REX INTERNATIONAL HOLDING LIMITED

RESOLUTE

ANNUAL REPORT 2015

REX
change the game

CONTENTS

SPONSOR STATEMENT

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

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

CORPORATE **PROFILE**

Rex International Holding's portfolio of predominantly exploration assets has been shortlisted using its proprietary liquid hydrocarbon indicator Rex Virtual Drilling.

Rex International Holding is a new-generation technology-driven oil company that owns a set of proprietary and innovative exploration technologies, Rex Technologies, developed by the Company's Swedish founders. These include the liquid hydrocarbon indicator Rex Virtual Drilling technology, which can pinpoint the location of oil reservoirs in the sub-surface using seismic data. The Rex Technologies allow the Company to de-risk its geographically diversified portfolio of onshore and offshore exploration and development assets.

Wholly-owned subsidiary Rex Technology Management Ltd provides Rex Virtual Drilling screening services to partners and clients for a fee, while Rex International Holding has been using the Rex Technologies to grow and de-risk its geographically diversified portfolio of onshore and offshore exploration and development assets. Its joint venture company Rexonic AG offers the Swiss-developed Rexonics ultrasound technology that is used for well-bore cleaning which allows for significantly increased oil production in wells that have issues with clogging and deposits.

Rex International Holding has interests in assets in the Middle East, Norway, Trinidad & Tobago and the US. These offshore and onshore concessions cover an aggregate area of over 28,000 square kilometres in regions with previous oil and gas discoveries, as well as well-developed oil and gas infrastructures.

Rex International Holding was listed on Singapore Exchange Securities Trading Limited's Catalist Board on 31 July 2013.

VALUES

INNOVATION
Game-changing, environmentally-friendly technologies that will transform oil exploration and production ("**E&P**") practices.

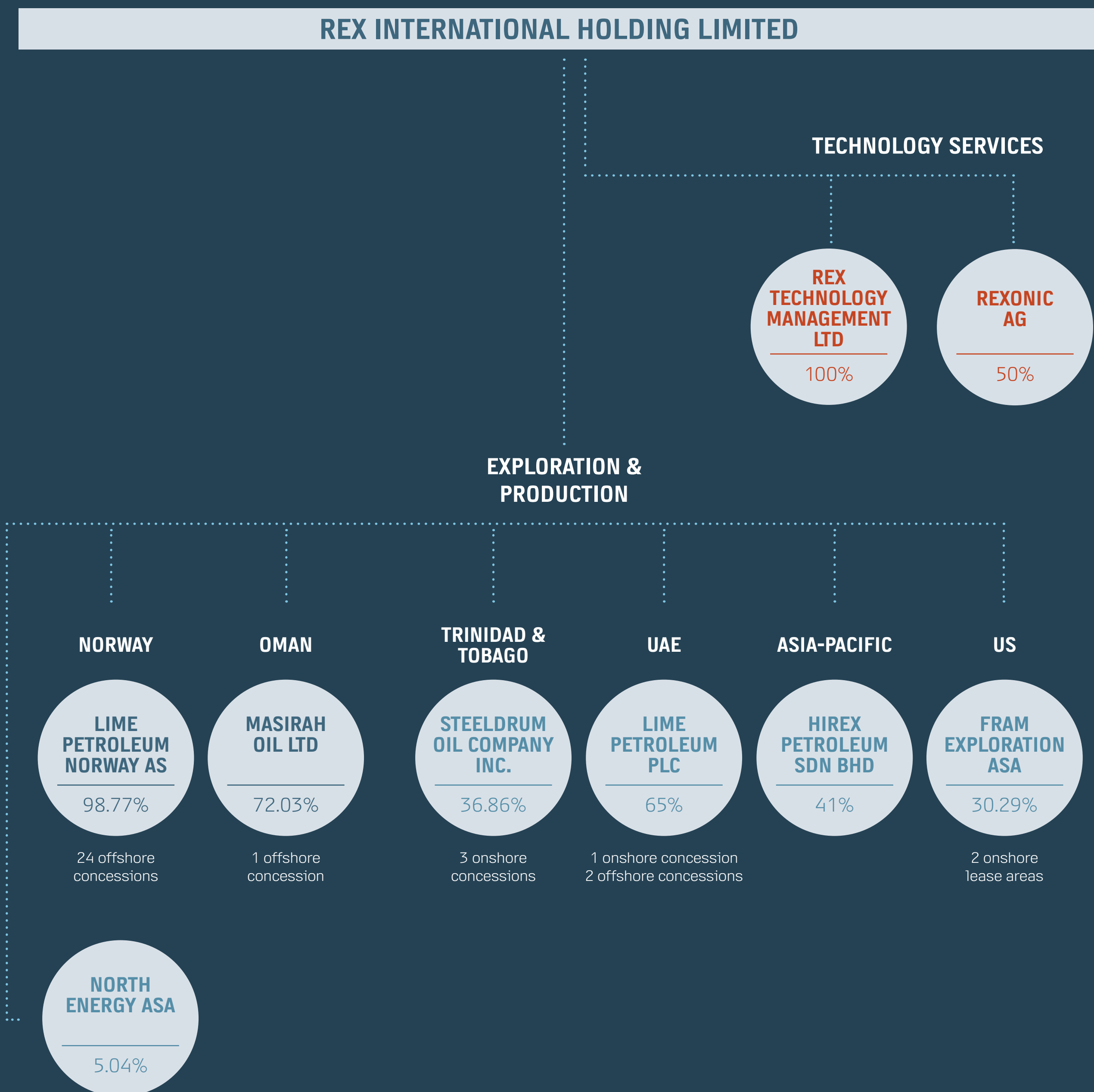
INTEGRITY
Trustworthy in both words and actions, in all business dealings.

