annum and mature between 1 to 2 years (2016: 1 to 4 years) from the statement of financial position date.

The Group's exposure to interest rate risks and fair value information related to the investments are set out in Note 30 to the financial statements.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Cash at bank and on hand	5,700	25,694	2,631	10,562
Fixed deposits	6,000	7,546	6,000	7,546
	11,700	33,240	8,631	18,108

Details of interest rates at which the deposits reprice are set out in Note 30 to the financial statements.

15 SHARE CAPITAL

	Group and Company			
	2017 Number of shares '000	2017 US$'000	2016 Number of shares '000	2016 US$'000
Fully paid ordinary shares, with no par value:				
In issue at 1 January	1,267,421	254,873	1,264,157	254,055
Issuance of shares pursuant to vesting of Performance Share Plan	15,889	885	3,264	818
At 31 December	1,283,310	255,758	1,267,421	254,873

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares ranked equally with regard to the Company's residual assets.

On 31 January 2017 and 3 May 2017, the Company issued and allotted 10,719,024 and 5,170,264 new ordinary shares in the Company pursuant to the vesting of the Performance Share Plans ("**PSP**") granted to eligible participants and to Mr Måns Lidgren, an associate of a controlling shareholder of the Company, respectively, based on the achievement of pre-determined performance goals set for the financial year ended 31 December 2016 and the satisfactory completion of time-based service conditions under the PSP.

In 2016, the Company issued and allotted 2,102,700 and 1,161,600 new ordinary shares in the Company pursuant to the vesting of the PSP granted to eligible participants and to Mr Måns Lidgren, an associate of a controlling shareholder of the Company, respectively, based on the achievement of pre-determined performance goals set for the financial year ended 31 December 2014 and the satisfactory completion of time-based service conditions under the PSP.

Treasury shares

The Group did not acquire any treasury shares during the year and there were no treasury shares held by the Group at the reporting date (2016: Nil).

15 SHARE CAPITAL – CONTINUED

Capital management policy

The Board defines capital as share capital and accumulated losses.

The Board's policy is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return of capital, which the Group defines as total shareholders' equity, excluding non-controlling interests, and the level of dividends to ordinary shareholders.

The Group monitors the capital position of the Group to ensure a sufficiently strong capital base so as to maintain investor, creditor and market confidence. This is also a platform to sustain the existing business and for future growth. There has been no change in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

16 RESERVES

Merger reserve

Merger reserve relates to reserve arising from certain acquisitions of businesses under common control accounted for under the merger accounting method.

Capital reserve

Capital reserve relates to capital contribution arising from loans forgiven by equity holders and differences between purchase consideration (of investments) and fair value of the shares issued.

Fair value reserve

The fair value reserve represents the accumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

Share-based payment reserve

Share-based payment reserve relates to the Employee Share Option Scheme and Performance Share Plan established by the Company to compensate its key management personnel and employees.

Translation reserve

Translation reserve relates to foreign currency translation differences arising from the translation of the financial statements of foreign operations.

17 SHARE-BASED PAYMENT ARRANGEMENTS

Description of the share-based payment arrangements

At 31 December 2017, the Group and Company have the following share-based payment arrangements:

*(i) Employee Share Option Scheme ("**ESOS**") (equity-settled)*

The ESOS of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013.

Information regarding ESOS is as follows:

- The exercise price of the options can be set at a discount to the Market Price[1] not exceeding 20% of the Market Price at the date on which the options are granted.
- For the options granted with exercise price set at Market Price, they can be exercised 1 year from the date of the grant and will expire 5 years from the date on which the options are granted.
- For the options granted with exercise price set at a discount to the Market Price, they can be exercised 2 years from the date of the grant and will expire 5 years from the date on which the options are granted.

(1) The Market Price is calculated based on the average of the last dealt prices for the Company's shares on the Catalist of the SGX-ST over the 5 consecutive trading days immediately preceding the date on which the options are granted.

Date of grant	Number of options issued	Vesting conditions	Exercise period
Tranche 1 share option grant to employees on 29 November 2013	2,125,000	Exercisable 1 year from date of grant	29.11.2014 – 28.11.2018
Tranche 2 share option grant to employees on 29 November 2013	1,062,500	Exercisable 2 years from date of grant	29.11.2015 – 28.11.2018
	3,187,500		

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

(i) *Employee Share Option Scheme ("**ESOS**") (equity-settled) – Continued*

Measurement of fair values

The fair value of the ESOS was measured based on the Black-Scholes formula. The expected volatilities are based on the average historical volatilities of comparable companies operating within the same industry over the previous 3 to 3.5 years immediately preceding the grant date. The expected term used in the model is based on the acceptance date and the end of the performance year.

	Share option programme	
	Tranche 1	**Tranche 2**
Date of grant	29 Nov 2013	29 Nov 2013
Prevailing share price at date of grant (in SGD)	0.61 – 0.65	0.61 – 0.65
Exercise price (in SGD)	0.65	0.52
Expected volatility (weighted average)	39.73%	50.04%
Expected life (weighted average)	3 years	3.5 years
Risk-free interest rate (based on government bonds)	0.49% – 0.62%	0.54% – 0.72%

Reconciliation of outstanding share options

Movements in the number of share options outstanding under the ESOS were summarised below:

	Number of options	
	2017	**2016**
Outstanding at 1 January	3,037,500	3,037,500
Exercised during the year	–	–
Granted during the year	–	–
Forfeited/expired during the year	(750,000)	–
Outstanding at 31 December	2,287,500	3,037,500
Exercisable at 31 December	2,287,500	3,037,500

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

*(ii) Performance Share Plan ("**PSP**") (equity-settled)*

The PSP of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 30 April 2014.

Movement of the awards of ordinary shares granted under the PSP (the "**Awards**") during the financial year:

Date of grant	Balance at 1 January 2017	Granted	Lapsed/ Cancelled	Vested	Balance at 31 December 2017	Number of holders
03.03.2016	10,719,024	–	–	(10,719,024)	–	–
29.04.2016	11,407,100	–	–	–	11,407,100[1]	4
28.04.2017	–	5,170,264	–	(5,170,264)	–	–
28.04.2017	–	156,288,800	–	–	156,288,800[2]	18
	22,126,124	161,459,064	–	(15,889,288)	167,695,900	

Vesting conditions

(1) The actual number of Awards to be delivered will range from 0% to 100% and is contingent on the achievement of pre-determined benchmarks set over a two-year performance period.

