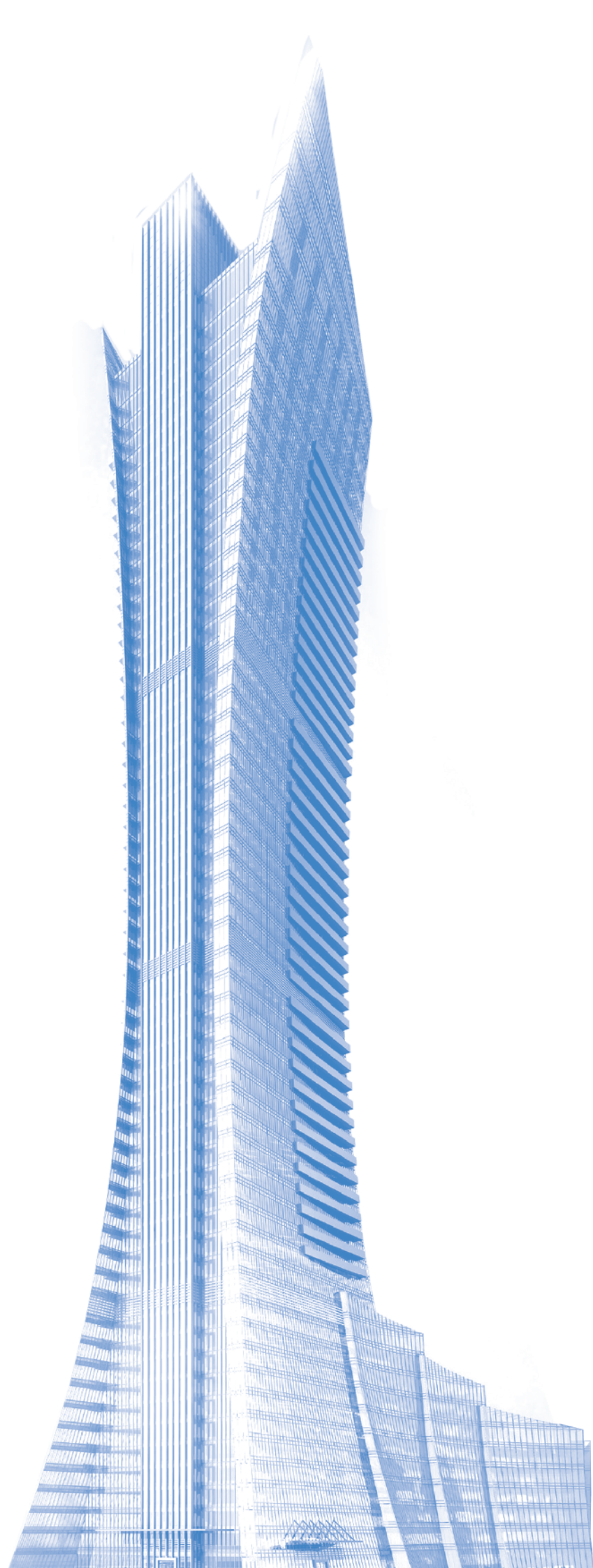




MANHATTAN RESOURCES LIMITED

ANNUAL REPORT 2015



MANHATTAN RESOURCES LIMITED
Co. Reg. No. 199006289K

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Low Yi Ngo, CEO and Managing Director

Choo Hsun Yang, Executive Director/Chief Financial Officer

Elaine Low, Executive Director

Non-Executive:

Liow Keng Teck (Independent, Chairman)

Lim Say Tai (Independent)

Oliver Khaw Kar Heng

Tung Zhihong, Paul (Independent)

Audit Committee

Lim Say Tai, Chairman

Liow Keng Teck

Oliver Khaw Kar Heng

Tung Zhihong, Paul

Nominating Committee

Liow Keng Teck, Chairman

Lim Say Tai

Tung Zhihong, Paul

Remuneration Committee

Tung Zhihong, Paul, Chairman

Lim Say Tai

Oliver Khaw Kar Heng

COMPANY SECRETARY

Madelyn Kwang Yeit Lam

REGISTERED OFFICE

133 New Bridge Road

#18-09 Chinatown Point

Singapore 059413

SHARE REGISTRAR

B.A.C.S PRIVATE LIMITED

8 Robinson Road #03-00

ASO Building

Singapore 048544

Telephone No.: (65) 6593 4848

Fax No.: (65) 6593 4847

AUDITORS

Ernst & Young LLP,

Public Accountants and Chartered Accountants

One Raffles Quay

North Tower Level 18

Singapore 048583

Partner-in-charge: Philip Ling Soon Hwa

(since the financial year ended 31 December 2014)

INVESTOR RELATIONS

August Consulting Pte. Ltd.

101 Thomson Road

#30-02 United Square

Singapore 307591

Telephone No.: (65) 6733 8873

Email: karenting@august.com.sg

CHAIRMAN'S STATEMENT



A typical power plant site

Dear Shareholders,

Though 2015 was a challenging year for us as we faced headwinds from the coal sector, as well as prolonged unfavourable weather conditions, we continue to forge ahead with our diversification plans to diversify into other sectors.

The Group has signed a memorandum of understanding to acquire a majority stake of at least 51% shares in PT Kariangau Power ("PT KP") ("Proposed Acquisition"). PT KP owns and operates 2x 15MW coal-fired steam power plant in the Kariangau industry area of Balikpapan, East Kalimantan, which will allow the Group to tap into Indonesia's growing demand for electricity. The assets of PT KP are already operational being strategically located next to a coal terminal, which ensures a secured source of coal and reduces the cost of transport. We will make further announcements on the material developments in relation to the Proposed Acquisition.

In January 2016, we signed a memorandum of understanding for a proposed share swap between the Company and a vendor, for 25% of the shares of GiantMiner Pte. Ltd. ("GiantMiner") with the Group's 60% interest in Starsmind Capital Pte. Ltd. ("Starsmind"). GiantMiner owns 100% of China-based mining company, Urumqi Jinshi Huilong Mining Co., Ltd ("UJHM"), which holds mining exploration permits in respect of minerals in three (3) concession areas covering a total of 26.99 sq km in Xinjiang, PRC.

On the other hand, Starsmind owns an indirect stake of 23.64% in China-based mining company, Xinjiang Fengli Deyuan Trading Co., Ltd which holds a mining exploration permit for one (1) concession area in Xinjiang, PRC.

Once the proposed share swap is completed, we will no longer have any interest in Starsmind and will have an indirect interest of 25% in UJHM.

We have re-evaluated our strategic plans and believe that it is in the best interests of the Company and its shareholders to dispose of our interests in Starsmind and focus our resources on other investments. The proposed share swap is aligned with the Group's plans to diversify into the mineral resource business and will enable us to acquire a strategic stake in GiantMiner.

While we are constantly striving towards building a stable income base through our diversification efforts, the core business of the Group was adversely affected by the unfavourable weather conditions throughout the year which resulted in a reduction in coal transportation volume.

Consequently, the Group reported lower revenue of S\$8.7 million for the financial year ended 31 December 2015 ("FY2015") as compared to S\$17.0 million in the same period the year before ("FY2014"). Net attributable

CHAIRMAN'S STATEMENT



loss to equity holders of the Company was S\$24.4 million in FY2015, as compared to S\$5.9 million in FY2014. This was predominantly attributable to the non-cash impairment losses arising from the Group's shipping business in FY2015, whilst the shipping and coal industries remain uncertain against the unfavourable global economic condition.

Despite the less conducive environment, the Group's balance sheet remains healthy. The Group's cash balance grew by S\$4.9 million to S\$86.1 million and we have zero debt on our balance sheet.

Outlook

Barging & Shipping

The weather conditions remain unpredictable which has affected the water levels of our transport channels.

Furthermore, coal prices are unlikely to recover in the near term as demand in the major coal consuming countries continues to be low and major Indonesian thermal coal producers have not shown indications

of production cuts for 2016. In view of these factors, analysts have been reducing their coal price forecasts¹. We remain cautious on our earnings outlook for 2016 in this challenging environment.

Property

The Group's 40-year leasehold development in Ningbo, China, is expected to be completed in 2020. Upon completion, the development will cater to the New Southern Business District, which is primed to be an emerging commercial hub.

Power plant

Demand for electricity in Indonesia is expected to rise especially in East Indonesia where demand is forecasted to grow at 11.2% per annum². At the same time, PT Perusahaan Listrik Negara ("PLN"), the state-owned enterprise of Indonesia that supplies public electricity, is targeting to increase Indonesia's electrification ratio from 83.0% in 2014 to 98.0% by 2022. In East Kalimantan in East Indonesia alone, projected production is expected to more than double to 6,702 GWh from 2014 to 2022³. This will support our optimism for the forthcoming business opportunity in the power plant sector.

Mining

The mineral mining business has a considerable investment horizon which we are prepared to take a long term view on it.

Appreciation

On behalf of the Board, I would also like to thank our management team and staff for their hard work and commitment throughout the year.

We would also like to extend our appreciation to all our business partners for their continued support and trust in us. Finally, I want to thank our shareholders for standing by us and your unwavering support as we strive towards creating sustainable value for the long term.

Thank you.

Liow Keng Teck
Chairman

21 March 2016

¹ <http://www.platts.com/latest-news/coal/singapore/analysis-thermal-coal-recovery-unlikely-amid-27224929>

² Electricity Supply Business Plan PT PLN (Persero) 2013 – 2022

³ Opportunities and challenges of the Indonesian electrification drive, March 2015, Ernst and Young

DIRECTORS' INFORMATION

LIOW KENG TECK

*Board Chairman and Independent Director,
Chairman of Nominating Committee and Audit
Committee's Member*

Mr Liow was appointed as the Group's Board Chairman in May 2013 and is a registered professional engineer.

With extensive experience in the power utilities sector, Mr Liow was previously the Managing Director of Development Resources Pte Ltd, a subsidiary of Singapore Power, providing engineering consultancy and project management for power plant and infrastructure projects in the region. He was also a consultant and advisor to a major power generating company operating in Singapore. Mr Liow also offers advisory services pertaining to the engineering business and is currently a member of the Singapore Institute of Directors. Since 1992 Mr Liow held the role of director at Jaya Holdings Limited, before retiring in 2012. He had also sat on the board of a number of public and private companies including Jurong Engineering Ltd and International Capital Investment Ltd.

Mr Liow graduated with an Honours degree in Mechanical Engineering from the University of Singapore.

LOW YI NGO

Chief Executive Officer and Managing Director

Mr Low was appointed as Chief Executive Officer and Managing Director in November 2011 and is responsible for the overall business strategy, operations and day-to-day management of the affairs of the Group.

Prior to his current appointment, Mr Low first started off with Bayan Resources as Project Coordinator for the construction of Kalimantan Floating Transfer Station in 2004. Subsequently, he became the Marketing Director of PT Bayan Resources Tbk, a company related to the controlling shareholder of the Company, with a primary responsibility to market Bayan Resources' coal. Mr Low is also a non-executive director of Kangaroo Resources Limited, a coal mining company listed on the Australian Stock Exchange.

Mr Low obtained a Bachelor's degree in Mechanical and Production Engineering from the Nanyang Technological University in 2004.



ELAINE LOW

Executive Officer

Ms Low was appointed to the Board in May 2014 and currently holds several directorships in the medical, education and coal mining industries. She is also an affiliate of Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

Ms Low graduated with a Master's Degree in Public Policy in 2014 from the National University of Singapore, Lee Kuan Yew School of Public Policy.

CHOO HSUN YANG

Executive Director and Chief Financial Officer

Mr Choo was appointed to the Board in July 2011. With more than 15 years of experience in the investment management industry across various prominent financial firms, he is also the Group's Chief Financial Officer.

Mr Choo graduated with a Bachelor of Business (Financial Analysis) from the Nanyang Technological University in 1994.

DIRECTORS' INFORMATION



LIM SAY TAI

Independent Director, Chairman of Audit Committee, Nominating and Remuneration Committees' Member

Mr Lim was appointed as the Group's Independent Director in May 2014 and has been a member of the Association of Chartered Certified Accountants and Singapore Society of Accountants since 1975 and 1977 respectively.

Mr Lim joined a prominent local bank in 1979 where he held various positions in the finance and other divisions before retiring as Senior Vice President in January 2010.

TUNG ZHIHONG, PAUL

Independent Director, Chairman of Remuneration Committee, Audit and Nominating Committees' Member

Mr Tung was appointed to the Board in May 2014 and is currently a Finance Manager with a multinational corporation. Prior to his current role, Mr Tung was an Audit Manager with PricewaterhouseCoopers.

Mr Tung holds a Bachelor of Commerce degree majoring in Financial Accounting, Corporate Finance and Investment Finance from the University of Western Australia.

OLIVER KHAW KAR HENG

Non-Executive Non-Independent Director, Audit and Remuneration Committees' Member

Mr Khaw is the Group's Non-Independent Director and was appointed to the Board in March 2013.

He is currently the Head of Legal/Senior Foreign Counsel of PT Bayan Resources Tbk (a company related to the controlling shareholder of the Company), a position held since 2008. Over the past decade, Mr Khaw has worked as Group Legal Counsel for LKT Industrial Berhad, a semiconductor equipment manufacturer listed on Bursa Malaysia and was a partner at Lee, Oliver & Gan, a law firm in Kuala Lumpur, Malaysia.

Mr Khaw graduated with a MBA in 2005 from the University of Western Sydney, Australia and with a LL.B (Hons) in 1996 from Anglia Ruskin University, United Kingdom. He was admitted to practice law as Barrister in UK in 1997 and as an Advocate & Solicitor in Malaysia in 1998.

INFORMATION ON KEY MANAGEMENT STAFF

CHANG SZIE HOU

Advisor

Mr Chang joined the Company in August 2009 and is responsible for the Group's project development.

Prior to joining, Mr Chang was with Manhattan Kalimantan Investment Pte Ltd in Indonesia from August 2006 to July 2009 in the capacity of Technical Advisor, responsible for the oil and gas exploration work and the development of the Tarakan Offshore Block. Mr Chang also spent a large part of his career in the construction sector and has been actively involved in project management and foundation engineering in Singapore, Malaysia, Indonesia, Thailand, China and Vietnam. Mr Chang is currently a registered professional engineer and a life member of the Institution of Engineer in Singapore.

Mr Chang graduated with a Fellowship Diploma in Civil Engineering from Royal Melbourne Institution of Technology in 1968.

SOH TIEN CHYE, STEPHEN

Deputy General Manager

Mr Soh joined the Group in September 2014 and is responsible for the operations and business affair of the Group.

Prior to joining the Group, Mr Soh worked in an international public accounting firm as an Assurance Manager.

Mr Soh obtained his Bachelor of Accountancy from the Nanyang Technological University and he is also a chartered accountant with the Institute of Singapore Chartered Accountants.

XIA YA HUI

Senior Business Development Manager

Ms Xia joined the Group in May 2011 before being appointed to the role of Senior Business Development Manager in January 2015. She also carries out project and communications work for the Group.

Prior to that, she worked in a commodities trading house as a Commercial and Project Manager. She also possesses experience in the investor relations industry.