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

VISION

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

GROUP **STRUCTURE**



All percentages represent effective equity interest held by the Group as at 7 March 2016.

CORPORATE **DATA**

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

BOARD COMMITTEES

NOMINATING COMMITTEE
Sin Boon Ann, Chairman
Dr Karl Lidgren
Muhammad Sameer Yousuf Khan

REMUNERATION COMMITTEE
Sin Boon Ann, Chairman
Muhammad Sameer Yousuf Khan
Abderahmane Fodil

AUDIT COMMITTEE
Muhammad Sameer Yousuf Khan, Chairman
Sin Boon Ann
Abderahmane Fodil

TECHNICAL REVIEW COMMITTEE
Hans Lidgren
Svein Kjellesvik
Dr Christopher Atkinson
Dr Rabi Bastia

COMPANY SECRETARIES
Teo Meng Keong
Cheo Meng Ching

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Reg. No. : 201301242M

SPONSOR
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16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

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

Audit Partner: Chiang Yong Torng
(Appointed in 2013)

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

PRINCIPAL BANKERS
Skandinaviska Enskilda Banken AB
UBS AG
United Overseas Bank Limited

STAYING RESOLUTE AND **FOCUSED AMID THE STORM**

DEAR SHAREHOLDERS,

2015 marked the beginning of a perfect storm for the oil and gas industry, as oil prices continued its steep descent from the middle of 2014 to hit a 13-year low in January 2016. Reluctance from the Organization of the Petroleum Exporting Countries (OPEC) to cut production amid the continued global oversupply of oil to be made worse by more Iranian crude, coupled with market turmoil first in Greece, then in China and followed by Japan, have exacerbated the situation for global economies, and particularly for oil exploration and production companies.

Against this backdrop, for the financial year ended 31 December 2015 ("**FY2015**"), the Group recorded a total comprehensive loss of US$56.82 million, compared to a total comprehensive loss of US$62.32 million in the financial year ended 31 December 2014 ("**FY2014**"). This loss was largely due to the loss from discontinued operation from Caribbean Rex Limited ("**Caribbean Rex**") of US$20.99 million following the merger of its assets into Steeldrum Oil Company Inc. ("**Steeldrum**"), impairment of exploration and evaluation assets in Norway of US$17.87 million, total impairment loss of US$10.81 million for jointly controlled entity Rexonic AG and US$3.50 million for available-for-sale investments, North Energy ASA and Fram Exploration AS ("**FRAM**") in FY2015. The silver lining for the Group during the year included an offshore commercial oil discovery in Norway, further refining development of our differentiating technology Rex Virtual Drilling ("**RVD**"), validation of RVD in our own licences and the strengthening of our management, especially in the area of geology and geophysics, at both board and management levels.