(2) The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of five (5) market days in which transactions in the shares were recorded, at any time within a two-year period from the date of grant of the Awards ("**Average Performance Market Price**"). If the Average Performance Market Price is S$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S$0.15, none of the shares in the Award shall be released unless otherwise determined by the committee administering the PSP.

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

*(ii) Performance Share Plan ("**PSP**") (equity-settled) - Continued*

Reconciliation of outstanding performance shares

	Number of shares	
	2017	**2016**
At 1 January	22,126,124	3,264,300
Vested during the year	(15,889,288)	(3,264,300)
Granted during the year	161,459,064	41,186,600
Forfeited/expired during the year	–	(17,320,200)
Adjusted during the year *****	–	(1,740,276)
Outstanding at 31 December	167,695,900	22,126,124

***** The final number of Awards under the PSP to be delivered to certain awardees was adjusted by applying an achievement factor for financial year ended 2016 to the initial maximum number of shares which were the subject of Awards granted on 3 March 2016.

Measurement of fair values

The estimated fair value at date of grant for each share granted on 28 April 2017 was S$0.057 per share.

In 2016, the estimated fair value at date of grant for each share granted on 3 March 2016 and 29 April 2016 were S$0.088 and S$0.096 per share respectively.

Employee expenses

	Group	
	2017	**2016**
	US$'000	**US$'000**
Equity-settled share-based payment transactions		
Total expense recognised for equity-settled share-based payment	352	1,184

18 DEFERRED TAX LIABILITIES

Movements in deferred liabilities during the year are as follows:

	At 1 January 2016 US$'000	Recognised in profit or loss (Note 25) US$'000	Translation differences US$'000	At 31 December 2016 US$'000
Group				
Deferred tax liabilities				
Exploration and evaluation assets	13,862	(14,342)	1,061	581

	At 1 January 2017 US$'000	Recognised in profit or loss (Note 25) US$'000	Translation differences US$'000	At 31 December 2017 US$'000
Group				
Deferred tax liabilities				
Exploration and evaluation assets	581	863	914	2,358

Deferred tax liabilities are offset when there is legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Deferred tax liabilities	2,358	581	–	–

18 DEFERRED TAX LIABILITIES – CONTINUED

Unrecognised temporary differences

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group and Company can use the benefits therefrom.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Tax losses for which no deferred tax asset was recognised	19,853	16,141	19,853	16,141

The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group and Company operates.

19 PROVISIONS

	Exploration drilling rehabilitation US$'000
Group	
At 1 January 2017	10,821
Unwinding of discount	560
Provisions reversed during the year	(641)
At 31 December 2017	10,740
Comprising:	
Current	–
Non-current	10,740
	10,740

19 PROVISIONS – CONTINUED

Exploration drilling rehabilitation

The rehabilitation provision represents the present value of the cost of rehabilitating and decommissioning oil field assets and infrastructure such as wells, pipelines and processing facilities in Oman, which are expected to be incurred when the operations are ceased. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates, including discount rates, are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

As part of the Group's regular review, the provision was revised due to a change in the discount rate and the expected delay in decommissioning works as a result of an extension to the exploration and production sharing agreement in Oman. Accordingly, the Group reversed the provision by US$641,000 and recorded a decrease in the exploration and evaluation asset by the same amount (Note 4).

20 LOANS AND BORROWINGS

	Group	
	2017	**2016**
	US$'000	**US$'000**
Current liabilities		
Secured bank loans	–	12,488

Credit facility

A subsidiary of the Company entered into a Revolving Exploration Financing Facility agreement with Skandinaviska Enskilda Banken of NOK 400,000,000. The facility runs until December 2018, but the debt as at 31 December shall be repaid in December the following year following receipt of the tax refund (see Note 12). The agreed interest rate is 3-month NIBOR + 1.5%. All borrowings were fully repaid as at 31 December 2017.

Assets pledged as security

The credit facility is secured by a first priority assignment of the tax refunds (see Note 12), first priority charge over certain bank accounts, a first priority pledge of certain participation interests in licences and a first priority assignment over certain insurances in the subsidiary in Norway.

Market and liquidity risks

Information about the Group's exposure to interest rate and liquidity risk related to loans and borrowings is included in Note 30 to the financial statements.

20 LOANS AND BORROWINGS – CONTINUED

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities	Equity				
	Loans and borrowings US$'000	Share capital US$'000	Reserves US$'000	Retained earnings US$'000	Non-controlling interests US$'000	Total US$'000
Balance as at 1 January 2017	12,488	254,873	8,295	(139,892)	10,160	145,924
Changes from financing cash flows						
Proceeds from bank loans	6,757	–	–	–	–	6,757
Repayment of bank loans	(20,262)	–	–	–	–	(20,262)
Interest paid	(818)	–	–	–	–	(818)
Total changes from financing cash flows	(14,323)	–	–	–	–	(14,323)
Acquisition of non-controlling interests without a change in control	–	–	–	3,295	(3,295)	–
The effect of changes in foreign exchange rates	1,017	–	977	–	148	2,142
Net change in fair value of an available-for-sale investment, net of tax (reclassified to profit or loss)	–	–	(830)	–	–	(830)
Other changes						
Liability-related						
Bank charges	818	–	–	–	–	818
Total liability-related other changes	818	–	–	–	–	818
Total equity-related other changes	–	885	(535)	(8,524)	(403)	(8,577)
Balance at 31 December 2017	–	255,758	7,907	(145,121)	6,610	125,154

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Trade payables	23	594	–	–
Amounts due to related corporation, non-trade	–	28	–	–
Amounts due to subsidiaries, non-trade	–	–	15,112	11,005
Advances from customers	80	76	–	–
Accruals	3,255	2,243	481	802
	3,358	2,941	15,593	11,807

Amounts due to related corporation and subsidiaries are repayable on demand, unsecured and interest-free.

Market and liquidity risks

Information about the Group's exposure to interest rate and liquidity risk related to trade and other payables is included in Note 30 to the financial statements.