Ms Xia graduated from the Nanyang Technological University, with a Bachelor of Engineering Degree (Electrical and Electronics Engineering) in 2000.

TAN SOON YUN

Deputy Chief Financial Officer

Ms Tan joined the Company in May 2012 and assists the Chief Financial Officer in the Group's financial matters and oversees the Group's finance teams.

Ms Tan was formerly an Assurance Manager of an international public accounting firm.

Ms Tan obtained her Bachelor of Business Administration degree from the National University of Singapore and is a chartered accountant with Institute of Singapore Chartered Accountants and member of Association of Chartered Certified Accountants.

HUANG HUI, LOUISE

Legal Counsel

Ms Huang joined the Group as Legal Counsel in April 2015 and her key responsibilities include overseeing and managing the Group's legal and compliance affairs.

Ms Huang has extensive experience in the legal field. Prior to joining the Group, she was a legal counsel in a China-focused investment portfolio, and she also has several years of experience working as a registered foreign lawyer in some of the top law firms in Singapore.

Ms Huang holds a LLM (Master of Law) in International Business Law from National University of Singapore and a LLB in International Economic Law from East China University of Politics and Law.



INFORMATION ON KEY MANAGEMENT STAFF

LIM KOK SHIANG, SEAN

General Manager of MR Logistics Group

Mr Lim joined the Group in January 2005 and is responsible for all operational matters relating to the coal transportation business of the Group.

Mr Lim has worked as an auditor and accountant across various industries since 1995. In May 2004, Mr Lim joined ASL Shipyard Pte Ltd as Senior Accountant and was transferred to MR Logistics Pte Ltd since January 2005. He took on the operational duties of the coal transportation business in January 2012.

Mr Lim holds a Bachelor of Business (Accounting) degree from Charles Sturt University of Australia and is a Certified Public Accountant with CPA Australia.

CHAN PUI FOH, TERRENCE

Finance Manager

Mr Chan joined the Group in January 2015 as Finance Manager and is responsible for the financial matters of the Ningbo Project.

Mr Chan was formerly an Assistant Assurance Manager of an international public accounting firm.

Mr Chan graduated from Sunway University College with a Bachelor of Science in Applied Accounting and is also a member of Association of Chartered Certified Accountants.

WONG FOONG MENG

Plant Operation Manager

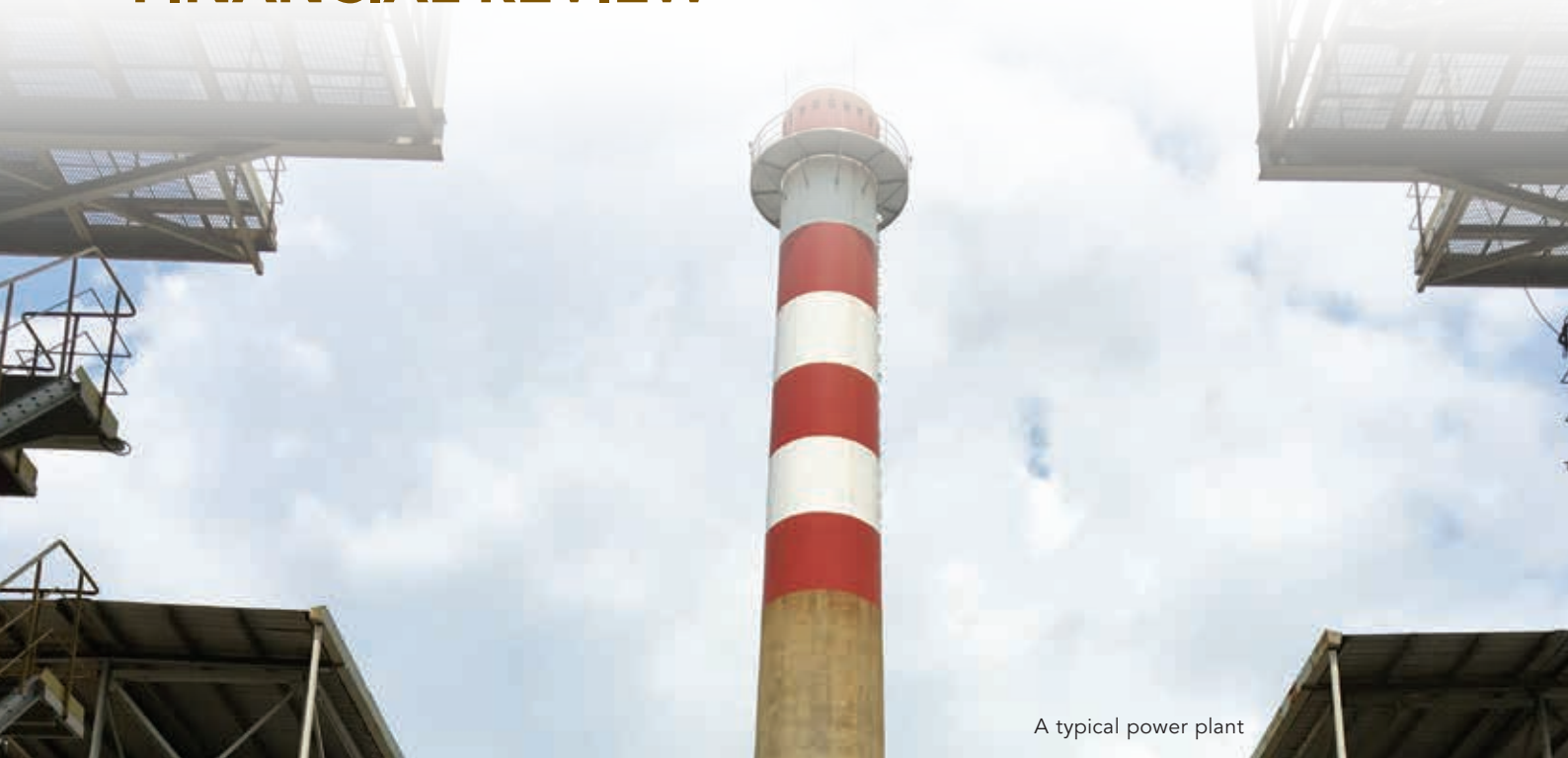
Mr Wong joined the Group in December 2014 and is responsible for operational matters relating to the mineral water manufacturing plant.

With extensive experience in the field of engineering, he previously worked as a certified civil and structural engineer across a diverse mix of projects in Malaysia and Indonesia.

Mr Wong graduated with a Degree in Civil Engineering from Universiti Teknologi Malaysia in 2001.



OPERATIONS AND FINANCIAL REVIEW



A typical power plant

INCOME STATEMENT

The Group reported revenue of S\$8.7 million and net attributable loss to equity holders of the Company of S\$24.4 million in FY2015. Comparatively, revenue and net attributable loss to equity holders of the Company were S\$17.0 million and S\$5.9 million respectively in FY2014.

The Group's revenue of S\$8.7 million in FY2015 represented a decline of 49% from S\$17.0 million in the previous year. This was mainly due to the reduction in coal carrying activities as a result of unusually adverse weather conditions that persisted for most part of the year, which caused extreme low water levels. Consequently, the shipping segment contributed a net loss of S\$18.3 million in FY2015, compared to S\$3.9 million in FY2014. Vessel expenses were also lowered accordingly to S\$9.3 million by 30% from S\$13.3 million in FY2014.

2015 was a challenging year for the shipping and coal industries and the Group's shipping business was not spared from this adversity. The Group recorded impairment losses of S\$13.2 million on receivables and vessels.

Compared to FY2014, there was an absence of fair value gain on derivatives, net gain on sale of investment properties, and write back of allowance for impairment of loan to EcoB and receivables in FY2015. The Group also recorded lower interest income and increased staff cost but was compensated by a foreign exchange gain and decrease in legal and professional fees in FY2015.

FINANCIAL POSITION

As at 31 December 2015, the group's total assets stood at S\$205.6 million, decreasing marginally by 8% from S\$223.0 million. Property, plant and equipment decreased due to impairment loss and depreciation while trade and other receivables, after impairment losses were lower as a result of better working capital management. This was offset by increase in property under development and cash and bank deposits.

The Group's balance sheet remains robust with zero debt and cash and bank deposits of S\$86.1 million as at 31 December 2015.

OPERATIONS AND FINANCIAL REVIEW

The Group's cash and bank deposits rose by S\$4.9 million, from \$81.2 million in FY2014. The increase in cash was mainly due to improved net cash flows from operating activities, which more than doubled to S\$10.9 million from S\$4.6 million in FY2014. The improvement was a result of better working capital management which saw a decrease of S\$9.3 million in receivables as compared to S\$0.1 million in the previous year.

Due to the capitalisation of development expenditure in FY2015, property under development increased by S\$2.7 million to S\$41.9 million.

The movement in the balance sheet was also partially attributed to the appreciation of the RMB and USD against SGD in FY2015.

The Group's total liabilities of S\$29.4 million was S\$2.4 million higher in FY2015. This was mainly due to the increase in trade and other payables from the accrual of other vessel expenses.

Total equity as at 31 December 2015 for the Group was S\$176.2 million and net asset value per ordinary share was 19.89 cents.



REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

Manhattan Resources Limited (the "Company") recognises the importance of good governance in establishing and maintaining an operating environment which serves the interests of all stakeholders. The Company is committed to achieving a high standard of corporate governance to ensure transparency and maximisation of long-term shareholders' value. The Company and its subsidiaries (collectively, the "Group") has complied with the principles and guidelines set out in the Code of Corporate Governance 2012 where practicable.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1

The board of directors ("Board") oversees the business affairs of the Group. Each director is expected to act in good faith and objectively take decisions in the interests of the Company and the Group. The principal functions of the Board include the approval of appointment of directors and succession planning process; the setting of strategic plans; the approval of material investments, divestments and funding for the Company and the Group; overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting, compliance and information technology controls; being responsible for corporate governance practices; dealing with matters such as conflict of interest issues relating to substantial shareholders or directors or interested person transactions or those transactions or matters which require Board's approval under the provisions of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") or any applicable regulations as well as reviewing the performance of management and the financial performance of the Company and the Group. The Company and the Group have in place internal guidelines for financial authorisation and approval limits relating to capital and operating expenditure and specified transactions.

To facilitate effective management, certain functions had been delegated to three board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets regularly and is provided with relevant updates and information. Where necessary, Board meetings are convened to deliberate on substantive matters. In addition, directors often make themselves available and accessible to management for discussion and consultation. The Board and Board committees may also make decisions by way of circulating resolutions.

REPORT ON CORPORATE GOVERNANCE

The number of Board and the Board Committees meetings held during the financial year ended 31 December 2015 and the attendances of the directors of these meetings are set out below:

	Number of meetings attended in 2015			
	Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee
Meetings held in 2015	6	6	1	2
Name of Director				
Liow Keng Teck	6	6	NA	2
Low Yi Ngo	5	NA	NA	NA
Elaine Low	4	NA	NA	NA
Choo Hsun Yang	3	NA	NA	NA
Lim Say Tai	6	6	1	2
Oliver Khaw Kar Heng	5	5	1	NA
Tung Zhihong, Paul	6	6	1	2

NA Not applicable

Board Composition and Guidance

Principle 2

As at the date of this report, the Company has seven directors, namely:

Name of Director	Board	Board Committee	Date of appointment	Date of last re-election
Low Yi Ngo	Executive Director, CEO and Managing Director	–	28 November 2011 (Appointed as Non-Executive Director on 10 September 2006)	29 April 2013
Liow Keng Teck	Board Chairman	Chairman of NC and Member of AC	10 September 2006	30 April 2015
Elaine Low	Executive Director	–	2 May 2014	30 April 2015
Choo Hsun Yang	Executive Director/ Chief Financial Officer	–	23 May 2013 (Appointed as Independent Director on 26 July 2011 and as Chief Financial Officer on 1 July 2013)	30 April 2014
Lim Say Tai	Independent Director	Chairman of AC, Member of RC and NC	2 May 2014	30 April 2015
Oliver Khaw Kar Heng	Non-Executive and Non-Independent Director	Member of AC and RC	11 March 2013	30 April 2015
Tung Zhihong, Paul	Independent Director	Chairman of RC, Member of AC and NC	2 May 2014	30 April 2015

Note: The details of directors' shareholding in the Company and its related corporations are disclosed in the "Directors' Report" section of this annual report.

REPORT ON CORPORATE GOVERNANCE

Mr Oliver Khaw Kar Heng is the Head of Legal/Senior Foreign Counsel of PT Bayan Resources Tbk. Although PT Bayan Resources Tbk is related to the controlling shareholder of the Company, Dato' Dr. Low Tuck Kwong, Mr Oliver Khaw Kar Heng is not by definition 'directly associated' to the controlling shareholder as he is not under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the controlling shareholder. Therefore, he may be considered independent. However, in the interest of good corporate governance, the NC has adopted the view that Mr Oliver Khaw is not to be considered independent. Mr Low Yi Ngo, the Chief Executive Officer and Managing Director and Ms Elaine Low, Executive Director of the Company, are the children of the controlling shareholder. The three independent directors on the Board are Mr Liow Keng Teck, Mr Lim Say Tai and Mr Tung Zhihong, Paul.

Except for Mr Liow Keng Teck, none of the directors have served the Company for a period exceeding nine years. Mr Liow Keng Teck has served as Independent Director of the Company for more than nine years since his initial appointment on 10 September 2006. The Board has subjected his independence to rigorous review.

Having considered factors such as conduct, experience, attendance and participation in meetings of Mr Liow Keng Teck, the Board is of the view that the length of service is not necessarily a critical factor in determining independence and Mr Liow Keng Teck's professionalism enabled him to exercise strong independent judgment in the best interests of the Company. Mr Liow Keng Teck had maintained a high standard of conduct, care and duty and had observed ethical standards and independence. The Board is of the view that Mr Liow Keng Teck remains independent in his exercise of judgment and objectivity in Board matters. During the review, Mr Liow excused himself and abstained from all deliberations and discussions.

The Board comprises members who have extensive experience in banking, accounting, financial services, engineering and legal sectors. The composition of the Board is well-balanced. The profiles of the directors are set out on pages 3 to 4 of this Annual Report.

The Board consists of seven directors of whom three are considered independent by the Board. The independent directors constitute more than one-third of the Board. The Board is able to exercise objective judgment in the interest of the Company and the Group. No individual or group of individuals dominates the Board's decision-making process.

The views and opinions of the non-executive directors provide alternative perspectives to the Group's business and they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

Chairman and Chief Executive Officer

Principle 3

There is a clear division of responsibilities and roles between the Chairman, who is independent, and the Chief Executive Officer. This ensures an appropriate balance of power and views as well as accountability.

The Chairman chairs Board meetings and ensures that the directors receive accurate, timely and clear information, guides the Board on its discussion of substantive issues and ensures adequate time is available for such discussion. The Chairman also leads the Board to ensure its effectiveness, including the facilitation of effective contribution by non-executive directors, promotes a culture of openness and debate at the Board, ensures effective communication with shareholders, and encourages constructive relations within the Board and between the Board and management. The Chairman also promotes high standards of corporate governance.