SHARPENING OUR FOCUS

As oil prices and the global market outlook continued to be volatile during the year, the Group conducted an in-depth cost review exercise and moderated its drilling plans and operations budget to focus on its key discovery assets in Oman and Norway for the best potential returns on investments. The yet-to-be-tapped discoveries in the Group's portfolio of some 20 assets include Block 50 Oman, the Edvard Grieg South (Rolvsnes) prospect in PL338C, Norway and in the northern part of PL616, Norway.

In Norway, a commercial oil discovery was made in Well 16/1-25S in the Edvard Grieg South (Rolvsnes) prospect in PL338C, where Lime Petroleum Norway AS ("**Lime Norway**") has a 30 per cent interest. A production test (DST) was performed in this close to vertical exploration well, achieving a production rate of 315 barrels of oil per day through a 36/64" choke. A frac and injection test was carried out, giving

Focus will be on the Group's key discovery assets in Oman and Norway for the best potential returns on investments.

a stable injection rate of some 6,000 barrels per day. Further studies will be required to incorporate all the findings and establish future planning, such as the potential drilling of an extended horizontal reach well from the nearby Edvard Grieg platform with an associated long-term production test. The operator Lundin gave a total gross resource estimate in the range of 12 to 46 million barrels of oil equivalents.[1]

Lime Norway had a busy year in 2015. It participated in the drilling of five exploration wells, was awarded one new licence in the 2014 Awards in Pre-defined Areas (APA) announced in January 2015, increased its stakes in three licences, acquired stakes in three new licences and secured an enlarged facility of NOK 700 million for its 2015 drilling activities. An active drilling programme was possible as Lime Norway is a Pre-qualified Petroleum Company and is eligible to receive a cash tax refund of 78 per cent of exploration costs annually, regardless of whether there is a discovery.

In Oman, initial extended well testing (EWT) plans for the discovery made in 2014 were brought back to the drawing board in order for more cost efficient methods to be considered, in light of falling oil prices. In the meantime, much time and effort had been spent in further developing and understanding the Block 50 concession. The final seismic cube of newly acquired data was received in August 2015 and initial evaluations with RVD had been positive and very encouraging.

REX VIRTUAL DRILLING VALIDATED

With its use of RVD, the Group had achieved two oil discoveries, in Oman and in Norway, within the short span of two years. This is a feat not yet achieved by many other oil exploration and production companies listed in Singapore.

RVD was further validated in the drilling of four out of five wells within the Group's Norway portfolio in 2015; RVD was not proven in one well as the target depth was not reached. While RVD indications of liquid hydrocarbons were proven right in the four wells, three wells were not successful from a commercial aspect, as porosity and permeability estimates in the geological models were inaccurate. In order to be more self-reliant on the geological and geophysical ("**G&G**") aspects, further technical development work had been done on RVD so that the most probable porosity and permeability estimates can be predicted. The Group is also developing a "super cube" incorporating seismic data from 500 previously drilled wells in Norway, in order to deepen its understanding of the geology of the Norwegian Continental Shelf.

An in-house technical review group comprising Rex Technology Management founder Mr Hans Lidgren and G&G veterans Mr Svein Kjellesvik, Dr Christopher Atkinson and Dr Rabi Bastia was also formed in August 2015, to scrutinise all G&G information shared by third parties to increase the Group's focus on improving porosity and permeability predictions.