22 REVENUE

	Group	
	2017	2016
	US$'000	US$'000
Rendering of services	356	350

23 FINANCE INCOME AND COSTS

	Group	
	2017	2016
	US$'000	US$'000
Interest income:		
- bank deposits	160	411
- debt securities	837	1,096
- others	15	35
Finance income	1,012	1,542
Bank charges	(818)	(2,185)
Unwinding of discount on exploration drilling rehabilitation	(560)	(983)
Finance costs	(1,378)	(3,168)
Net finance costs	(366)	(1,626)

24 LOSS BEFORE TAX

The following items have been included in arriving at loss before income tax:

	Group 2017 US$'000	Group 2016 US$'000
Depreciation of plant and equipment	136	181
Amortisation of other intangible assets, included in administration expenses	850	850
Directors' fees	708	479
Audit fees paid to:		
- auditors of the Company	111	130
- other auditors	57	62
Non-audit fees paid to:		
- auditors of the Company	24	21
- other auditors	67	22
Fair value gain on quoted investments	(579)	(697)
Loss on disposal of quoted investments	–	89
Loss on dilution of investment in an associate	–	2,090
Impairment of exploration and evaluation assets	2,477	43,231
Write-off of doubtful receivables	–	1,250
Operating lease expenses	425	403
Staff costs	6,016	7,059
Contributions to defined contribution plans ("**CPF**") included in staff costs	215	141
Equity settled share-based payment transactions		
- staff cost	352	1,184
Gain on disposal of available-for-sale investment	(185)	–

25 TAX CREDIT

	Group 2017 US$'000	Group 2016 US$'000
Current tax credit		
Current year	7,340	21,646
Deferred tax (expenses) / credit		
Origination and reversal of temporary differences	(863)	14,342
Tax credit	6,477	35,988

Reconciliation of effective tax rate

	Group 2017 US$'000	Group 2016 US$'000
Loss before tax for the year	15,408	67,727
Income tax using the Singapore tax rate at 17%	2,619	11,514
Effect of tax rates in foreign jurisdictions	5,060	30,801
Effects of results of associate and jointly controlled entities, presented net of tax	(115)	(441)
Non-deductible expenses	(429)	(4,538)
Non-taxable income	172	262
Current year losses for which no deferred tax asset was recognised	(830)	(1,610)
	6,477	35,988

26 LOSS PER SHARE

	Group 2017 US$'000	Group 2016 US$'000
Calculation of basic and diluted loss per share is based on:		
Loss attributable to ordinary shareholders		
Net loss attributable to ordinary shareholders	(8,524)	(29,498)

26 LOSS PER SHARE – CONTINUED

Weighted-average number of ordinary shares

	Group	
	Number of shares	
	2017	**2016**
Issued ordinary shares at 1 January	1,267,421,563	1,264,157,263
Effect of shares issued pursuant to vesting of Performance Share Plan	13,243,845	2,534,966
Weighted average number of ordinary shares (basic)	1,280,665,408	1,266,692,229
Weighted average number of ordinary shares (diluted)	1,280,665,408	1,266,692,229

At 31 December 2017, 2,287,500 options (2016: 3,037,500 options) and 167,695,900 shares awards (2016: 22,126,124 shares awards) were excluded from the diluted weighted number of ordinary shares calculation as their effect would have been anti-dilutive.

27 RELATED PARTIES

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain key executives of the management team are considered as key management of the Group.

Transactions with directors and other key management personnel

Key management personnel compensation comprised remuneration of directors and other key executives as follows:

	Group	
	2017	**2016**
	US$'000	**US$'000**
Short-term employment benefits		
- directors	1,069	756
- key executives	5,383	6,316
Post-employment benefits (including CPF)	24	25
Share-based payment	199	1,027
	6,675	8,124

NOTES TO THE FINANCIAL STATEMENTS

28 OPERATING SEGMENTS

The Group's reportable segments as described below are the Group's strategic business units. The management has determined the reportable segments based on the reports reviewed by the Group's Executive Chairman, CEO and senior management that are used to make strategic decisions. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's Executive Chairman, CEO and senior management.

The Group has 3 reportable segments: Oil and Gas (exploration and production); Non-Oil and Gas (oil exploration technology); and Corporate.

The following summary describes the operations of each of the Group's reportable segments:

- Oil and Gas: involved in oil and gas exploration and production with concessions located in Oman, Norway, the United States of America and Trinidad & Tobago.

- Non-Oil and Gas: pertains to technology segment. Rexonic Group owns the world's first environmentally-friendly, high-power ultrasound technology for commercial oil well stimulation that has been proven to increase oil production by between 30% and up to 380% both onshore and offshore. RTM owns the RVD technology to look for oil, vis-à-vis using conventional geological and geophysical studies to look for structures, from the analysis of sound waves captured in seismic data.

- Corporate: pertains to corporate functions.

28 OPERATING SEGMENTS – CONTINUED

Information regarding the results of each reportable segment is as below:

	Oil and Gas US$'000	Non-Oil and Gas US$'000	Corporate US$'000	Total US$'000
Group				
2017				
Total revenue for reportable segments	–	2,864	–	2,864
Elimination of inter-segment revenue	–	(2,508)	–	(2,508)
Consolidated revenue	–	356	–	356
Other income	206	–	787	993
Segment expense	(4,934)	(1,954)	(4,307)	(11,195)
Finance income	98	2	912	1,012
Foreign exchange (loss)/ gain	(8)	(25)	296	263
Finance costs	(1,234)	(3)	(141)	(1,378)
Depreciation	(120)	–	(16)	(136)
Amortisation of other intangible assets	–	(850)	–	(850)
Share of losses of a jointly controlled entity	–	(678)	–	(678)
Other material non-cash items:				
- Net change in fair value of an available-for-sale investment, net of tax (reclassified to profit or loss on disposal)	830	–	–	830
- Impairment of exploration and evaluation assets	(2,477)	–	–	(2,477)
- Impairment of a jointly controlled entity	–	(2,148)	–	(2,148)
Reportable segment loss before tax	(7,639)	(5,300)	(2,469)	(15,408)
Reportable segment assets	91,995	7,077	42,538	141,610
Segment assets include:				
Additions to:				
- Plant and equipment	2	–	7	9
- Exploration and evaluation assets	20,237	–	–	20,237
Reportable segment liabilities	(15,442)	(532)	(480)	(16,454)