REPORT ON CORPORATE GOVERNANCE

The Chief Executive Officer is responsible for the execution of the Company's and the Group's strategies and the day-to-day operations of the Company and the overall performance of the Group.

The Chairman and the Chief Executive Officer are not related to each other.

Board Membership

Principle 4

The members of the NC as at the date of this report are as follows:

Liow Keng Teck	Chairman
Lim Say Tai	Member
Tung Zhihong, Paul	Member

All the NC members are independent and not related to any substantial shareholders of the Company.

Under its terms of reference, the NC is responsible for reviewing the Board's composition and effectiveness and makes recommendations to the Board on all Board and Board Committee appointments. It is responsible for the nomination of directors for re-election and also reviews the independence of each director on an annual basis. The NC will also review Board succession plans for directors, in particular the Chairman and the CEO.

In recommending new directors, if any, the NC relies mainly on the contacts and network of the entire Board. However, the NC may engage the services of external recruitment companies, if necessary. In nominating new directors, consideration is given to the integrity, skills and experience of the candidates and the overall composition of the Board.

All newly appointed directors are briefed on the business activities and strategic directions of the Company and the Group. Visits are arranged for non-executive directors to acquaint themselves with the Group's major overseas operations. All directors are provided with a Directors' Handbook, which includes coverage of directors' duties and responsibilities and the related requirements under the Singapore Companies Act, Chapter 50 (the "Act"), SGX-ST's Listing Manual and the Code of Corporate Governance 2012. On an ongoing basis, the Company updates the directors regarding developments in new laws and regulations or changes in regulatory requirements and financial reporting standards or corporate governance practices or news articles which are relevant to or may affect the businesses of the Company and the Group. In addition, the Company encourages the directors to be members of the Singapore Institute of Directors ("SID"), and for them to receive journal updates and training from SID, as well as to attend relevant courses and seminars, so that they can stay abreast and be apprised of developments in the financial, legal and regulatory requirements and the business environment.

The NC will formalise the process for the selection and appointment of directors. The NC will also consider the appropriateness of letters of appointment issued to directors, which set out their duties, obligations and terms of appointment.

In the process for selection, appointment and re-appointment of directors, the NC will also consider factors such as composition and progressive renewal of the Board and each director's competencies, commitment and performance.

REPORT ON CORPORATE GOVERNANCE

The Board has prescribed that each Board member should not hold more than six board representations in public listed companies. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company. Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments.

The Company's Constitution requires one-third, or the number nearest to but not less than one-third, of the Directors, including the person holding the office of Managing Director (or an equivalent appointment however described), to retire from office. The Directors to retire every year are those who have been longest in office since their last election or appointment. No Director stays in office for more than three years without being re-elected by shareholders. In addition, a newly appointed Director will hold office only until the next annual general meeting at which he/she will be eligible for re-election. Mr Liow Keng Teck was re-appointed as Director of the Company under Section 153(6) of the Companies Act, Chapter 50 at the last AGM held on 30 April 2015 until the forthcoming AGM. Section 153(6) of the Act has been repealed since 3 January 2016 and is no longer in force. As his appointment lapses at this AGM, he will have to be re-appointed to continue in office.

Each member of the NC abstains from voting on any resolution, making any recommendation and/or participating in respect of matters in which he/she is interested in.

Board Performance

Principle 5

The Group's main activities include the provision of coal transportation services in Indonesia, principally for a company which is related to the controlling shareholder. The Company is also constantly seeking for business expansion opportunities, such as its property development initiative in China.

The Board believes its performance would be judged based on the Group's ability to manage the operations of the coal transportation activities in an efficient manner and to seek new investment opportunities to enhance shareholders' value. Discussions on the progress are made at formal Board meetings. Regular discussions are also held between management and directors who offer their views and guidance on the matters.

The Board, based on the recommendation of the NC, recognises the need for regular reviews and evaluations of the effectiveness of the Board as a whole and the effectiveness of individual directors.

During the financial year, all directors are requested to complete a Board Evaluation Questionnaire which are collated and presented to the NC for review before submitting to the Board to determine actions required to improve the effectiveness of the Board and Committees of the Board as a whole. Taking into account the board size and composition, the NC is of the opinion that the evaluation of the Board as a whole and its Committees would suffice to assess the effectiveness and performance of the Board, its Committees and directors.

In evaluating the contribution and performance of the Board, its Board Committees and directors, the NC takes into consideration a number of factors including attendance, preparedness and participation in decision-making.

REPORT ON CORPORATE GOVERNANCE

Access to Information

Principle 6

Management, including the executive directors, keeps the Board apprised of the Group's operations and performance through updates and reports as well as through informal discussions. Prior to the meetings of the Board or Board Committees, directors are provided, where appropriate, with management information to enable them to be prepared for the meetings. On an ongoing basis, all Board members have full and free access to management, the Company Secretary and any information the Board requires. If required, the Board has access to independent professional advice to assist them fulfill their responsibilities and duties.

At Board meetings, the Group's actual results are compared with budgets, and material variances are then explained. The strategies and forecast for the following months are discussed and approved as appropriate. The Board is also provided with updates on the relevant new legislation, regulations and changing commercial risks in the Company's and the Group's operating environment through regular meetings.

REMUNERATION MATTERS

Procedures for Developing of Remuneration Policies

Principle 7

Level and Mix of Remuneration

Principle 8

The members of the RC as at the date of this report are as follows:

Tung Zhihong, Paul	Chairman
Lim Say Tai	Member
Oliver Khaw Kar Heng	Member

A majority of the RC members, including the Chairman, are independent.

The role of the RC is to review and make recommendations to the Board on the remuneration package of each executive director and key management personnel. The RC also recommends the level of fees for directors and Board Committee members which are subject to the approval of shareholders. No director is involved in the deliberation of his own remuneration or fee level. Where necessary, independent professional advice on the framework for remuneration packages may be sought by the RC.

In recommending the remuneration packages of the executive directors and key management personnel, the RC is largely guided by the financial performance of the Company and the Group. It believes that the remuneration level should be competitive and sufficient to attract, retain and motivate the executive directors. In the prior financial year, the remuneration packages of the executive directors comprised a fixed base salary and 13th-month annual wage supplement. No performance-related or incentive bonus was paid to the executive directors. Having reviewed and considered the variable components of the service contracts of the executive directors and the key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Chief Executive Officer and Managing Director and Executive Directors have entered into employment agreements with the Company. The RC has reviewed the termination clause of the executive directors and key management personnel's contract of service and found to be fair, reasonable and are not overly generous.

REPORT ON CORPORATE GOVERNANCE

The Group had introduced long-term incentive schemes. At an Extraordinary General Meeting held on 16 September 2008, the shareholders had approved the adoption of two long-term incentive schemes, namely the Manhattan Resources Share Option Scheme ("Option Scheme") and Manhattan Resources Performance Share Scheme ("Share Scheme").

The Option Scheme is a plan for eligible employees, executive directors and non-executive directors. However, the Share Scheme is a plan only for eligible executives and executive directors.

The RC has been given the responsibility to administer both the Option Scheme and Share Scheme.

In future, the Company's remuneration policy may be amended to take into account the overall performance of the Company, the meeting of key targets, shareholders' value enhancement and individual performance.

Disclosure of Remuneration

Principle 9

Taking note of the highly competitive industry conditions and pressure in talent market and the sensitivity and confidentiality of remuneration matters, the Board decided not to disclose the remuneration of each individual director and key executive officers (who are not directors) of the Group, including names of the top five key executives.

The remuneration of the directors and the top five executives (who are not directors), is set out below:

- (a) The table below shows a breakdown (in percentage terms) of the average remuneration of directors, which fall within broad bands, for the financial year ended 31 December 2015:

Directors of the Company	Salary %	Bonus %	Allowance %	Director's fee %
<u>Below S\$250,000:</u>				
Elaine Low	85	8	7	–
Choo Hsun Yang	87	7	6	–
Liow Keng Teck	–	–	–	100
Lim Say Tai	–	–	–	100
Oliver Khaw Kar Heng	–	–	–	100
Tung Zhihong, Paul	–	–	–	100
<u>S\$250,000 to S\$499,999:</u>				
Low Yi Ngo	89	7	4	–

- (b) The remuneration paid to the top five key executives (who are not directors) for the financial year ended 31 December 2015 is as follows:

Remuneration Band	Number
Below \$250,000	5

There is no immediate family member (as defined in the Listing Manual of SGX-ST) of a director or the Chief Executive Officer in the employ of the Company whose annual remuneration exceeds S\$50,000 during the financial year ended 31 December 2015.

For the financial year ended 31 December 2015, there was no termination, retirement and post-employment benefits granted to directors, the CEO and the key management personnel other than the standard contractual notice period termination payment in lieu of service.

REPORT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

There are comprehensive management reporting disciplines and structured financial approval authorities to govern the implementation of agreed Company's and Group's policies and Board's decisions, and the day-to-day management of the Group's operating units.

For effective monitoring of the Group's business and affairs, management and financial information are provided to the Board for review at the quarterly Board meetings. This information includes disclosure documents, quarterly results, forecasts for profit and cash flow, working capital and funding levels, compared to approved budgets and the corresponding prior financial periods' results, where applicable. In addition, the Company adopts a policy which welcomes directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from management.

Audit Committee

Principle 12

The members of the AC as at the date of this report are as follows:

Lim Say Tai	Chairman
Liow Keng Teck	Member
Oliver Khaw Kar Heng	Member
Tung Zhihong, Paul	Member

A majority of the AC members, including the Chairman, are independent. Mr Lim Say Tai has the requisite practical financial management expertise and experience to chair the AC. Mr Liow Keng Teck, Mr Oliver Khaw Kar Heng and Mr Tung Zhihong, Paul have the requisite expertise or experience to discharge their responsibility as members of the AC.

The duties of the AC include:

- (a) reviewing the audit plans of the internal and external auditors of the Company and reviewing the internal auditor's evaluation of the adequacy of the Company's and Group's system of internal accounting controls and the assistance given by the Company's and Group's management to the internal and external auditors;
- (b) reviewing the quarterly and full year financial statements before their announcements;
- (c) reviewing the annual financial statements and the external auditor's report on the annual financial statements of the Company and the Group before their submission to the Board;
- (d) reviewing the effectiveness of the Company's and Group's material internal controls, including financial, operational and compliance controls, information technology controls and risk management policies and systems;
- (e) meeting with the internal and external auditors, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

REPORT ON CORPORATE GOVERNANCE

- (f) reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- (g) reviewing the effectiveness of the internal audit function;
- (h) reviewing the cost effectiveness, independence and objectivity of the external auditor and the nature and extent of non-audit services provided by the external auditor;
- (i) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and the Group and any formal announcements relating to their financial performance;
- (j) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor and reviewing the scope and results of the audit;
- (k) reviewing, monitoring and advising the Board on the Company's and Group's overall risk exposures, tolerance and strategy;
- (l) reviewing the Company's and Group's overall risk assessment, framework, processes and methodology;
- (m) reporting actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- (n) reviewing interested person transactions in accordance with the requirements of SGX-ST's Listing Manual.

The AC has the power to conduct investigations in accordance with the AC's written terms of reference and has full access to and co-operation from management as well as direct access to the Company's external auditor. In discharging its duties, the AC may seek independent advice at the expense of the Company.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards which have impact on the Group's consolidated financial statements.

The AC met with both the internal and external auditors without the presence of management and reviewed the overall scope of the internal and external audits and assistance given by management to both the internal and external auditors. During the financial year ended 31 December 2015, an amount of S\$181,000 and S\$20,000 was paid/payable to the Company's external auditor for audit fee and tax compliance service for the financial year ended 31 December 2015. In the opinion of the AC, the nature and extent of these non-audit services did not prejudice the independence and objectivity of the Company's external auditor.

The AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as auditor at the forthcoming AGM of the Company.

In appointing the auditing firms for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

REPORT ON **CORPORATE GOVERNANCE**

The AC has adopted a whistle-blowing policy to encourage and to provide a channel for stakeholders to report and to raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting and other matters. An email address has been created to receive any whistle-blowing concerns and stakeholders are invited to write to ACchairman@manhattan.sg.

Internal Audit

Risk Management and Internal Controls

Principle 11

The Group continues to reinforce its internal control which address financial, operational, information technology and compliance risks designed to provide reasonable assurance with regard to the keeping of proper accounting records, integrity and reliability of its financial information and safeguarding the Group's assets. The management has further strengthened its human resources to support the internal control review initiatives and to implement revised policies and procedures.

The AC annually evaluates the findings of the internal auditor on the internal controls. In addition, it also evaluates the observations and recommendations by the external auditor on any material internal control weaknesses which have come to its attention in the course of its statutory audit. On an ad-hoc basis as warranted by particular circumstances, the AC may commission professional independent reviews of the operations of the Company and its subsidiaries and evaluates the results of such professional independent reviews. The evaluation assists the Board in developing policies that enhances the controls and operating systems of the Company and the Group.

The Board, with the assistance from the AC, is responsible for reviewing the appropriateness of framework and policies for managing risks, setting the risk appetite of the Company and the Group, reviewing key risks identified at business unit levels and their related risk treatment plans.

Management has implemented a formalized risk management framework, under the guidance of AC, for the identification, treatment, monitoring and reporting of risks. The AC shall also review and discuss risk management matters at least twice a year. A risk self-assessment exercise was conducted at business unit level and a risk register with risk treatment plans was identified. Arising from these risk management activities, the Company and the Group have adopted a set of more stream-lined and comprehensive guidelines for approval limits and delegation of authorities, investment approval and documentation requirements, as well as project status reporting. The AC and the Board are not aware of any matter which suggests that key risks are not being satisfactorily managed.

The Group's financial risk management objectives and policies are discussed further in Note 25 to the financial statements.

The Board has obtained a written confirmation from the CEO and CFO that:

- (a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2015 give a true and fair view of the Group's operations and finances, and
- (b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment.

REPORT ON CORPORATE GOVERNANCE

Based on the internal controls established and maintained by the Company and the Group, the work performed by the internal auditors and statutory audits by the external auditors, and reviews performed by management, Board Committees and the Board, it is the opinion of the Board and AC that the internal controls put in place, which addressed the financial, operational, compliance risks and information technology controls and risk management system, are adequate and effective in meeting the current scopes of the Company's and the Group's operations in the prevailing business environment in all material aspects. However, the Board acknowledges that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

The Board will continually review and improve the internal controls and risk management systems of the Company and the Group on an on-going basis.

Principle 13

The primary objectives of the internal audit function are to assess if adequate systems of internal controls are in place to safeguard shareholders' investments and the Group's assets and to ensure that such control procedures are continuously complied with. The internal auditor reports to the AC. During the financial year ended 31 December 2015, the outsourced internal audit function has carried out internal audit in accordance with the internal audit plan approved by the AC. The AC has reviewed and discussed the findings from internal audit with the internal auditor.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14

Communication with Shareholders

Principle 15

Conduct of Shareholder Meetings

Principle 16

The Board is mindful of its obligation to provide timely and relevant information to shareholders.

Timely disclosure of material information is carried out in accordance with the requirements of the Listing Manual of the SGX-ST. The Company's results and annual reports are released on the SGXNET. A copy of the Company's Annual Report and Notice of AGM are also sent to every shareholder.