28 OPERATING SEGMENTS – CONTINUED

	Oil and Gas US$'000	Non-Oil and Gas US$'000	Corporate US$'000	Total US$'000
Group				
2016				
Total revenue for reportable segments	–	3,926	–	3,926
Elimination of inter-segment revenue	–	(3,576)	–	(3,576)
Consolidated revenue	–	350	–	350
Other income	–	138	713	851
Segment expense	(5,336)	(2,224)	(8,008)	(15,568)
Finance income	366	–	1,176	1,542
Foreign exchange loss	(114)	(392)	213	(293)
Finance costs	(2,858)	(3)	(307)	(3,168)
Depreciation	(139)	–	(42)	(181)
Amortisation of other intangible assets	–	(850)	–	(850)
Share of equity-accounted losses of an associate and jointly controlled entities	(873)	(1,720)	–	(2,593)
Other material non-cash items:				
- Impairment of exploration and evaluation assets	(43,231)	–	–	(43,231)
- Impairment of a jointly controlled entity	(1,246)	–	–	(1,246)
- Loss on dilution of investment in an associate	(2,090)	–	–	(2,090)
- Write-off of doubtful receivables	–	(1,250)	–	(1,250)
Reportable segment loss before tax	(55,521)	(5,951)	(6,255)	(67,727)
Reportable segment assets	97,613	13,189	49,465	160,267
Investment in jointly controlled entities	–	2,344	–	2,344
Segment assets include:				
Additions to:				
- Plant and equipment	38	–	7	45
- Exploration and evaluation assets	40,297	–	–	40,297
Reportable segment liabilities	(25,554)	(475)	(802)	(26,831)

28 OPERATING SEGMENTS – CONTINUED

The Oil and Gas, Non-Oil and Gas and Corporate segments are managed on a worldwide basis, but operate primarily in Norway, Oman, Guinea Bissau, Singapore, the United States of America, Trinidad & Tobago and the British Virgin Islands.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information

	Group	
	2017	**2016**
	US$'000	**US$'000**
Revenue		
Guinea Bissau	351	350
United States of America	5	–
	356	350
Non-current assets		
Singapore	17	25
Trinidad & Tobago	1,106	1,106
Oman	72,165	57,137
Switzerland	–	2,344
British Virgin Islands	5,915	6,765
Norway	4,794	2,751
	83,997	70,128

Revenue from two external customers (2016: one external customer) of the Group's Non-Oil and Gas segment represents approximately US$356,000 (2016: US$350,000) of the Group's total revenue.

29 ACQUISITIONS AND DISPOSALS

2017

i) Acquisition of non-controlling interests

In 2017, the Group completed a series of capital injections into MOL as part of their cash call requirements. The Board considers these capital injections to be in the interest of and beneficial to the Group as Oman has been identified as the main focus of the Group. As a result, the Group recognised a decrease in NCI of US$3,295,000 and an increase in retained earnings of US$3,295,000, resulting in an increase of US$3,295,000 in the equity attributable to owners of the Group. As at 31 December 2017, the Group's effective ownership of MOL is 92.24%.

2016

i) Acquisition / Disposal of non-controlling interests

In 2016, the following transactions occurred with regards to the ownership of LPN & MOL:

a) The Group completed a series of capital injections into both LPN & MOL as part of their cash call requirements. The Board considers these capital injections to be in the interest of and beneficial to the Group as both Norway and Oman have been identified as the main focus of the Group going forward. As a result, the Group recognised a decrease in NCI of US$12,174,000 and an increase in retained earnings of US$12,174,000, resulting in an increase of US$12,174,000 in the equity attributable to owners of the Group.

b) On 3 June 2016, the Group completed the sale of 10% of its shares in LPN and 5% of its shares in MOL to a third party for a cash consideration of US$9,750,000. The Board considers the transaction to be in the interest of and beneficial to the Group as it allows the Group to reduce the Group's risk exposure, while continuing to have majority stakes and board representation in both LPN & MOL. As a result, the Group recognised an increase in NCI of US$5,098,000 and an increase in retained earnings of US$4,652,000, resulting in an increase of US$4,652,000 in the equity attributable to owners of the Group.

As at 31 December 2016, the Group's effective ownership of LPN and MOL is 87.84% and 85.15% respectively.

ii) Dilution of interest of Steeldrum Group to an available-for-sale investment

On 28 December 2016, the Group's effective equity interest in Steeldrum Group reduced from 36.86% to 25.72% following the Group's decision not to participate in Steeldrum Group's latest share issue exercise. The decision not to participate in Steeldrum Group's latest share issue is in line with the Group's strategy to focus on its key discovery assets in Oman and Norway.

Subsequent to the reduction in the shareholding of Steeldrum Group and a change to the shareholder agreement, the Group re-assessed its involvement in Steeldrum Group and concluded that it had lost significant influence over Steeldrum Group as it lost the ability to influence Steeldrum Group's financial and operating policy decisions. Accordingly, the Group ceased equity accounting for the results of Steeldrum Group from the point where significant influence was lost and reclassified the carrying value from investment in associate to available-for-sale investment at cost as at 28 December 2016.

29 ACQUISITIONS AND DISPOSALS – CONTINUED

2016 – Continued

ii) Dilution of interest of Steeldrum Group to an available-for-sale investment – Continued

The exercise to determine the Group's fair value of Steeldrum Group as an available-for-sale investment and the consequent impact has been completed and the results are reflected in these financial statements. In determining the fair value, management assessed the fair value based on the transaction price agreed on 28 December 2016 when a third party subscribed to newly issued shares in the entity. This fair value was determined to be higher than the value in use.

Loss on dilution of investment in an associate

Loss on dilution of investment in an associate has been recognised as follows:

	US$'000
Fair value of retained interest in an available-for-sale investment	1,106
Less: Carrying amount of interest in associate disposed as an available-for-sale investment	(3,196)
Loss on dilution of investment in an associate recognised in profit or loss	(2,090)

The Group did not incur any additional costs upon disposal.

During 2016, the financial information of Steeldrum Group based on their (consolidated) financial statements prepared in accordance with FRS, adjusted for fair value adjustments on acquisition and differences in accounting policies is as follows:

	Steeldrum Group US$'000
2016	
Group's interest in net assets of associate at beginning of year	3,592
Group contribution during the year	332
Group's share of loss from continuing operations and total comprehensive loss	(715)
Elimination of unrealised currency gains and losses	(13)
Carrying amount of interest in associate disposed as an available-for-sale investment	(3,196)
Carrying amount of interest in associate at end of the year	–

30 FINANCIAL INSTRUMENTS

Risk management is integral to the whole business of the Group. The Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Enterprise Risk Management Framework provides the principal policy and guidance to the Group and its businesses on the risk management methodology and reporting of risks. It sets out a systematic and ongoing process for identifying, evaluating, controlling and reporting risks. These processes are put in place to manage and monitor the Group's risk management activities on a regular and timely basis. The Group's risk management efforts covers operational, financial and strategic areas.

Credit risk

Credit risk is the risk of financial loss resulting from failure of a customer or counterparty to meet its financial and contractual obligations to the Group, as and when the obligations fall due. The Group's primary exposure to credit risk arises from its financial assets.

Concentrations of credit risk exist when economic or industry factors similarly affect a group of counterparties, and when the aggregate amount of this exposure is significant in relation to the Group's total credit exposure. The Group's most significant debtors, the Norwegian government, accounts for US$7,458,000 (2016: US$21,180,000). As at 31 December 2017 and 31 December 2016, the Group had no other significant concentrations of credit risk for its loan and receivables balance.

The Group does not require collateral in respect of its trade and other receivables. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Impairment losses

The ageing analysis of loans and receivables at the reporting date is:

	Gross 2017 US$'000	Impairment losses 2017 US$'000	Gross 2016 US$'000	Impairment losses 2016 US$'000
Group				
Not past due	1,638	–	600	–
Company				
Not past due	2,369	–	2,230	–

30 FINANCIAL INSTRUMENTS – CONTINUED

Credit risk – Continued

Impairment losses – Continued

In 2016, the Group wrote off doubtful receivables due from its jointly controlled entity of US$1,250,000 as a result of certain disputes with its joint venture partner.

Having considered the ageing of the loans and receivables, credit worthiness of its customers and historical default rates, the Group and Company believe that no further impairment allowance is necessary in respect of loans and receivables. These receivables are mainly arising from customers that have a good reputation and payment record.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Cash and cash equivalent

Cash and fixed deposits are placed with reputable financial institutions which are regulated. These surplus funds are placed on short-term deposits (usually within the range of 1 day to 3 months) according to the Group's cash flow requirements. The Group does not hedge against long-term fluctuations in interest rates.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Investments

Quoted debt securities are entered into with financial institutions, which have rating of Aa3 – Baa3 (2016: Aa3 – Baa3) by Moody's, or the equivalent by a reputable credit rating agency. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligation.

Market price risk

In 2016, the Group held available-for-sale investment in North Energy ASA, which is traded on the Oslo stock exchange. The market value of the investment will fluctuate with market conditions.

In 2017, the Group fully disposed its investment in North Energy ASA, reducing its investment in quoted equity shares to US$Nil. As a result, the Group's exposure to market price risk is not significant.

Sensitivity analysis

In 2016, a 10% increase/(decrease) in the underlying prices of quoted equity securities available-for-sale at the reporting date would increase/(decrease) equity of the Group and the Company by US$153,000. This analysis assumes that all other variables remain constant.

30 FINANCIAL INSTRUMENTS – CONTINUED

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings, when necessary. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Cash flows	
	Carrying amount US$'000	**Contractual cash outflows US$'000**	**Within 1 year US$'000**
Group			
2017			
Non-derivative financial liabilities			
Trade and other payables	3,358	3,358	3,358
2016			
Non-derivative financial liabilities			
Loans and borrowings	12,488	12,821	12,821
Trade and other payables	2,941	2,941	2,941
	15,429	15,762	15,762
Company			
2017			
Non-derivative financial liabilities			
Trade and other payables	15,593	15,593	15,593
2016			
Non-derivative financial liabilities			
Trade and other payables	11,807	11,807	11,807

30 FINANCIAL INSTRUMENTS – CONTINUED

Working capital management

The Group and the Company manage their working capital requirements with the view to ensure smooth operations and optimise interest cost.

Market risk

Market risk is the risk that changes in market prices, such as crude oil, interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group operates internationally and hence has exposures to foreign currency risk on transactions, financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of the Group entities.

In 2017, the Group's exposure to foreign currency risk is mainly denominated in Singapore dollar ("**SGD**") (2016: SGD). The Group does not have a formal hedging policy to govern this currency risk exposure as the Group monitors the exposure to currency risks on an ongoing basis and endeavours to keep the net exposures at an acceptable level.

The Group's exposure to foreign currency risk are as follows:

	2017 SGD US$'000	**2016 SGD US$'000**
Group		
Cash and cash equivalents	363	1,719
Quoted investments	2,901	2,996
Net exposure	3,264	4,715
Company		
Cash and cash equivalents	363	1,719
Quoted investments	2,901	2,996
Net exposure	3,264	4,715

30 FINANCIAL INSTRUMENTS – CONTINUED

Foreign currency risk – Continued

Sensitivity analysis

A strengthening/(weakening) of SGD against the US$ at 31 December would have decreased/(increased) loss before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016, as indicated below:

	Group	Company
	Loss before tax US$'000	Loss before tax US$'000
31 December 2017		
SGD (2% strengthening)	65	65
31 December 2016		
SGD (2% strengthening)	94	94

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its short-term interest bearing deposits and loans and borrowings. As short-term bank deposits are placed in short-term money market with tenures mostly within the range of 1 day to 3 months, the Group's interest income is subject to fluctuation in interest rates. Interest rate risk is managed by the Group on an ongoing basis and placed on a short-term basis according to the Group's cash flow requirements with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

30 FINANCIAL INSTRUMENTS – CONTINUED

Interest rate risk – Continued

The effective interest rates for fixed deposits is 1.19% (2016: 0.60%) per annum in 2017.

	Note	Group		Company	
		Nominal amount		Nominal amount	
		2017	2016	2017	2016
		US$'000	US$'000	US$'000	US$'000
Fixed rate instruments					
Fixed deposits	14	6,000	7,546	6,000	7,546
Quoted investments	13	32,964	31,080	32,964	31,080
		38,964	38,626	38,964	38,626
Variable rate instruments					
Loans and borrowings	20	–	(12,488)	–	–

An increase of 100 basis points in interest rates would have increased/(decreased) loss before tax by approximately US$390,000 (2016: US$261,000) and US$390,000 (2016: US$386,000) for the Group and the Company respectively. Correspondingly, a decrease of 100 basis points in interest rates would have the equal but opposite effect on loss before tax. This analysis assumes that all other variables remain constant.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 FINANCIAL INSTRUMENTS – CONTINUED

Fair value hierarchy – Continued

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

	Note	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant other observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Group					
2017					
Quoted investments					
- Debt securities	13	33,574	–	–	33,574
2016					
Quoted investments					
- Debt securities	13	31,102	–	–	31,102
- Available-for-sale investment	10	1,531	–	–	1,531
Company					
2017					
Quoted investments					
- Debt securities	13	33,574	–	–	33,574
2016					
Quoted investments					
- Debt securities	13	31,102	–	–	31,102
- Available-for-sale investment	10	1,531	–	–	1,531

30 FINANCIAL INSTRUMENTS – CONTINUED

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Available-for-sale investments

In 2017 and 2016, the unquoted equity shares relating to the investment in Steeldrum Group is recorded at cost less impairment loss as there is no quoted market price for the investment and the Group has assessed that there is a wide range of possible fair value measurements such that cost represents the best estimate of fair value within that range.