Shareholders are encouraged to attend and participate at the Company's AGMs to ensure a high level of accountability. The AGM is the principal forum for dialogue with shareholders. The Board welcomes the views of shareholders on matters affecting the Company. The minutes of AGMs are available to shareholders upon request.

As far as possible, resolutions on each distinct issue are tabled separately at general meetings. Where resolutions are "bundled" as they are inter-dependent and linked so as to form one significant proposal, adequate explanations and material implications will be provided.

The chairpersons of Board Committees are present to address questions at general meetings. The external auditor is also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

REPORT ON CORPORATE GOVERNANCE

The Group encourages shareholder participation at general meetings. A shareholder who is entitled to attend and vote may appoint not more than two proxies. For shareholders who hold shares through nominees such as CPF and custodian banks, they are now able to attend and vote at general meetings under the multiple proxy regime.

Dealing in Securities

The Group has adopted a policy to govern conduct in the dealing of the securities of the Company for directors and officers, in accordance with the Listing Manual of SGX-ST. Under this policy, directors and officers are prohibited from dealing in the securities of the Company (i) on short-term considerations, (ii) during the period commencing one month before the announcement of the Company's full-year financial results and two weeks from the release of quarterly financial results ("blackout period"), and (iii) when they are in possession of unpublished price-sensitive information.

In addition, two weeks before the release of the Company's quarterly financial results for the first three quarters and one month before the release of the Company's full-year financial results, an email is sent to the Company's and Group's directors and employees reminding them of the blackout period; and prohibition to trade any time they are in possession of unpublished material price-sensitive information and on short-term considerations.

Interested Person Transactions ("IPTs")

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the SGX-ST are as follows:

<i>Name of interested person</i>	<i>Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)</i>	<i>Aggregate value of all IPTs under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)</i>
	S\$'000	S\$'000
<i>KaiYi Investment Pte. Ltd.</i>		
Lease of office premises	–	(300)
<i>PT Muji Lines</i>		
Coal transportation income and fuel oil costs reimbursement	–	8,858

CONCLUSION

The Group recognises the importance of good corporate governance practices and will continue to review and improve its corporate governance practices on an ongoing basis.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Manhattan Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company 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 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; 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.

DIRECTORS

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

Liow Keng Teck
Low Yi Ngo
Elaine Low
Choo Hsun Yang
Lim Say Tai
Oliver Khaw Kar Heng
Tung Zhihong, Paul

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in paragraph five below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company, as stated below:

Name of directors	Direct interest		Deemed interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
The Company				
Ordinary shares				
Liow Keng Teck	1,392,000	1,392,000	–	–
Low Yi Ngo	3,300,000	3,300,000	–	–
Options				
Liow Keng Teck	250,000	250,000	–	–

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of directors	Direct interest		Deemed interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Subsidiaries				
Manhattan Property Development Pte. Ltd.				
Ordinary shares				
Low Yi Ngo ⁽¹⁾	–	–	49	49
Elaine Low ⁽²⁾	–	–	49	49
Manhattan Resources (Ningbo) Property Limited				
Share equity				
Low Yi Ngo ⁽³⁾	–	–	49%	49%
Elaine Low ⁽⁴⁾	–	–	49%	49%

- (1) Low Yi Ngo is deemed to have an interest in the 49 ordinary shares held by KaiYi Investment Pte. Ltd. through his 33% interest in KaiYi Investment Pte. Ltd.
- (2) Elaine Low is deemed to have an interest in the 49 ordinary shares held by KaiYi Investment Pte. Ltd. through her 33% interest in KaiYi Investment Pte. Ltd.
- (3) Low Yi Ngo is deemed to have an interest in 49% of the equity held by KaiYi Investment Pte. Ltd. through his 33% interest in KaiYi Investment Pte. Ltd.
- (4) Elaine Low is deemed to have an interest in 49% of the equity held by KaiYi Investment Pte. Ltd. through her 33% interest in KaiYi Investment Pte. Ltd.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

Except as disclosed in this statement, no other director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

OPTION AND PERFORMANCE SHARE PLANS

At an Extraordinary General Meeting held on 16 September 2008, shareholders approved the adoption of two share based incentive plans, Manhattan Resources Share Option Scheme ("Option Scheme") and Manhattan Resources Performance Share Scheme ("Share Scheme"), for the grant of non-transferable options and the issuance of shares to eligible participants, respectively.

The Remuneration Committee has been given the responsibility to administer both the Option Scheme and Share Scheme.

On 24 February 2009, the Company granted 4,365,000 share options under the Option Scheme. These options expire on 23 February 2019 and are exercisable if a director or an employee remains in service for 1 year from the date of grant. No shares have been issued under the Share Scheme.

DIRECTORS' STATEMENT

OPTION AND PERFORMANCE SHARE PLANS (CONT'D)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Option Scheme as at 31 December 2015 are as follows:

Expiry date	Exercise price (\$)	Number of options
23 February 2019	0.48	275,000

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Option Scheme are as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the plan to end of financial year	Aggregate options exercised since commencement of the plan to end of financial year	Aggregate options outstanding at end of financial year
Liow Keng Teck	–	250,000	–	250,000

These options are exercisable between the period from 24 February 2010 to 23 February 2019 at the exercise price of \$0.48.

Since the commencement of the Option Scheme and Share Scheme till the end of the financial year:

- No options and shares have been granted to the controlling shareholders of the Company and their associates;
- No participant has received 5% or more of the total options available under the Option Scheme;
- No options and shares have been granted to directors and employees of the subsidiaries;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options and shares have been granted at a discount.

AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance set out in the Annual Report of the Company.

DIRECTORS' **STATEMENT**

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Low Yi Ngo
Director

Choo Hsun Yang
Director

21 March 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANHATTAN RESOURCES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Manhattan Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 27 to 88, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

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

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

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

Opinion

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

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF MANHATTAN RESOURCES LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

21 March 2016

BALANCE SHEETS

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current assets					
Property, plant and equipment	3	14,946	20,993	400	524
Property under development	4	41,920	39,248	–	–
Other receivables	8	11,041	18,145	–	–
Interests in subsidiaries	5	–	–	101,909	101,909
Investment in associate	6	42,267	42,367	–	–
Interests in joint venture company	7	1,919	1,874	–	–
		112,093	122,627	102,309	102,433
Current assets					
Trade and other receivables	8	7,013	18,618	110	3,162
Prepayments		426	550	9	99
Due from subsidiaries (trade)	9	–	–	–	–
Due from subsidiaries (non-trade)	10	–	–	271	4,936
Cash and bank deposits	11	86,077	81,194	19,552	16,101
		93,516	100,362	19,942	24,298
Current liabilities					
Trade and other payables	12	(28,539)	(26,171)	(609)	(631)
Due to subsidiary (non-trade)	10	–	–	(2,346)	–
Advance from joint venture company	13	(750)	(750)	(750)	(750)
Income tax payable		(95)	(89)	–	–
		(29,384)	(27,010)	(3,705)	(1,381)
Net current assets		64,132	73,352	16,237	22,917
Deferred tax liabilities	19	(14)	(14)	(14)	(14)
Net assets		176,211	195,965	118,532	125,336
Equity					
Share capital	14	189,004	189,004	189,004	189,004
Accumulated losses		(82,194)	(57,841)	(70,546)	(63,742)
Capital reserves		14	14	–	–
Other reserve		(320)	(320)	–	–
Foreign currency translation reserve		1,121	(2,115)	–	–
Acquisition revaluation reserve		5,392	5,392	–	–
Employee share option reserve		74	74	74	74
Equity attributable to equity holders of the Company		113,091	134,208	118,532	125,336
Non-controlling interests		63,120	61,757	–	–
Total equity		176,211	195,965	118,532	125,336

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group	
	Note	2015 \$'000	2014 \$'000
Revenue	15	8,705	17,019
Other income	16	4,545	4,510
Employee benefits expenses	17	(5,561)	(4,874)
Depreciation of property, plant and equipment	3	(5,451)	(5,062)
Vessel operating expenses	18	(9,258)	(13,268)
Impairment loss	18	(13,240)	–
Other expenses	18	(3,453)	(3,558)
Share of results of associate, net of tax	6	(104)	(10)
Share of results of joint venture company, net of tax	7	(79)	(14)
Loss before tax		(23,896)	(5,257)
Income tax expense	19	(54)	(189)
Loss for the financial year		(23,950)	(5,446)
Loss attributable to:			
Equity holders of the Company		(24,353)	(5,938)
Non-controlling interests		403	492
Loss for the financial year		(23,950)	(5,446)
Loss per share (cents) attributable to equity holders of the Company	20		
– Basic		(4.28)	(1.15)
– Diluted		(4.28)	(1.15)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group	
	2015 \$'000	2014 \$'000
Loss net of tax	(23,950)	(5,446)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	4,196	3,405
Other comprehensive income for the financial year, net of tax	4,196	3,405
Total comprehensive income for the financial year	(19,754)	(2,041)
Total comprehensive income attributable to:		
Equity holders of the Company	(21,117)	(3,374)
Non-controlling interests	1,363	1,333
	(19,754)	(2,041)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	Total attributable to equity holders of the Company									
	Share capital \$'000	Accumulated (losses)/profit \$'000	Capital reserve ⁽¹⁾ \$'000	Other reserve \$'000	Foreign currency translation reserve ⁽²⁾ \$'000	Acquisition revaluation reserve ⁽³⁾ \$'000	Employee share option reserve ⁽⁴⁾ \$'000	Non-controlling interests \$'000	Total Equity \$'000	Total Equity \$'000
At 1 January 2014	163,614	(51,903)	14	(320)	(4,679)	5,392	74	43,477	155,669	
(Loss)/profit net of tax	-	(5,938)	-	-	-	-	-	492	(5,446)	
Other comprehensive income	-	-	-	-	2,564	-	-	841	3,405	
Foreign currency translation	-	-	-	-	2,564	-	-	841	3,405	
Other comprehensive income for the financial year, net of tax	-	(5,938)	-	-	2,564	-	-	1,333	(2,041)	
Total comprehensive income for the financial year	-	(5,938)	-	-	2,564	-	-	1,333	(2,041)	
Contributions by and distributions to owners	25,420	-	-	-	-	-	-	-	25,420	
Shares issued for acquisition of a subsidiary	(30)	-	-	-	-	-	-	-	(30)	
Share issuance expense	-	-	-	-	-	-	-	16,947	16,947	
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	
Total transactions with owners in their capacity as owners	25,390	-	-	-	-	-	-	16,947	42,337	
At 31 December 2014	189,004	(57,841)	14	(320)	(2,115)	5,392	74	61,757	195,965	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	Total attributable to equity holders of the Company									
	Share capital \$'000	Accumulated (losses)/ profit \$'000	Capital reserve ⁽¹⁾ \$'000	Other reserve \$'000	Foreign currency		Acquisition revaluation reserve ⁽³⁾ \$'000	Employee share option reserve ⁽⁴⁾ \$'000	Non- controlling interests \$'000	Total Equity \$'000
					translation reserve ⁽²⁾ \$'000	translation reserve ⁽²⁾ \$'000				
At 1 January 2015	189,004	(57,841)	14	(320)	(2,115)	5,392	74	134,208	61,757	195,965
Loss net of tax	-	(24,353)	-	-	-	-	-	(24,353)	403	(23,950)
Other comprehensive income	-	-	-	-	3,236	-	-	-	960	4,196
Foreign currency translation	-	-	-	-	3,236	-	-	-	960	4,196
Other comprehensive income for the financial year, net of tax	-	-	-	-	3,236	-	-	-	960	4,196
Total comprehensive income for the financial year	-	(24,353)	-	-	3,236	-	-	(21,117)	1,363	(19,754)
At 31 December 2015	189,004	(82,194)	14	(320)	1,121	5,392	74	113,091	63,120	176,211

(1) Capital reserve represents the capital contribution in excess of the registered capital.

(2) Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company's functional currency. It is also used to record the effect of hedging net investments in foreign operations.

(3) Acquisition revaluation reserve represents the fair value adjustments on acquisition of subsidiary in 2009 relating to previously held interest.

(4) Employee share option reserve represents the equity-settled share options granted to directors and employees (Note 17). The reserve is made up of the cumulative value of services received from directors and employees recorded over the resulting period commencing from the grant dates of equity-settled share options, and is reduced by the expiry of exercise of the share options.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Company	Total attributable to equity holders of the Company			
	Share capital \$'000	Accumulated losses \$'000	Employee share option reserve \$'000	Total \$'000
At 1 January 2014	163,614	(61,228)	74	102,460
Loss net of tax	–	(2,514)	–	(2,514)
<u>Contributions by and distributions to owners</u>				
Shares issued for the acquisition of a subsidiary	25,420	–	–	25,420
Share issuance expense	(30)	–	–	(30)
Total transactions with owners in their capacity as owners	25,390	–	–	25,390
At 31 December 2014	189,004	(63,742)	74	125,336
At 1 January 2015	189,004	(63,742)	74	125,336
Loss net of tax	–	(6,804)	–	(6,804)
At 31 December 2015	189,004	(70,546)	74	118,532

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Loss before tax		(23,896)	(5,257)
Adjustments:			
Depreciation of property, plant and equipment	3	5,451	5,062
Fair value gain on derivatives		–	(336)
Net loss on disposal of property, plant and equipment		–	4
Net gain on sale of investment properties		–	(690)
Impairment loss on trade and other receivables		11,378	–
Impairment loss on property, plant and equipment	3	1,862	–
Unrealised foreign exchange differences		4,785	3,008
Interest income		(836)	(1,435)
Share of results of associate		104	10
Share of results of joint venture company		79	14
Operating cash flows before working capital changes		(1,073)	380
Decrease in trade and other receivables		9,299	112
Decrease/(increase) in prepayments		151	(36)
Increase in trade and other payables		1,644	2,491
Cash flows from operations		10,021	2,947
Interest received		928	1,651
Net cash flows from operating activities		10,949	4,598
Cash flows (used in)/from investing activities			
Purchase of property, plant and equipment	3	(71)	(1,886)
Additions to property under development	4	(1,825)	(3,392)
Proceeds from disposal of property, plant and equipment		–	2
Proceeds from sale of investment properties		–	5,040
Proceeds from maturity of forward currency contracts		–	447
Decrease/(increase) in fixed deposits		24,232	(10,853)
Net cash flows from/(used in) investing activities		22,336	(10,642)
Cash flows used in financing activity			
Share issuance expense		–	(30)
Net cash flows used in financing activity		–	(30)
Net increase/(decrease) in cash and cash equivalents		33,285	(6,074)
Effect of exchange rate changes on cash and cash equivalents		(4,170)	(1,994)
Cash and cash equivalents at beginning of financial year		53,053	61,121
Cash and cash equivalents at end of financial year	11	82,168	53,053

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

Manhattan Resources Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413.

The principal activities of the Company are those of investment holding and the provision of management services. The principal activities and principal place of business of the subsidiaries are as shown in Note 5 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the provisions of Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (\$) or SGD) and all values in the tables are rounded to the nearest thousand (\$’000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Classification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(b) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 115 is described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Significant accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) **Impairment of loans and receivables**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment, in determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgments (cont'd)

(a) **Key sources of estimation uncertainty (cont'd)**

(i) **Impairment of loans and receivables (cont'd)**

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 8 to the financial statements.