In 2016, the Group and Company held 5.04% of the common shares of North Energy ASA (Note 10). The fair value of the quoted shares is determined by reference to their quoted closing bid price in an active market at the measurement date.

Debt securities

The fair values of investments in debt securities are determined by reference to their quoted closing bid price in an active market at the measurement date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than 1 year (including trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables) are assumed to approximate their fair values because of the short period to maturity or repricing.

30 FINANCIAL INSTRUMENTS – CONTINUED

Accounting classifications and fair values

	Note	Designated at fair value through profit or loss US$'000	Loans and receivables US$'000	Available-for-sale US$'000	Liabilities at amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
31 December 2017							
Available-for-sale investment	10	–	–	1,106	–	1,106	1,106
Trade and other receivables*	12	–	1,638	–	–	1,638	1,638
Quoted investments	13	33,574	–	–	–	33,574	33,574
Cash and cash equivalents	14	–	11,700	–	–	11,700	11,700
		33,574	13,338	1,106	–	48,018	48,018
Trade and other payables	21	–	–	–	(3,358)	(3,358)	(3,358)
31 December 2016							
Available-for-sale investments	10	–	–	2,637	–	2,637	2,637
Trade and other receivables*	12	–	600	–	–	600	600
Quoted investments	13	31,102	–	–	–	31,102	31,102
Cash and cash equivalents	14	–	33,240	–	–	33,240	33,240
		31,102	33,840	2,637	–	67,579	67,579
Loans and borrowings	20	–	–	–	(12,488)	(12,488)	(12,488)
Trade and other payables	21	–	–	–	(2,941)	(2,941)	(2,941)
		–	–	–	(15,429)	(15,429)	(15,429)

* Excludes income tax receivables and prepayments

30 FINANCIAL INSTRUMENTS – CONTINUED

Accounting classifications and fair values – Continued

	Note	Designated at fair value through profit or loss US$'000	Loans and receivables US$'000	Available-for-sale US$'000	Liabilities at amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Company							
31 December 2017							
Other receivables*	12	–	2,369	–	–	2,369	2,369
Quoted investments	13	33,574	–	–	–	33,574	33,574
Cash and cash equivalents	14	–	8,631	–	–	8,631	8,631
		33,574	11,000	–	–	44,574	44,574
Other payables	21	–	–	–	(15,593)	(15,593)	(15,593)
31 December 2016							
Available-for-sale investments	10	–	–	1,531	–	1,531	1,531
Other receivables*	12	–	2,230	–	–	2,230	2,230
Quoted investments	13	31,102	–	–	–	31,102	31,102
Cash and cash equivalents	14	–	18,108	–	–	18,108	18,108
		31,102	20,338	1,531	–	52,971	52,971
Other payables	21	–	–	–	(11,807)	(11,807)	(11,807)

* Excludes income tax receivables and prepayments

31 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Within 1 year	371	329	194	195
Between 2 to 5 years	882	413	182	310
	1,253	742	376	505

The Group has several operating lease agreements for office premises and motor vehicles. The leases have varying terms from 1 year to 3 years, with no escalation clauses nor renewal rights. The lease terms do not contain restrictions on the activities concerning dividends, additional debt or further leasing. These leases do not contain any contingent rentals.

32 COMMITMENTS

Certain subsidiaries have firm capital commitments where the Group is required to participate in minimum exploration activities. The Group's estimated minimum exploration commitment before tax refund from the Norwegian tax authorities is approximately US$28,960,000 (2016: US$15,110,000). The Group's subsidiary in Norway, LPA, is a pre-qualified oil company eligible to receive a cash tax refund of 78% of exploration costs annually. The Group's estimated minimum exploration commitment net of tax refund from the Norwegian tax authorities is approximately US$6,570,000 (2016: US$11,360,000). At the reporting date, the Group's outstanding minimum exploration commitments will fall due within one year.

33 CONTINGENT LIABILITY

(a) *Legal claims*

Isle of Man

On 23 December 2015, Gulf Hibiscus Limited (“**GHL**”), a joint venture partner of the Group’s jointly controlled entity, Lime Plc, filed an application with the High Court of Justice of the Isle of Man for leave to bring a lawsuit on behalf of Lime Plc against certain directors of Lime Plc for alleged breaches of trust and fiduciary duties arising from actions they had previously taken in relation to Lime Plc’s shareholding interest in LPA (the “**Causes of Action**”). The application was dismissed by the High Court of the Isle of Man on 31 May 2016. On 30 June 2016, the High Court of the Isle of Man delivered a judgement, ordering with immediate effect the winding up of Lime Plc.

On 28 July 2017, the High Court of the Isle of Man granted the Liquidators of Lime Plc the relief they sought on 24 February 2017 to sell Lime Plc’s shares in LPA and MOL, and sell and assign Lime Plc’s Causes of Action and thereby sanctioned the acceptance of the offer from its wholly-owned subsidiary, RII.

Singapore

On 21 April 2016, GHL filed a claim in the High Court of Singapore against Rex International Holding Limited (“**RIH**”) and RII for, among other things, alleged conspiracy, alleged unjust enrichment and alleged wrongful interference in relation to matters concerning Lime Plc and Lime Petroleum Norway AS.

On 16 September 2016, an Assistant Registrar of the High Court allowed an application by RIH and RII for a stay of the Court proceedings in favour of arbitration. On 24 August 2017, the High Court of Singapore dismissed GHL’s appeal against the Assistant Registrar’s decision and ordered the Court proceedings to be stayed on certain conditions. By a letter to the Court dated 31 January 2018, GHL stated that it would be applying to lift the stay. GHL’s application to lift the stay will be heard in end March/early April 2018.

On 18 January 2018, RIH received a letter (“**the Letter**”) from the solicitors of GHL. In the Letter, GHL alleged that the evidence that was provided by an executive director of RIH in a witness statement that was filed on 15 February 2016 in proceedings in the Isle of Man indicates that a statement in a press release (“**the Press Release**”) that RIH issued on 17 March 2015 was false and misleading. GHL stated in the Letter that it intends to “seek redress” in relation to the alleged false and misleading statement in the Press Release.