(ii) **Depreciation of property, plant and equipment – vessels**

Vessels are depreciated on a straight-line basis over their estimated useful lives so as to write-down the cost to the estimated residual values at the end of their useful lives. These estimates regarding the useful lives (15 years) and residual values of the vessels are made by the Group based on past experience and industry trends. The useful lives and residual values are reviewed on an annual basis. A 3% difference in the depreciation rate of these assets from management's estimate would result in \$1,942,000 (2014: \$1,796,000) variance in the Group's loss for the financial years ended 31 December 2015 and 2014.

The carrying amount of the Group's vessels at the balance sheet date is disclosed in Note 3 to the financial statements.

(iii) **Impairment of vessels**

The Group determines the recoverable amount of vessels based on the higher of its fair value less costs to sell and its value in use. When fair value less costs to sell is used, management engages the services of professional valuers to determine the fair values using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions.

The carrying amount of the Group's vessels at the balance sheet date is disclosed in Note 3 to the financial statements

(iv) **Impairment of mineral exploration rights, evaluation and development expenditure**

The principal activities of the Group's associate are those of mining and quarrying as disclosed in Note 6 of the financial statements. The Group assesses at each reporting period whether there is any objective evidence that the investment in associate is impaired. Management is required to make certain estimates and assumptions as to future events and circumstances, in particular whether an economical 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgments (cont'd)

(a) *Key sources of estimation uncertainty (cont'd)*

(v) *Reserves estimates*

Reserves estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserves estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets; mining properties; property, plant and equipment; and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the unit of production ("UOP") method, or where the useful life of the related assets change.
- Capitalised stripping costs recognised in the statement of financial position as either part of mining properties or inventory or charge to profit or loss may change due to changes in stripping ratios.
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgments regarding the existence of such assets and in estimates of the likely recovery of such assets.

There has been no operational activity and the Group estimates its reserves based on the Independent Technical Report which has been prepared in accordance with the code for Reporting of Mineral Resources and Ore Reserves (the "JORC code") of the Australasian Joint Ore Reserves Committee ("JORC"), using a Magnesium Oxide cut-off grade of 30%.

Estimates of reserves may change as and when additional geological information is produced during the exploration and operation of a mine.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgments (cont'd)

(b) *Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) *Operating lease commitments*

As lessor

The Group has entered into charter party agreements on its fleet of vessels. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these vessels and so accounts for the contracts as operating leases.

As lessee

The Group has also entered into leasing arrangements on certain vessels. The Group has determined based on an evaluation of the terms and conditions of the lease arrangements that the lease term do not constitute a substantial portion of the economic life of the vessels, that the lease agreements do not contain a bargain purchase option and ownership is not transferred at the end of the lease term and hence accounts for these arrangements as an operating lease.

(ii) *Business combinations*

In 2014, the Group acquired Starsmind Capital Pte. Ltd. ("SCPL") as disclosed in Note 5 to the financial statements. At the time of acquisition, the Group considered whether the acquisition represented the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired. More specifically, consideration is made of the extent of which significant inputs (e.g. employees, mineral reserves and property, plant and equipment) and processes (e.g. exploration and evaluation process) have been acquired to generate the outputs.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their fair values, and no goodwill or deferred tax is recognised.

The Group assessed the acquisition of SCPL as an asset acquisition as SCPL did not have the required inputs and/or processes typically found in a business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Subsidiaries, basis of consolidation and business combinations

(a) *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(b) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(c) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to equity holders of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Foreign currency

The financial statements are presented in Singapore dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss, except for foreign exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.9 Mineral exploration, evaluation and development expenditure

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analyzing that data. These costs are expensed in the period in which they are incurred.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Mineral exploration, evaluation and development expenditure (cont'd)

Once the legal right to explore has been acquired, exploration and evaluation expenditure incurred in respect of areas of interest are capitalised in respect of each area of interest for which the rights of tenure are current and where:

- (i) such 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/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and while active and significant operations in, or in relation to, the area are continuing.

Exploration and evaluation expenditure incurred that does not satisfy the policy stated above is expensed in the period in which it is incurred. Exploration and evaluation expenditure that has been capitalised which no longer satisfies the policy stated above is written off in the period in which that decision is made.

No amortisation is provided in respect of mineral exploration, evaluation and development expenditure until they are reclassified as mining properties following a decision to develop the mine. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and where a decision is made to proceed with development, the deferred exploration, evaluation and development expenditure is reclassified to mining properties and then amortised in accordance with the accounting policy for mining properties as detailed in Note 2.10 below.

The net carrying value of each area of interest is reviewed regularly and, to the extent to which this value exceeds its recoverable value, that excess is provided for or written off in the year in which this is determined.

2.10 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Expenditure for additions, improvements and renewals is capitalised. Expenditure for repair and maintenance, including overhaul and dry-docking for vessels, is charged to profit or loss unless such expenditure is separately identified and assessed by management to have increased the future economic benefits derived from the vessels.

The capitalised assets of overhaul and dry-docking are recorded as an additional cost of tug boats and barges and the costs are depreciated over the period up to the next scheduled overhaul and dry-docking. Any remaining carrying amount of the cost of the previous overhaul and dry-docking is derecognised and charged to current year's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, plant and equipment and depreciation (cont'd)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Vessels	–	15 years
Leasehold improvements	–	shorter of 5 years or lease terms
Machinery and equipment	–	5 – 8 years
Furniture, fittings and office equipment	–	3 – 5 years
Motor vehicles	–	4 – 8 years
Computers	–	1 – 3 years

Construction-in-progress for qualifying assets, includes borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Mining property is classified as an asset under property, plant and equipment. Mining property includes mining rights and costs transferred from mineral exploration, evaluation and development expenditure once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to be in production phase. The economic benefits from the assets are consumed in a pattern which is linked to the production level. These assets are depreciated on a unit-of-production basis. Depreciation starts from the date when commercial production commences.

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.12 Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Other than loans and receivables and financial assets at fair value through profit or loss, the Group does not have other category of financial assets.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits, less fixed deposits pledged to secure banking facilities, and which are subject to an insignificant risk of changes in values.

Cash at bank and on hand and fixed deposits are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.12.

2.15 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties include:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Development properties (cont'd)

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.16 Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Provisions (cont'd)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) *Share option plans*

Directors and employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with directors and employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

The employee share option reserve is transferred to retained earnings upon expiry of the share options.

(d) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Leases

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(b). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Revenue

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Service income*

Income is recognised as and when services are rendered.

(b) *Rental income*

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Revenue (cont'd)

(c) **Interest income**

Interest income is recognised using the effective interest method.

(d) **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

2.21 Taxes

(a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.24 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Related parties (cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 23, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Government grant

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Where the grant relates to compensation for expenditure, it is deferred and is set-off on a systematic basis over the periods in which the entity incurs the related costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels \$'000	Leasehold improvements \$'000	Machinery and equipment \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
Cost							
At 1 January 2014	44,095	506	58	235	232	94	45,220
Additions	1,099	425	202	49	–	111	1,886
Disposals	–	–	–	(28)	(6)	–	(34)
Exchange differences	2,001	10	12	6	6	3	2,038
At 31 December 2014 and 1 January 2015	47,195	941	272	262	232	208	49,110
Additions	45	3	–	19	–	4	71
Disposals	–	–	–	(5)	–	(1)	(6)
Exchange differences	3,308	11	19	9	7	4	3,358
At 31 December 2015	50,548	955	291	285	239	215	52,533
Accumulated depreciation and impairment							
At 1 January 2014	21,281	336	1	115	95	54	21,882
Depreciation charge for the financial year	4,731	180	26	58	21	46	5,062
Disposals	–	–	–	(22)	(6)	–	(28)
Exchange differences	1,156	13	1	5	24	2	1,201
At 31 December 2014 and 1 January 2015	27,168	529	28	156	134	102	28,117
Depreciation charge for the financial year	5,200	87	35	49	23	57	5,451
Impairment loss (Note 18)	1,862	–	–	–	–	–	1,862
Disposals	–	–	–	(5)	–	(1)	(6)
Exchange differences	2,116	11	3	12	19	2	2,163
At 31 December 2015	36,346	627	66	212	176	160	37,587
Net book value							
At 31 December 2015	14,202	328	225	73	63	55	14,946
At 31 December 2014	20,027	412	244	106	98	106	20,993

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold improvements \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
Cost					
At 1 January 2014	–	44	6	64	114
Additions	425	42	–	83	550
Disposals	–	(28)	(6)	–	(34)
At 31 December 2014 and 1 January 2015	425	58	–	147	630
Additions	3	3	–	3	9
Disposals	–	(5)	–	(1)	(6)
At 31 December 2015	428	56	–	149	633
Accumulated depreciation					
At 1 January 2014	–	29	6	44	79
Depreciation charge for the financial year	14	8	–	34	56
Disposals	–	(23)	(6)	–	(29)
At 31 December 2014 and 1 January 2015	14	14	–	78	106
Depreciation charge for the financial year	86	11	–	36	133
Disposals	–	(5)	–	(1)	(6)
At 31 December 2015	100	20	–	113	233
Net book value					
At 31 December 2015	328	36	–	36	400
At 31 December 2014	411	44	–	69	524

Impairment of assets

During the financial year, the Group carried out a review of the recoverable amount of its vessels in view of the unusually low water level conditions resulting in lower coal carrying activities. An impairment of S\$1,862,000 (2014: Nil), representing the write down of these vessels to the recoverable amount was recognised in "vessel operating expenses, impairment loss and other expenses" (Note 18) line item of profit or loss for the financial year ended 31 December 2015. The recoverable amount of these vessels was based on fair value less costs of disposal ("FVLCOD"). The FVLCOD was determined by an independent valuer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. PROPERTY UNDER DEVELOPMENT

	Group	
	2015	2014
	\$'000	\$'000
At 1 January	39,248	35,183
Additions during the year	1,825	3,392
Exchange differences	847	673
At 31 December	<u>41,920</u>	<u>39,248</u>
During the financial year, the amounts capitalised were as follows:		
Development costs	<u>1,825</u>	<u>3,392</u>

In 2011, the Group had acquired the right to use and develop a piece of land measuring 19,467 square metres, situated at South Commercial Park in Yingzhou District in Ningbo City, Zhejiang Province in China for the development of a property. The estimated cost of development is approximately S\$423 million.

In 2013, the Group further acquired the right to use and develop the two additional pieces of land measuring a total area of 3,914 square metres and this is adjacent to the first piece mentioned above.

The tenure of the land use term for the above lands are 40 years commencing from August 2011.

5. INTERESTS IN SUBSIDIARIES

	Company	
	2015	2014
	\$'000	\$'000
Shares:		
Unquoted equity shares, at cost	108,745	108,745
Less: Impairment loss	(6,836)	(6,836)
Investments in subsidiaries	<u>101,909</u>	<u>101,909</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. INTERESTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group

The Company has the following subsidiaries as at 31 December 2015:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest		Cost of investment by the Company	
			2015	2014	2015	2014
			%	%	\$'000	\$'000
SLM Holding Pte Ltd *	Investment holding	Singapore	100	100	2,195	2,195
DLM Marine Pte Ltd *	Dormant	Singapore	100	100	100	100
MR Logistics Pte. Ltd. *	Investment holding	Singapore	100	100	33,879	33,879
Lian Beng Energy Pte. Ltd. *	Investment holding	Singapore	100	100	4,541	4,541
Manhattan Resources (Ningbo) Property Limited **	Property development	China	51	51	42,610	42,610
Manhattan Property Development Pte. Ltd. *	Investment holding	Singapore	51	51	– ⁽¹⁾	– ⁽¹⁾
Starsmind Capital Pte. Ltd. *	Investment holding	Singapore	60	60	25,420	25,420
					<u>108,745</u>	<u>108,745</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. INTERESTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Name of subsidiary	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest	
			2015 %	2014 %
Held through MR Logistics Pte. Ltd.				
Kaltim Alpha Shipping Pte. Ltd. *	Investment holding	Singapore	100	100
Epsilon Shipping Pte. Ltd. *	Dormant	Singapore	100	100
PT. Jaya Pesona Abadi	Investment holding	Indonesia	100	100
Held through PT. Jaya Pesona Abadi				
PT. Aneka Samudera Lintas ***	Shipping activities	Indonesia	100	100
Held through DLM Marine Pte Ltd				
PT. MR Resources	Dormant	Indonesia	100	100
PT. MR EMAS	Dormant	Indonesia	100	100
PT. MR Engineering	Dormant	Indonesia	100	100
Held through Lian Beng Energy Pte. Ltd.				
PT Lian Beng Energy	Overburden removal	Indonesia	100	100

* Audited by Ernst & Young LLP, Singapore.

** Audited by member firm of Ernst & Young Global for purposes of Group consolidation.

*** Audited by member firm of Ernst & Young Global.

(1) The amount is below S\$1,000.

Manhattan Property Development Pte. Ltd. ("MPDPL")

Manhattan Property Development Pte. Ltd. ("MPDPL") was incorporated in September 2014 by the Company and KaiYi Investment Pte. Ltd. ("KaiYi"), holding 51% and 49% of MPDPL's share capital respectively. The Company has contributed its share capital of US\$51 as at 31 December 2014. Accordingly, the Company consolidated the results of MPDPL based on an equity interest of 51% as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. INTERESTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiary in 2014

On 13 November 2014 (the "acquisition date"), the Company completed the acquisition of 60% equity interest in Starsmind Capital Pte. Ltd. ("SCPL"), an investment holding company in Singapore ("SCPL Acquisition"). Following the SCPL Acquisition, SCPL owns 39.4% interest ("Mineriver Interest") in Mineriver Pte. Ltd. ("Mineriver") which wholly owns a PRC company, Xinjiang Fengli De Yuan Trading Co. Ltd. ("FLDY"), which is engaged in the business of resource investment.

The Group had assessed the acquisition of SCPL as an asset acquisition as SCPL did not have the required inputs and processes typically found in a business combination. The cost of the acquisition was allocated to the assets and liabilities acquired based upon their fair values and no goodwill or deferred tax was recognised.

From the date of acquisition, the net loss of \$19,000 attributable to SCPL had been accounted for in the net loss of the Group for the year ended 31 December 2014. Given that operations have not commenced, there will not be material financial impact had the acquisition taken place at the beginning of the year ended 31 December 2014.

The fair values of the identifiable assets and liabilities of SCPL as at the acquisition date were:

	Fair value recognised on acquisition \$'000
Investment in associate	42,367
Other payables	(1)
Total identifiable net assets at fair value	42,366
Non-controlling interest measured at the non-controlling interest's proportionate share of SCPL's net identifiable assets	(16,947)
Others	1
	<u>25,420</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. INTERESTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiary in 2014 (cont'd)

Equity instruments issued as part of consideration transferred

Pursuant to the call option agreement dated 21 April 2014 between the Company and SCPL ("Call Option Agreement"), the Company was granted an option to acquire such number of shares representing 60% of SCPL's enlarged issued share capital at the time of issuance for an investment amount of \$40,000,000 to be fully satisfied by the Company through the allotment and issuance of 62,000,000 new ordinary shares of the Company ("Consideration Shares") at the issue price of \$0.645 for each Consideration Share. The issue price of \$0.645 for each Consideration Share represented approximately 5% discount to the volume weighted average traded price of \$0.679 on 17 April 2014, being the market day preceding the date of the Call Option Agreement. The Consideration Shares were allotted and issued, each credited as fully paid, to one of the vendors of Mineriver for the purpose of and in connection with the acquisition by SCPL of the Mineriver Interest.

Following the SCPL Acquisition, for the purpose of these financial statements, the investment by the Company in 60% of SCPL had been accounted for based on the market value of the Consideration Shares issued on 13 November 2014, being \$0.41 per Consideration Share amounting to \$25,420,000.

The attributable costs of the issuance of the shares as consideration of \$30,000 had been recognised directly in equity as a deduction from share capital.

(c) Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest		Profit/(loss) allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period	
		2015	2014	2015	2014	2015	2014
		%	%	\$'000	\$'000	\$'000	\$'000
Manhattan Resources (Ningbo) Property Limited	People's Republic of China	49	49	944	531	46,748	44,851
Starsmind Capital Pte. Ltd.	Singapore	40	40	(45)	(7)	16,899	16,938

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. INTERESTS IN SUBSIDIARIES (CONT'D)

(d) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Manhattan Resources (Ningbo) Property Limited		Starsmind Capital Pte. Ltd.	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current:				
Assets	58,019	56,587	-	-
Liabilities	(9,474)	(9,210)	(19)	(9)
Net current assets/(liabilities)	48,545	47,377	(19)	(9)
Non-current:				
Assets	45,821	43,116	25,320	25,421
Net non-current assets	45,821	43,116	25,320	25,421
Net assets	94,366	90,493	25,301	25,412

Summarised statement of comprehensive income

	Manhattan Resources (Ningbo) Property Limited		Starsmind Capital Pte. Ltd.	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue	-	-	-	-
Profit/(loss) before income tax	1,931	1,085	(113)	(19)
Income tax expense	(5)	-	-	-
Profit/(loss) after tax	1,926	1,085	(113)	(19)
Other comprehensive income	993	1,720	3	11
Total comprehensive income	2,919	2,805	(110)	(8)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. INVESTMENT IN ASSOCIATE

The Group's investment in associate is summarised below:

	Group	
	2015 \$'000	2014 \$'000
Investment, at cost	42,366	42,366
Share of post-acquisition results, net of tax	(114)	(10)
Share of foreign currency translation reserve	15	11
At the end of year	42,267	42,367

Name	Principal activities	Country of incorporation and place of business	Proportion of ownership interest	
			2015 %	2014 %
<i>Held through Starsmind Capital Pte. Ltd.</i>				
Mineriver Pte. Ltd.	Investment holding and other mining and quarrying	Singapore	39.4	39.4

The summarised financial information in respect of Mineriver Pte. Ltd. and its subsidiary, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2015 \$'000	2014 \$'000
Current assets	232	258
Non-current assets	3,977	3,911
Total assets	4,209	4,169
Current liabilities	2,986	2,691
Total liabilities	2,986	2,691
Net assets	1,223	1,478
Net assets excluding goodwill	1,223	1,478
Proportion of the Group's ownership	39.4%	39.4%
Group's share of net assets	482	582
Other adjustments (Note 1)	41,785	41,785
Carrying amount of the investment (Note 1)	42,267	42,367

(Note 1) The acquisition of SCPL and SCPL's acquisition of the Mineriver Interest as disclosed in Note 5 was deemed to be an asset acquisition. The Company had consolidated its investment in SCPL and recognised the non-controlling interests for the proportion of their interest in SCPL and the Mineriver Interest amounting to \$42,267,000 (2014: \$42,367,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. INVESTMENT IN ASSOCIATE (CONT'D)

The summarised financial information of the associate, adjusted for the proportion of ownership interest held by the Group, is as follows:

Summarised statement of comprehensive income

	2015 \$'000	2014 \$'000
Revenue	–	–
Loss after tax	(104)	(10)
Other comprehensive income	3	11
Total comprehensive income	(101)	1

7. INTERESTS IN JOINT VENTURE COMPANY

The Group has 50% (2014: 50%) equity interest in a joint arrangement, Tat Hong Energy Pte. Ltd. ("THE")#. This joint venture company is incorporated in Singapore and its principal activities are those relating to the supply of heavy machinery and equipment and investment holding.

	Group	
	2015 \$'000	2014 \$'000
Share of post-acquisition reserves:		
At 1 January	1,874	1,804
Share of post-acquisition results (net of tax)	(79)	(14)
Share of foreign currency translation reserve	124	84
At 31 December	1,919	1,874
Carrying amount of investment	1,919	1,874

Audited by KPMG LLP, Singapore.

The summarised financial information of the joint venture, adjusted for the proportion of ownership interest held by the Group, is as follows:

Summarised statement of comprehensive income

	Tat Hong Energy Pte. Ltd.	
	2015 \$'000	2014 \$'000
Revenue	–	–
Loss after tax	(79)	(14)
Other comprehensive income	124	84
Total comprehensive income	45	70

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade and other receivables (current):				
<i>Trade receivables</i>				
Third parties	4,306	4,107	39	38
Related party	6,751	14,043	–	–
	11,057	18,150	39	38
Less: Allowance for impairment	(5,953)	(4,790)	(34)	(34)
	5,104	13,360	5	4
<i>Other receivables (current)</i>				
GST receivable	12	66	12	66
Deposits	3,238	3,155	3,052	3,066
Due from related parties	757	699	36	26
Other receivables	4,003	3,971	22	22
Interest receivable from banks	40	128	5	–
	13,154	21,379	3,132	3,184
Less: Allowance for impairment	(6,141)	(2,761)	(3,022)	(22)
	7,013	18,618	110	3,162
Other receivables (non-current):				
Other receivables	18,401	18,145	–	–
Less: Allowance for impairment	(7,360)	–	–	–
	11,041	18,145	–	–
Total trade and other receivables	18,054	36,763	110	3,162

- (i) Trade receivables are non-interest bearing and are to be settled in cash. Trade receivables are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (ii) Amounts due from related parties are unsecured, repayable upon demand and are to be settled in cash.
- (iii) In 2012, the Group entered into a ship sale and purchase agreement ("SPA") with a shipbuilder for the purchase of vessels. The Group subsequently sold the vessels to a third party buyer in 2013. The Group retains an unpaid seller's lien on the vessels until the consideration has been fully paid.

Included in the current and non-current other receivables is the outstanding consideration arising from the sale of the vessels of US\$10,584,000 (approximately \$14,965,000), which is to be paid in equal monthly instalments over a period of 120 months. Any outstanding consideration bears interest at 1 month SIBOR + 3.4% per annum. Due to the barge incidents in prior years, the Group and third party buyer entered into a Second Amendment to the SPA, whereby the monthly instalments were deferred and interest waived commencing from 1 January 2014.

Management has performed an impairment review and has made an allowance of \$7,319,000 (2014: Nil) on the other receivables due from the third party buyer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. TRADE AND OTHER RECEIVABLES (CONT'D)

- (iv) Included in other receivables (non-current) is an amount of \$3,810,000 (2014: \$3,729,000) placed with local government authorities in Ningbo for the development of a property. These deposits are refundable to the Group based on milestones achieved.
- (v) Previously included in deposits were refundable advance deposits of \$3,000,000 made by the Company under the conditional sale and purchase agreement in respect of Singxin Water Pte. Ltd. The vendors had agreed to refund, interest-free, all refundable advance deposits to the Company in the event that completion does not occur by 31 March 2015 or such other date as may be agreed between the Company and the vendors in writing ("Long Stop Date").

The Long Stop Date was subsequently extended to 1 July 2015. The Company and the vendors are in the process of negotiating a possible extension of the conditional sale and purchase agreement.

Pending the outcome of the ongoing negotiations which will affect future plans, an allowance of \$3,000,000 (2014: Nil) has been recognised in "Impairment loss" line item of profit and loss for the financial year ended 31 December 2015.

- (vi) On 31 May 2013 and 7 January 2014, the Company entered into a Debt Assumption and Equity Cancellation Agreement (the "Agreement") and Second Amendment to the Agreement (the "Second Amendment"), respectively with Redwood Management, LLC ("Redwood") and Eco Building Products Inc ("EcoB"). Subject to the terms and conditions of the Agreement and Second Amendment, the Company will sell, assign and transfer to Redwood, all of its liabilities, obligations and commitments with respect to the loan and all interest payable for a consideration of US\$3,350,000. In 2014, the Company wrote back loans to EcoB that was previously written-off amounting to US\$437,500 (approximately \$557,000) upon receipt from Redwood of instalment payments due.

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$4,029,000 (2014: \$10,717,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Lesser than 3 months	2,220	3,067
3 to 6 months	195	4,454
6 to 12 months	732	1,678
Above 12 months	882	1,518
	4,029	10,717

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are impaired

The Group's and the Company's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	Individually impaired 2015 \$'000	2014 \$'000	Individually impaired 2015 \$'000	2014 \$'000
Current				
Trade receivables – nominal amounts	5,957	4,794	38	38
Less: Allowance for impairment	(5,953)	(4,790)	(34)	(34)
	4	4	4	4

Movement in trade receivables allowance accounts:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January	(4,790)	(5,009)	(34)	(34)
Charge for the financial year	(1,059)	–	–	–
Write back of allowance	–	162	–	–
Exchange differences	(104)	57	–	–
At 31 December	(5,953)	(4,790)	(34)	(34)

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties, have defaulted on payments and/or for which collectibility is uncertain. These receivables are not secured by any collateral or credit enhancements.

Movement in other receivables allowance accounts:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January	(2,761)	(2,645)	(22)	(22)
Charge for the financial year	(10,319)	–	(3,000)	–
Exchange differences	(421)	(116)	–	–
At 31 December	(13,501)	(2,761)	(3,022)	(22)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. DUE FROM SUBSIDIARIES (TRADE)

Amounts due from subsidiaries (trade) are stated after deducting allowance for doubtful debts of \$125,000 (2014: \$125,000).

These amounts are interest-free and are generally on normal trade terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. DUE FROM/(TO) SUBSIDIARIES (NON-TRADE)

	Company	
	2015 \$'000	2014 \$'000
Amounts due from subsidiaries	4,026	8,138
Less: Allowance for impairment	(3,755)	(3,202)
	<u>271</u>	<u>4,936</u>

Amounts due from/(to) subsidiaries (non-trade) are unsecured, interest-free, repayable on demand and to be settled in cash.

Movement in allowance accounts:

	Company	
	2015 \$'000	2014 \$'000
At 1 January	(3,202)	(3,174)
Charge for the financial year	(568)	(28)
Write back of allowance	15	–
At 31 December	<u>(3,755)</u>	<u>(3,202)</u>

	Company	
	2015 \$'000	2014 \$'000
Amount due to subsidiary	(2,346)	–

11. CASH AND BANK DEPOSITS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at banks and on hand	10,102	24,952	1,105	11,421
Short-term deposits	72,066	28,101	14,987	1,321
Fixed deposits	3,909	28,141	3,460	3,359
Cash and bank deposits	<u>86,077</u>	<u>81,194</u>	<u>19,552</u>	<u>16,101</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. CASH AND BANK DEPOSITS (CONT'D)

As at 31 December 2015, included in fixed deposits is an amount of \$1,460,097 (2014: \$1,359,300) pledged to a bank for the Group's and the Company's banking facilities.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between three and twelve months while short term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective fixed deposit rates. The effective interest rates for the financial year ended 31 December 2015 for the Group and the Company ranged from 0.41% to 1.15% (2014: 0.31% to 2.36%) per annum and 0.41% (2014: 0.31%) per annum, respectively.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting periods:

	Group	
	2015 \$'000	2014 \$'000
Cash at banks and on hand	10,102	24,952
Short-term deposits	72,066	28,101
Cash and cash equivalents	<u>82,168</u>	<u>53,053</u>

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables	(9,621)	(9,086)	(218)	(215)
Accrued expenses	(2,846)	(1,612)	(390)	(415)
Other payables	(16,072)	(15,473)	(1)	(1)
	<u>(28,539)</u>	<u>(26,171)</u>	<u>(609)</u>	<u>(631)</u>

Trade and other payables are non-interest bearing. Trade payables are normally settled on an average term of 30 (2014: 30) days, while other payables have an average term of 6 (2014: 6) months.

Included in other payables are government grants received in advance amounting to \$9,259,000 (2014: \$9,063,000) for the construction of infrastructure in connection with the land use rights acquired by Manhattan Resources (Ningbo) Property Limited in financial year 2011. These payments may be applied to offset the construction costs of the relevant infrastructure, subject to the applicable development regulations and conditions.

13. ADVANCE FROM JOINT VENTURE COMPANY

The amount is unsecured, interest-free, repayable on demand and is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. SHARE CAPITAL

	Group and Company			
	2015		2014	
	No. of shares	\$'000	No. of shares	\$'000
<i>Issued and fully paid ordinary shares</i>				
At 1 January	568,490,975	189,004	506,490,975	163,614
Shares issued for acquisition of a subsidiary	–	–	62,000,000	25,420
Share issuance expense	–	–	–	(30)
At 31 December	568,490,975	189,004	568,490,975	189,004

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

In 2014, the Company issued 62,000,000 new ordinary shares pursuant to the acquisition of a 60% equity interest in SCPL (Note 5).

15. REVENUE

	Group	
	2015 \$'000	2014 \$'000
Coal transportation income	8,705	16,958
Rental income	–	61
	8,705	17,019

16. OTHER INCOME

	Group	
	2015 \$'000	2014 \$'000
Interest income	836	1,435
Write back of allowance for impairment of trade and other receivables	–	162
Write back of allowance for impairment of loan to EcoB, upon recovery (Note 8(vi))	–	557
Fair value gain on derivatives	–	336
Net gain on sale of investment properties	–	690
Miscellaneous income	174	228
Foreign exchange gain	3,535	1,102
	4,545	4,510

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION)

	Group	
	2015 \$'000	2014 \$'000
Salaries and bonuses	(4,887)	(3,617)
CPF contributions	(213)	(171)
Others	(461)	(1,086)
	<u>(5,561)</u>	<u>(4,874)</u>

Directors' and executive officers' remuneration are disclosed in Note 21(a).

Share option plans (Manhattan Resources Share Option Scheme) ("Option Scheme")

Under the Option Scheme, non-transferable options are granted to eligible participants. The exercise price of the options may be determined at the absolute discretion of the committee comprising directors duly authorised and appointed by the Board to administer the Option Scheme. Options with subscription prices which are equal to the average of the last-dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited ("Market Price"), may be exercised at any time after one year from the date of grant. Subscription prices which represent a discount to the Market Price, may be exercised at any time after two years from the date of grant. The contractual life of the options is 10 years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

There has been no cancellation or modification to the Option Scheme during both 2015 and 2014.