On 24 January 2018, RIH’s solicitors replied to the Letter and stated, among other things, that the allegations set out in the Letter are baseless and denied.

On 30 January 2018, GHL’s solicitors replied and stated, among other things, that RIH “has chosen not to respond” to the contents of the Letter.

On 2 February 2018, RIH’s solicitors replied and stated, among other things, that the assertion that RIH “has chosen not to respond” to the contents of the Letter is incorrect and that the objective facts bear out RIH’s position.

33 CONTINGENT LIABILITY – CONTINUED

(a) Legal claims – Continued

Switzerland

On 29 March 2017, the claims by RTM to seek payment of "not less than" US$1,250,000 plus interest and costs from HIREX ("**the Arbitration Award**") was agreed by the International Chamber of Commerce ("**ICC**") Arbitral Tribunal in Geneva, Switzerland. On 20 December 2017, the ICC ordered HIREX to pay RTM the Arbitration Award. The application for registration of the Arbitration Award has been filed with the Malaysian Court.

Management has considered the above claims and allegations and are of the view that these claims and allegations made against RIH, RII and its directors are unfounded.

There are inherent uncertainties contingent upon the courts' decisions to grant or dismiss GHL's claims. At present, no accurate quantification of any cost, or timing of such costs, which may arise from the legal proceedings outlined above can be made. Management believes that RIH, RII and its directors are not liable for the allegations made by GHL, and accordingly does not believe that it is probable for a provision to be set aside for these claims.

(b) Guarantee

During the year, RII has provided a parent company guarantee to the Ministry of Petroleum and Energy on basis of the Norwegian Petroleum Act.

Under the Norwegian Petroleum Act, RII undertakes financial liability as surety for obligations that may arise from exploration for and exploitation of subsea natural resources on the Norwegian Continental Shelf ("**NCS**") and any liability, including liability for any recovery claim, which may be imposed under Norwegian law for pollution damage and for personal injury.

Management believes that the Group and the operators of its licences in NCS are in compliance with current applicable environmental laws and regulations and hence does not consider it probable that a claim will be made against RII under the guarantee.

34 SUBSEQUENT EVENTS

On 22 January 2018, the Group acquired 2,820,000 shares in LPA and 640 shares in MOL from Lime Plc, and Lime Plc's right of action against three of its previous directors at a consideration of US$100,000. This resulted in an increase in the Group's effective interest in LPA and MOL to 90% and 92.65% respectively.

STATISTICS OF SHAREHOLDINGS
As at 14 March 2018

Issued and fully paid-up capital	:	S$332,236,713.35
Number of Shares	:	1,283,310,851
Class of Shares	:	Ordinary Shares of equal voting rights
Number of Treasury Shares	:	Nil
Number of Subsiadiary Holdings	:	Nil

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 14 March 2018, approximately 55.36% of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual, Section B: Catalist Rules of the Singapore Exchange Securities Trading Limited, is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 14 MARCH 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	3	0.08	60	0.00
100 - 1,000	425	10.89	410,271	0.03
1,001 - 10,000	949	24.32	7,207,685	0.56
10,001 - 1,000,000	2,459	63.02	257,945,548	20.10
1,000,001 and above	66	1.69	1,017,747,287	79.31
TOTAL	**3,902**	**100.00**	**1,283,310,851**	**100.00**

TWENTY LARGEST HOLDERS OF SHARES AS AT 14 MARCH 2018

No.	Name of Shareholder	No. of Shares	% of Shares
1	CITIBANK NOMINEES SINGAPORE PTE LTD	503,566,264	39.24
2	UOB KAY HIAN PTE LTD	127,567,657	9.94
3	DBS NOMINEES PTE LTD	65,764,213	5.12
4	HSBC (SINGAPORE) NOMINEES PTE LTD	64,839,793	5.05
5	PUI CHENG WUI	43,569,100	3.40
6	PUI BOON KENG	16,686,600	1.30
7	PHILLIP SECURITIES PTE LTD	15,095,938	1.18
8	RAFFLES NOMINEES (PTE) LTD	13,398,761	1.04
9	OCBC SECURITIES PRIVATE LTD	13,134,200	1.02
10	CGS-CIMB SECURITIES (S) PTE LTD	8,158,286	0.64
11	MAYBANK KIM ENG SECURITIES PTE LTD	6,589,755	0.51
12	KGI SECURITIES (SINGAPORE) PTE LTD	6,366,700	0.50
13	MAANS NICKLAS LIDGREN	6,331,864	0.49
14	WHANG HWEE YONG	6,287,500	0.49
15	SEE LOP FU JAMES @ SHI LAP FU JAMES	5,350,000	0.42
16	LIM GUAN TECK	4,591,450	0.36
17	TAN KENG PENG	4,465,000	0.35
18	OLOF HENRIK KRISTOFER SKANTZE	4,343,004	0.34
19	ESTATE OF LIM CHEE NEO LUCY @ CAROL LIM, DECEASED	4,118,000	0.32
20	SIM KOK HAI	3,600,000	0.28
	TOTAL	**923,824,085**	**71.99**

STATISTICS OF SHAREHOLDINGS
As at 14 March 2018

SUBSTANTIAL SHAREHOLDERS AS AT 14 MARCH 2018

No.	Name	No. of shares in which substantial shareholders have direct interest	%	No. of shares in which substantial shareholders are deemed to have interest	%
1	Limea Ltd. (1)	452,020,422	35.22	-	-
2	Cresta Group Ltd. (2)	-	-	452,020,422	35.22
3	Dr Karl Lidgren (3)	-	-	452,020,422	35.22
4	Mr Hans Lidgren (4)	-	-	452,020,422	35.22
5	Bevoy Investment Ltd (5)	100,695,538	7.85	-	-
6	Mr Svein Kjellesvik (6)	-	-	100,695,538	7.85

(1) The 452,020,422 shares are held in the name of Citibank Nominees Singapore.

(2) Cresta Group Ltd owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

(3) Dr Karl Lidgren, through Cresta Group Ltd, owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

(4) Mr Hans Lidgren owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

(5) The 100,695,538 shares are held in the name of UOB Kay Hian Pte Ltd.