Movement of share options during the financial year

The following table shows the number and exercise price, and movements in, share options during the financial year:

	Group and Company			
	2015	2014	2015	2014
	No. of options	Exercise price (\$)	No. of options	Exercise price (\$)
Outstanding at 1 January and 31 December	275,000	0.48	275,000	0.48
Exercisable at 31 December	275,000	0.48	275,000	0.48
Expiry date	23 February 2019		23 February 2019	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION) (CONT'D)

Fair value of share options granted

The fair value of the share options granted under the Option Scheme was estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model as of date of grant:

	<u>Option Scheme</u>
Dividend yield	–
Expected volatility	87.5%
Risk-free interest rate (% p.a.)	2.09%
Life of option	10 years
Weighted average share price	\$0.33

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

18. VESSELS OPERATING EXPENSES, IMPAIRMENT LOSS AND OTHER EXPENSES

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Vessels operating expenses:		
Fuel	(3,975)	(5,543)
Upkeep and maintenance	(1,343)	(3,027)
Agent fees and port handling charges	(917)	(1,539)
Certificate, licence and other compliance expenses	(667)	(1,296)
Other vessel expenses	(2,356)	(1,863)
	(9,258)	(13,268)
Impairment loss:		
Impairment loss on trade and other receivables (Note 8)	(11,378)	–
Impairment loss on property, plant and equipment (Note 3)	(1,862)	–
	(13,240)	–
Other expenses included the following:		
Office and other rental expenses	(541)	(431)
Legal and professional fees	(1,777)	(2,250)
Included in legal and professional fees are the following:		
– Audit fees:		
Auditors of the Company	(181)	(181)
Other auditors	(5)	(5)
– Non-audit fees:		
Auditors of the Company	(20)	(177)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. INCOME TAX

Major components of income tax expense

Major components of income tax expense for the financial years ended 31 December 2015 and 2014 are:

	Group	
	2015 \$'000	2014 \$'000
Income statement:		
Current income tax:		
Current income taxation	(54)	(186)
Underprovision in respect of prior financial years	–	(3)
Income tax recognised in profit or loss	<u>(54)</u>	<u>(189)</u>

Relationship between tax expense and accounting loss

The reconciliation of the tax and the product of loss before tax multiplied by the applicable tax rate is as follows:

	Group	
	2015 \$'000	2014 \$'000
Loss before tax	<u>(23,896)</u>	<u>(5,257)</u>
Tax benefit at domestic rates applicable to loss in the countries where the Group operates	2,526	135
Adjustments:		
Income not subject to taxation	337	768
Non-deductible expenses	(3,369)	(1,046)
Underprovision in respect of prior financial years	–	(3)
Utilisation of previously unrecognised deferred tax assets	483	–
Share of results of associate	(18)	(2)
Share of results of joint venture company	(13)	(2)
Deferred tax assets not recognised	–	(39)
Income tax expense recognised in profit or loss	<u>(54)</u>	<u>(189)</u>

The corporate income tax rate applicable to Singapore companies of the Group was 17% for the year of assessment ("YA") 2016 and YA2015. The corporate income tax rate applicable to Indonesian companies of the Group was 25% for YA2016 and YA2015, except for a subsidiary's vessel charter income which is subjected to a final tax at a rate of 1.20% of revenue in YA2016 and YA2015 under the Taxation Laws of Indonesia.

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

Deferred tax

Deferred income tax as at 31 December 2015 and 2014 relate to the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax liability:				
Differences in depreciation	(14)	(14)	(14)	(14)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. INCOME TAX (CONT'D)

Deferred tax (cont'd)

Deferred tax assets not recognised as at 31 December 2015 and 2014 relate to the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax assets:				
Unabsorbed tax losses	5,959	6,442	693	698

Unabsorbed tax losses

As at 31 December 2015, the Group and the Company have unabsorbed tax losses of approximately \$26,386,000 (2014: \$28,326,000) and \$4,076,000 (2014: \$4,104,000), respectively, that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

The unabsorbed tax losses brought forward are restated to comply with the tax returns filed in the current financial year with the Comptroller of Income Tax.

Unrecognised temporary differences relating to investments in foreign subsidiary

As at the end of the reporting period, no deferred tax liability (2014: nil) has been recognised for taxes that would be payable on the undistributed earnings of a foreign subsidiary of the Group as the Group has determined that the undistributed earnings of the foreign subsidiary will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised approximated \$1,660,000 (2014: \$9,010,000). The deferred tax liability is estimated to be \$166,000 (2014: \$901,000).

20. LOSS PER SHARE

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2015 \$'000	2014 \$'000
Loss for the financial year, net of tax, attributable to equity holders of the Company used in the computation of basic earnings per share	(24,353)	(5,938)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20. LOSS PER SHARE (CONT'D)

	2015	2014
	No. of shares	No. of shares
Weighted average number of ordinary shares:		
Issued ordinary shares at beginning of the financial year	568,490,975	506,490,975
Weighted average number of shares issued during the financial year	–	8,323,288
Weighted average number of ordinary shares for basic and diluted earnings per share computation	<u>568,490,975</u>	<u>514,814,263</u>

The outstanding share options as disclosed in Note 17 have not been included in the calculation of diluted earnings per share in the current financial year because these are anti-dilutive.

In 2014, 62,000,000 new ordinary shares have been issued pursuant to the acquisition of a 60% interest in SCPL (Note 5). There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

21. RELATED PARTY DISCLOSURES

(a) Remuneration of directors and executive officers

	Group	
	2015	2014
	\$'000	\$'000
Directors' remuneration (including directors' fees):		
Salaries and bonus	(684)	(409)
Directors' fees	(148)	(143)
CPF contributions	(40)	(30)
Other benefits	(49)	(43)
	<u>(921)</u>	<u>(625)</u>
Executive officers' remuneration:		
Salaries and bonus	(516)	(400)
CPF contributions	(31)	(20)
Other benefits	(25)	(21)
	<u>(572)</u>	<u>(441)</u>
	<u>(1,493)</u>	<u>(1,066)</u>

Directors' interest in share option plan

During the financial years ended 31 December 2015 and 31 December 2014, no share options were granted to the Company's directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21. RELATED PARTY DISCLOSURES (CONT'D)

(b) Sale and purchase of services and lease

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties during the financial year took place at terms agreed between the parties, which were made at terms equivalent to those prevailing in arm's length transactions with third parties:

	Group	
	2015 \$'000	2014 \$'000
Related parties		
– Coal transportation income ⁽¹⁾	8,327	13,656
– Fuel oil costs reimbursement ⁽¹⁾	531	6,013
– Coal transportation income	–	1,895
– Commercial property lease expense ⁽²⁾	(300)	(226)

Note:

- (1) The Company's subsidiary, PT. Aneka Samudera Lintas, provides coal carrying services to PT Muji Lines ("Muji Lines"). Muji Lines is wholly owned by PT Bayan Resources Tbk ("Bayan Resources"). Dato' Dr. Low Tuck Kwong is a substantial shareholder of both the Company and Bayan Resources.
- (2) The Company leases its office premises from a director related company.

22. CONTINGENT LIABILITIES

Financial support

The Company has committed to provide continuing financial support to certain of its subsidiaries to enable them to operate as going concerns.

23. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- The Shipping segment relates to shipchartering and provision of freight services in Indonesia, mainly for coal carrying activities;
- The Property Development segment relates to property development activities in China;
- The Mineral Resources segment relates to the mineral resources and mining activities in China; and
- The Corporate and Others segment which is involved in Group-level corporate services, treasury functions, investments in properties and others, including overburden removal services and equipment leasing services.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23. SEGMENT INFORMATION (CONT'D)

	Shipping		Property Development	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue				
External customers	8,705	16,958	–	–
Inter-segment	–	–	–	–
Total revenue	8,705	16,958	–	–
Results				
Interest income	89	45	666	1,340
Depreciation	(5,274)	(4,792)	(45)	(214)
Share of results of associate	–	–	–	–
Share of results of joint venture company	–	–	–	–
Impairment loss on trade and other receivables	(8,378)	–	–	–
Impairment loss on property, plant and equipment	(1,862)	–	–	–
Net gain on sale of investment properties	–	–	–	–
Write back of allowance for impairment of trade and other receivables	–	–	–	–
Write back of allowance for impairment of loan to EcoB	–	–	–	–
Fair value gain on derivatives	–	–	–	336
Segment (loss)/profit	(18,290)	(3,873)	921	1,085
Assets				
Investment in associate	–	–	–	–
Investment in joint venture company	–	–	–	–
Additions to property, plant and equipment	47	1,336	14	–
Segment assets	37,321	59,075	103,869	99,703
Segment liabilities				
	(13,385)	(11,952)	(9,762)	(9,210)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Mineral Resources		Corporate and Others		Eliminations		Per consolidated financial statements	
2015	2014	2015	2014	2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	-	-	61	-	-	8,705	17,019
-	-	24	24	(24)	(24)	-	-
-	-	24	85	(24)	(24)	8,705	17,019
-	-	81	50	-	-	836	1,435
-	-	(132)	(56)	-	-	(5,451)	(5,062)
(104)	(10)	-	-	-	-	(104)	(10)
-	-	(79)	(14)	-	-	(79)	(14)
-	-	(3,000)	-	-	-	(11,378)	-
-	-	-	-	-	-	(1,862)	-
-	-	-	690	-	-	-	690
-	-	-	162	-	-	-	162
-	-	-	557	-	-	-	557
-	-	-	-	-	-	-	336
(113)	(19)	(6,414)	(2,450)	-	-	(23,896)	(5,257)
42,267	42,367	-	-	-	-	42,267	42,367
-	-	1,919	1,874	-	-	1,919	1,874
-	-	10	550	-	-	71	1,886
42,267	42,368	22,152	21,843	-	-	205,609	222,989
(19)	(9)	(6,232)	(5,853)	-	-	(29,398)	(27,024)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Singapore	–	61	2,319	2,398
Indonesia	8,705	16,958	21,686	34,746
China	–	–	88,088	85,483
	8,705	17,019	112,093	122,627

Information about a major customer

Revenue from a major customer amounted to \$8,327,000 (2014: \$15,551,000), arising from coal transportation by the shipping segment.

24. COMMITMENTS

Operating lease commitments – as lessee

The Group has entered into operating lease agreements for charter hire of vessels and commercial property leases on its office premises and for staff accommodation. The non-cancellable leases for the Group have remaining lease terms ranging from 1 to 10 years with no renewal options or contingent rent provisions included in the contracts. The Group is restricted from subleasing the office premises and staff accommodation to third parties.

Lease payments under operating leases recognised as an expense in profit or loss for the financial year ended 31 December 2015 is approximately \$500,000 (2014: \$386,000).

Future minimum lease payments under the non-cancellable operating leases as at 31 December are as follows:

	Group	
	2015 \$'000	2014 \$'000
Not later than one year	730	1,294
Later than one year but not later than five years	7,204	6,877
Later than five years	10,183	8,988
	18,117	17,159

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, liquidity risk and credit risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Foreign currency risk

The Group's subsidiaries in Indonesia have transactional currency exposures arising mainly from purchases and revenue that are denominated in a currency other than its functional currency, US Dollars ("USD"). The foreign currencies in which these transactions are denominated are Indonesian Rupiah ("IDR"). Approximately 39% (2014: 55%) of the Group's costs and expenses, excluding impairment losses, are denominated in IDR. The Group's trade payable balances as at the balance sheet date have similar exposures.

The Group and Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances, mainly in IDR, USD and RMB, in aggregate amounted to \$82,901,000 (2014: \$74,953,000) and \$16,580,000 (2014: \$10,081,000) for the Group and Company respectively.

Where necessary, the Group uses forward currency contracts to manage its foreign exchange risk resulting from cash flows from transactions and financing arrangements denominated in foreign currencies, primarily the USD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the SGD, USD, IDR and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		Loss net of tax (increase)/ decrease 2015 \$'000	Loss net of tax (increase)/ decrease 2014 \$'000
IDR/USD	– strengthened 3% (2014: 3%)	(127)	(120)
	– weakened 3% (2014: 3%)	127	120
USD/SGD	– strengthened 3% (2014: 3%)	498	303
	– weakened 3% (2014: 3%)	(498)	(303)
SGD/RMB	– strengthened 3% (2014: 3%)	4	4
	– weakened 3% (2014: 3%)	(4)	(4)
USD/RMB	– strengthened 3% (2014: 3%)	1,174	1,090
	– weakened 3% (2014: 3%)	(1,174)	(1,090)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the Group entities' and the Company's foreign currency deposits, with the banks.

Sensitivity analysis for interest rate risk

As at balance sheet date, the Group has no significant interest rate risks other than those associated with cash and bank balances and fixed deposits which are subject to floating rates and repriced frequently within 1 year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

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. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the balance sheet date, the Group's and the Company's financial liabilities and financial assets are based on the carrying amounts reflected in the financial statements.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and amounts due from subsidiaries. For cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk, or the risk of counterparties defaulting, is managed through the application of credit approval and monitoring procedures.

No other financial assets carry a significant exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit risk concentration profile

The Group's trade receivables at balance sheet date are mainly due from customers in the coal mining industry in the Indonesian market.

The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2015		2014	
	\$'000	% of total	\$'000	% of total
<i>By country:</i>				
Indonesia	10,778	97%	17,887	99%
Singapore	279	3%	263	1%
	11,057	100%	18,150	100%

At the end of the reporting period, approximately 61% (2014: 77%) of the Group's trade receivables were due from related parties.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25. FINANCIAL INSTRUMENTS (CONT'D)

(b) Classification and maturity profile of financial instruments

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	2015 \$'000			2014 \$'000				
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial assets:								
Trade and other receivables	7,092	7,774	4,791	19,657	18,618	11,316	6,829	36,763
Cash and bank deposits	86,148	-	-	86,148	81,604	-	-	81,604
Total undiscounted financial assets	93,240	7,774	4,791	105,805	100,222	11,316	6,829	118,367
Financial liabilities:								
Trade and other payables	(28,539)	-	-	(28,539)	(26,171)	-	-	(26,171)
Advance from joint venture company	(750)	-	-	(750)	(750)	-	-	(750)
Total undiscounted financial liabilities	(29,289)	-	-	(29,289)	(26,921)	-	-	(26,921)
Total net undiscounted financial assets	63,951	7,774	4,791	76,516	73,301	11,316	6,829	91,446

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25. FINANCIAL INSTRUMENTS (CONT'D)

(b) Classification and maturity profile of financial instruments (cont'd)

	2015 \$'000		2014 \$'000	
	One year or less	Total	One year or less	Total
Company				
Financial assets:				
Trade and other receivables	110	110	3,162	3,162
Due from subsidiaries (non-trade)	271	271	4,936	4,936
Cash and bank deposits	19,581	19,581	16,112	16,112
Total undiscounted financial assets	19,962	19,962	24,210	24,210
Financial liabilities:				
Trade and other payables	(609)	(609)	(631)	(631)
Due to subsidiaries (non-trade)	(2,346)	(2,346)	-	-
Advance from joint venture company	(750)	(750)	(750)	(750)
Total undiscounted financial liabilities	(3,705)	(3,705)	(1,381)	(1,381)
Total net undiscounted financial assets	16,257	16,257	22,829	22,829

26. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

During 2015 and 2014, there have been no transfers between Level 1 and Level 2 and no transfers into or out of Level 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Fair value measurements

The following is a description of the valuation techniques and input used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives (Level 2)

Forward currency contracts are valued by the financial institution using a valuation technique with market observable inputs. The most frequently applied valuation techniques by the financial institution include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rate and forward rate curves.

(c) Financial instruments whose carrying amounts approximate fair values

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, amounts due from subsidiaries, trade and other payables and advance from joint venture company based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

27. CAPITAL MANAGEMENT

The Group's capital management is dependent on capital requirements of projects or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Group's structure. As at 31 December 2015, the Group had no borrowings. As a result, the Group does not set a policy on maintaining its capital structure at a specific gearing ratio. The Group would consider dividend payment to shareholders, return of capital to shareholders, issuance of new shares or borrowings whenever it is in the best interest of the shareholders to do so. No changes were made in the primary objective during the financial years ended 31 December 2015 and 2014.

28. LITIGATION

Claim against the Company by a former director of the Company

On 29 January 2014, the Company was served with a Writ of Summons and a Statement of Claim from the solicitors acting for a former executive director of the Company. The said legal proceedings had commenced in the High Court against the Company.

The Company filed a Defence on 27 February 2014. On 22 July 2015, the Company announced that it had entered into a settlement agreement with the former director. The settlement does not have any material effect on the financial position of the Company for the financial year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Subsequent to the year ended 31 December 2015, the Company had on 8 January 2016 entered into a legally binding memorandum of understanding ("MOU") in relation to the share swap between the Company and Xu Yuan Xing ("Vendor") in respect of 2,500 ordinary shares of GiantMiner Pte. Ltd. ("GiantMiner"), representing 25% of the issued share capital of GiantMiner ("Sale Shares") held by the Vendor and 375,000 ordinary shares of SCPL, representing 60% of the issued share capital of SCPL ("Consideration Shares") held by the Company ("Proposed Share Swap").

Following the completion of the Proposed Share Swap, (i) the Group will cease to hold any interest in SCPL; and (ii) the Company will hold 25% shareholding interest in GiantMiner. The Proposed Share Swap is subject to the approval of the shareholders of the Company.

- (b) The Group had announced on 14 March 2016 that it had signed a non-legally binding memorandum of understanding ("MOU") with a related party to acquire at least 51% interest in an Indonesian company which owns and operates a coal-fired steam power plant in East Kalimantan, Indonesia.

30. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 21 March 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2016
PURSUANT TO RULE 1207(9)

Issued and fully paid-up capital	:	S\$203,478,802.40
Number of ordinary shares in issue	:	568,490,975
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4	0.29	122	0.00
100 – 1,000	116	8.54	105,054	0.02
1,001 – 10,000	543	39.96	3,073,798	0.54
10,001 – 1,000,000	656	48.27	57,146,839	10.05
1,000,001 & ABOVE	40	2.94	508,165,162	89.39
TOTAL	1,359	100.00	568,490,975	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2016

		NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE) LTD	131,450,100	23.12
2	MANHATTAN INVESTMENTS PTE LTD	88,701,764	15.60
3	CITIBANK NOMINEES SINGAPORE PTE LTD	85,187,099	14.99
4	PHILLIP SECURITIES PTE LTD	25,931,095	4.56
5	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	24,237,000	4.26
6	TSAO YUE HWA JOHNNY @ SHU YUE MING	22,590,400	3.97
7	YUAN RUIDUO	13,676,600	2.41
8	MAYBANK KIM ENG SECURITIES PTE LTD	12,536,700	2.21
9	ABN AMRO NOMINEES SINGAPORE PTE LTD	10,621,000	1.87
10	HONG LEONG FINANCE NOMINEES PTE LTD	10,261,000	1.81
11	UOB KAY HIAN PTE LTD	8,565,600	1.51
12	OCBC SECURITIES PRIVATE LTD	8,199,100	1.44
13	LEE DEBORAH CHEUNG	5,970,000	1.05
14	BANK OF SINGAPORE NOMINEES PTE LTD	5,421,500	0.95
15	DB NOMINEES (S) PTE LTD	4,651,704	0.82
16	ONG SEE BENG	3,840,000	0.68
17	DBS NOMINEES PTE LTD	3,305,500	0.58
18	LOW YI NGO	3,300,000	0.58
19	LOW CHENG LUM	2,965,500	0.52
20	ONGOING AGENCIES PTE LTD	2,863,100	0.50
		474,274,762	83.43

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2016
PURSUANT TO RULE 1207(9)

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 31 March 2016)

		DIRECT INTEREST	%	DEEMED INTEREST	%
1	DATO' DR. LOW TUCK KWONG ⁽¹⁾	373,637	0.07%	207,735,764	36.54%
2	MANHATTAN INVESTMENTS PTE LTD	88,701,764	15.60%	–	–
3	MORE TIME INVESTMENTS LIMITED ⁽²⁾	–	–	88,701,764	15.60%
4	XU YUAN XING ⁽³⁾	–	–	75,852,792	13.34%
5	MOHAMED ABDUL JALEEL S/O MUTHUMARICAR SHAIK MOHAMED ⁽⁴⁾	1,722,000	0.30%	40,328,000	7.09%

(1) Dato' Dr. Low Tuck Kwong is deemed to be interested in the 207,735,764 Shares, of which 117,344,000 Shares are registered in the name of Raffles Nominees (Pte) Limited and 88,701,764 Shares which are held by Manhattan Investments Pte Ltd through his 100% interest in More Time Investments Limited and 1,690,000 Shares held by his spouse, registered in the name of ABN AMRO Nominees Singapore Pte Ltd.

(2) More Time Investments Limited is deemed interested in the 88,701,764 Shares which are held by Manhattan Investments Pte Ltd through its 59.5% interest in Manhattan Investments Pte Ltd.

(3) Xu Yuan Xing is deemed interested in the 75,852,792 Shares which are registered in the name of Citibank Nominees Singapore Pte Ltd.

(4) Mohamed Abdul Jaleel s/o Muthumaricar Shaik Mohamed is deemed interested in the 40,328,000 Shares, of which 17,834,000 Shares are registered in the name of BNP Paribas Nominees Singapore Pte. Ltd., 13,494,000 Shares are registered in the name of Phillip Securities Pte Ltd and 9,000,000 Shares are registered in the name of Hong Leong Finance Ltd.

PERCENTAGE OF SHAREHOLDINGS IN HANDS OF THE PUBLIC

Approximately, 41.83% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Manhattan Resources Limited (**Company**) will be held at MND Auditorium, 9 Maxwell Road, Annexe A, MND Complex, Singapore 069112 on Friday, 29 April 2016 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the directors' statement and the audited financial statements for the financial year ended 31 December 2015, together with the independent auditor's report thereon. **(Resolution 1)**
2. To re-elect Mr Low Yi Ngo, a director retiring under regulation 101 of the Company's Constitution. **(Resolution 2)**

Note: Mr Choo Hsun Yang, who retires in accordance with regulation 101 of the Company's Constitution, and, although eligible, has informed the Company that he does not wish to seek re-election (see explanatory notes).
3. To re-appoint Mr Liow Keng Teck as director of the Company. **(Resolution 3)**
4. To approve directors' fees of S\$200,000 for the financial year ending 31 December 2016 payable half-yearly in arrears (2015: S\$200,000). **(Resolution 4)**
5. To re-appoint Ernst & Young LLP as auditors of the Company for the financial year ending 31 December 2016, and to authorise the directors to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business that may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as ordinary resolutions:

7. Share Issue Mandate **(Resolution 6)**

That, under Section 161 of the Companies Act, Chapter 50 (**Act**) and the Listing Manual of the Singapore Exchange Securities Trading Limited (**SGX-ST**), authority be given to the directors of the Company to:

- (a) (i) issue shares in the Company (**Shares**) whether by way of rights, bonus or otherwise; and/or
(ii) make or grant offers, agreements, or options (collectively, **Instruments**) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable 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

- (b) (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,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares to be issued under this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted under this Resolution) does not exceed 50 per cent of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted under this Resolution) does not exceed 20 per cent of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);
 - (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares excluding treasury shares, if any, at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.
 - (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
 - (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force 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, whichever is the earlier.
8. Authority to grant options, awards and issue shares under the Manhattan Resources Share Option Scheme and Manhattan Resources Performance Share Scheme **(Resolution 7)**

That approval be given to the directors:

- (i) to offer and grant options and/or awards from time to time in accordance with the provisions of the Manhattan Resources Share Option Scheme and Manhattan Resources Performance Share Scheme (collectively, the **Schemes**); and
- (ii) under Section 161 of the Act, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued under the exercise of options and/or the vesting of awards under the Schemes, provided that the aggregate number of new shares to be issued under the Schemes shall not exceed 15 per cent of the total number of issued shares (excluding treasury shares) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

9. Renewal of Shareholders' mandate for Interested Person Transactions

(Resolution 8)

That:

- (a) for purpose of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be given for the Company, its subsidiaries and associated companies or any of them, to enter into, amend and/or renew any of the transactions falling within the types of interested person transactions described in the appendix to the Annual Report 2015 (**Appendix**) with any party who is of the class of interested persons described in the Appendix, provided that such transactions are on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for such interested person transactions as set out in the Appendix (***IPT Mandate***);
- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until 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, whichever is the earlier; and
- (c) the directors of the Company and each of them be authorised to complete and to do all acts and things (including without limitation to making such arrangements, entering into all such transactions, arrangements and agreements and executing all such documents as may be required or as they (or he/she) may from time to time consider necessary, desirable or expedient, or in the interests of the Company), to give effect to the IPT Mandate and/or this Resolution as they (or he/she) may deem fit (including without limitation to the foregoing, to affix the Common Seal of the Company to any such documents, if required).

By Order of the Board

Madelyn Kwang
Company Secretary
14 April 2016
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) A member of the Company entitled to attend and vote at the Annual General Meeting (other than a member who is a relevant intermediary) is entitled to appoint not more than two proxies to attend and vote on his/her stead. A proxy need not be a member of the Company.
- (2) Pursuant to Section 181 of the Act, a member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"relevant intermediary" means:

- (a) a banking corporation licenced under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.
- (3) The instrument appointing a proxy or proxies in the case of an individual shall be signed by the appointor or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
 - (4) The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 not less than 48 hours before the time appointed for the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.
 - (5) A Depositor shall not be regarded as a member of the Company entitled to attend and vote at the Annual General Meeting unless his name appears on the Depository Register maintained by The Central Depository (Pte) Limited 72 hours before the time appointed for the Annual General Meeting.

Explanatory Notes

Note: Mr Choo Hsun Yang, who retires under regulation 101 and although eligible, has informed the Company that he does not wish to seek re-election as he wishes to pursue other interests.

Resolution 3

Mr Liow Keng Teck who is over the age of 70 was re-appointed as director to hold office from the date of the last annual general meeting (held on 30 April 2015) until this Annual General Meeting pursuant to Section 153(6) of the Act. Section 153(6) of the Act was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As his appointment lapses at this Annual General Meeting, Mr Liow will have to be re-appointed to continue in office. Upon his re-appointment at the conclusion of this Annual General Meeting, going forward, Mr Liow will then be subject to retirement by rotation under regulation 101 of the Company's Constitution.

Upon re-appointment, Mr Liow Keng Teck, an independent director of the Company, will remain as Chairman of the Board, Chairman of Nominating Committee and a member of the Audit Committee.

Resolution 6

The proposed Resolution 6, if passed, will empower the directors, from the date of the Annual General Meeting until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50 per cent of the total number of issued Shares excluding treasury shares, with a sub-limit of 20 per cent for Shares issued other than on a *pro rata* basis to Shareholders.

Resolution 7

The proposed Resolution 7, if passed, will empower the directors to offer and grant options and/or awards under the Schemes (which were approved at the Extraordinary General Meeting of the Company held on 16 September 2008) and to allot and issue shares in the capital of the Company, under the exercise of options and/or the vesting of awards under the Schemes, provided that the aggregate number of shares to be issued under the Schemes does not exceed 15 per cent of the total number of issued shares excluding treasury shares of the Company for the time being.

Resolution 8

The proposed Resolution 8, if passed, will renew the IPT Mandate (which was renewed at the annual general meeting held on 30 April 2015) and empower the Company, its subsidiaries and associate companies, to enter into, amend and/or renew any of the Interested Persons Transactions as described in the Appendix to this Notice of Annual General Meeting and to do all acts necessary to give effect to the IPT Mandate. The authority under the renewed IPT Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held, whichever is earlier. In accordance with the requirements of Chapter 9 of the Listing Manual, Dato' Dr. Low Tuck Kwong, Mr Low Yi Ngo, Ms Elaine Low and Manhattan Investments Pte Ltd will abstain, and will ensure that their associates will abstain from voting on this Ordinary Resolution 8 in relation to the renewal of the IPT Mandate.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, **Purposes**), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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MANHATTAN RESOURCES LIMITED

Registration No. 199006289K

(Incorporated in the Republic of Singapore)

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note No. 4 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. PLEASE READ THE NOTES TO THE PROXY FORM

PROXY FORM

I/We _____ (NRIC/Passport No.) _____
of _____ (Address)
being a member/members of Manhattan Resources Limited (**Company**), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be represented	
			Number of shares	%
And/or (delete as appropriate)				

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM to be held at MND Auditorium, 9 Maxwell Road, Annexe A, MND Complex, Singapore 069112 on Friday, 29 April 2016 at 3.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the AGM and at any adjournment thereof.

No.	Resolutions	*No. of votes For	*No. of votes Against
Ordinary Business			
1.	To adopt directors' statement and audited financial statements for the year ended 31 December 2015, together with the independent auditor's report.		
2.	To re-elect Mr Low Yi Ngo as a director.		
3.	To re-appoint Mr Liow Keng Teck as a director.		
4.	To approve directors' fees for the financial year ending 31 December 2016.		
5.	To re-appoint Ernst & Young LLP as auditors and to authorise directors to fix their remuneration.		
Special Business			
6.	To authorise directors to issue Shares and/or Instruments under Section 161 of the Companies Act, Chapter 50.		
7.	To authorise directors to offer and grant options and/or awards and to issue shares under the Schemes.		
8.	To approve renewal of the IPT Mandate.		

* 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 April 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	
Total	

Signature(s) of member(s)/Common Seal of corporate member

IMPORTANT

PLEASE READ NOTES OVERLEAF



Notes:-

1. A member should insert the total number of ordinary shares in the capital of the Company (“Shares”) held. If the member has Shares entered against his name in the Depository Register, he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.
2. A member of the Company entitled to attend and vote at a meeting of the Company (other than a member who is a relevant intermediary) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member of the Company (other than a member who is a relevant intermediary) appoints more than one proxy, he shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. Pursuant to Section 181 of the Companies Act, Chapter 50, a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 not less than 48 hours before the time appointed for the Annual General Meeting.
 6. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member of the Company from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member of the Company attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her 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 its attorney or a duly authorised officer.
 8. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting.
 9. 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.
 10. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member of the Company, being the appointor, is not shown to have Shares entered against his/her names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, **Purposes**), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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