(6) Mr Svein Kjellesvik owns 100% of Bevoy Investments Ltd and is deemed interested in the 100,695,538 shares held by Bevoy Investments Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Rex International Holding Limited will be held at Maxwell Chambers Pte Ltd, 32 Maxwell Road, Level 4, Sheares Room, Singapore 069115 on Friday, 27 April 2018 at 3.00 p.m. (the "**AGM**") for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$571,450/- for the financial year ending 31 December 2018 (FY2017: S$571,450/-), payable quarterly in arrears. **Resolution 2**

   (See Explanatory Note 1)

3. To re-elect Dr Christopher Atkinson who is retiring pursuant to Article 93 of the Company's Constitution. **Resolution 3**

   Dr Christopher Atkinson will, upon re-election as a Director of the Company, remain as Independent Non-Executive Director.

   There are no relationships (including family relationships) between Dr Christopher Atkinson and the other Directors, the Company and its ten per cent (10%) shareholders. Further information on Dr Christopher Atkinson can be found under 'Board of Directors' and 'Corporate Governance Report' in the Company's Annual Report 2017.

4. To re-elect Mr Sin Boon Ann who is retiring pursuant to Article 93 of the Company's Constitution. **Resolution 4**

   Mr Sin Boon Ann will, upon re-election as a Director of the Company, remain as the Lead Independent Non-Executive Director, Chairman of the Nominating and Remuneration Committees, and a member of Audit Committee. The Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Catalist Rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**").

   There are no relationships (including family relationships) between Mr Sin Boon Ann and the other Directors, the Company and its ten per cent (10%) shareholders. Further information on Mr Sin Boon Ann can be found under 'Board of Directors' and 'Corporate Governance Report' in the Company's Annual Report 2017.

5. To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration. **Resolution 5**

6. To transact any other ordinary business which may be properly transacted at the AGM.

Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to allot and issue shares **Resolution 6**

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

I. (a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(b) 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) options, warrants, debentures, or other instruments convertible into Shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

II. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed one hundred per cent (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force 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."

(See Explanatory Note 2)

8. Authority to allot and issue Shares under the Rex International Employee Share Option Scheme ("**Share Option Scheme**") **Resolution 7**

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of options, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Share Option Scheme, when added to the number of Shares issued and issuable in respect of all options granted under the Share Option Scheme, and including the Rex PSP (as defined therein), and any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant of an option under the Share Option Scheme."

(See Explanatory Note 3)

9 Authority to allot and issue Shares under the Rex International Performance Share Plan ("**Rex PSP**") **Resolution 8**

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the awards granted under the Rex PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Rex PSP, and where applicable, the total number of existing Shares which may be purchased from the market for delivery pursuant to the awards granted under the Rex PSP, when added to the number of Shares issued and issuable in respect of all awards granted under the Rex PSP, and including the Share Option Scheme and any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the total issued Shares (excluding treasury shares) on the day preceding that date of grant of the relevant awards under the Rex PSP."

(See Explanatory Note 4)

By Order of the Board

Selena Leong Siew Tee
Company Secretary

Singapore
29 March 2018

NOTES:

1. A member of the Company (who is not a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of the member. A proxy need not be a member of the Company.

   A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint more than two proxies to attend and vote at the AGM.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.

3. If the member is a corporation, the instrument appointing the proxy must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

4. The instrument appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than forty-eight (48) hours before the time appointed for holding the AGM.

5. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than seventy-two (72) hours before the time of the AGM.

EXPLANATORY NOTES:

(1) The Resolution 2 in item 2 above, if passed, will facilitate the payment of Directors' fees of S$571,450/- for the financial year ending 31 December 2018 on a quarterly basis in arrears. The amount of Directors' fees is computed based on the anticipated number of Board and Board Committee meetings for the financial year ending 31 December 2018, including attendances and the positions held by the Non-Executive Directors in various board committees, and assuming that all Non-Executive Directors will hold office for the full financial year. In the event the amount of Directors' fees proposed is insufficient, for example, in the event of unscheduled Board meetings or enlarged board sizes, approval will be sought at next year's annual general meeting for additional fees before payments are made to Directors to meet the shortfall.

(2) The Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing of this Resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this Resolution) other than on a pro-rata basis to all shareholders shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution.

(3) The Resolution 7 in item 8 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of Options granted or to be granted under the Share Option Scheme and such other share-based incentive scheme or share plan up to a number not exceeding, in total, fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant.

(4) The Resolution 8 in item 9, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the vesting of awards under the Rex PSP and such other share-based incentive scheme or share plan (including the total number of existing Shares which may be purchased from the market for delivery pursuant to the awards granted) up to a number not exceeding, in total, fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant.

PERSONAL DATA PRIVACY

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

REX INTERNATIONAL HOLDING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201301242M)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "**Act**"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF/SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We, ______________________________ (Name) ____________________ (NRIC No./Passport No./Company Registration No.) ____________________ of ______________________________ (Address)

being a member/members of REX INTERNATIONAL HOLDING LIMITED (the "**Company**"), hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

* and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/they, the Chairman of the Annual General Meeting ("**AGM**"), as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at Maxwell Chambers Pte Ltd, 32 Maxwell Road, Level 4, Sheares Room, Singapore 069115 on Friday, 27 April 2018 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specified directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the AGM.

No.	Resolutions	No. of Shares For	No. of Shares Against
	ORDINARY BUSINESS		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditors' Report thereon.		
2.	To approve the payment of Directors' fees of S$571,450/- for the financial year ending 31 December 2018, payable quarterly in arrears.		
3.	To re-appoint Dr Christopher Atkinson who is retiring pursuant to Article 93 of the Company's Constitution.		
4.	To re-elect Mr Sin Boon Ann who is retiring pursuant to Article 93 of the Company's Constitution.		
5.	To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
6.	To approve the authority to allot and issue shares.		
7.	To approve the authority to allot and issue shares under the Rex International Employee Share Option Scheme.		
8.	To approve the authority to allot and issue shares under the Rex International Performance Share Plan.		

** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ____________________ 2018

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

____
Signature of Member(s) or Common Seal

** Delete accordingly*

IMPORTANT: Please Read Notes for This Proxy Form.

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the member must specify the proportion of shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer of the corporation or attorney duly authorised.
5. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time appointed for holding the AGM. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointments of the proxy should be revoked.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.
9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

DISCLAIMER

This Annual Report to Shareholders may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcome and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. There is no assurance that Rex Virtual Drilling will consistently deliver accurate analyses and results, as it is dependent on many external factors such as data quality. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management of future events.

REX
change the game

Rex International Holding Limited | Co. Reg. No. 201301242M
1 George Street #14-01 Singapore 049145 | www.rexih.com