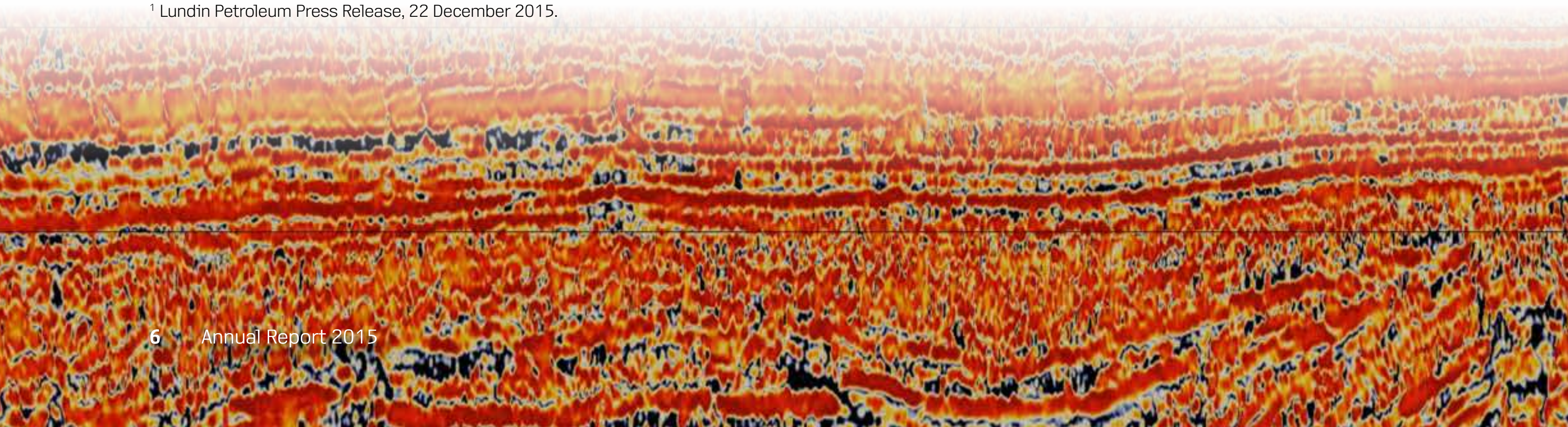
The Group opted out from participation in HiRex Petroleum Sdn Bhd's 20 per cent working interest in VIC/P57 in the Gippsland Basin, Australia, held through its wholly-owned subsidiary, HiRex (Australia) Pty Ltd and in eight licences in Norway as RVD indications were not positive. All wells that were subsequently drilled in these licences proved to be dry.

STAYING RESOLUTE

The Group maintained its good financial position despite the macro-economic headwinds. As at 31 December 2015, the Company remained long-term bank debt-free, with US$85.08 million in liquid assets comprising cash and cash equivalents and quoted investments.

During the year, the Group protected its interests in promising assets when business partners failed to honour their financial commitments. The Group made capital injections into Lime Petroleum Plc's ("**Lime Plc**") former subsidiaries, Lime Norway and Masirah Oil Ltd, which also carried out restructuring exercises. As at 7 March 2016, the Group has effective stakes of 98.77 per cent and 72.03 per cent in Lime Norway and Masirah Oil Ltd respectvely. The capital injections in the entities holding stakes in the Oman and Norway assets were timely, as the Group's confidence in the assets were validated by a new commercial discovery in the Edvard Grieg South (Rolvsnes) prospect in PL338C post the capital raising by Lime Norway.

[1] Lundin Petroleum Press Release, 22 December 2015.



We remain steadfast with our strategy to leverage on our proprietary technologies to minimise capital outlay in oil exploration and barring other business considerations, to sell oil-in-the-ground, upon a declaration of discovery, at the best possible price. Despite the challenging market conditions, we were able to execute an active drilling programme in 2015, made possible by taking advantage of attractive fiscal policies and significantly lower drilling costs, and stringent selection of prospects conducted by RVD and our expert team from the Technical Review Committee.

As part of its efforts to streamline its investments to preserve cash, the Company pared down its stake in Rexonic AG from 66.67 per cent to 50 per cent. This allows the Company to remain invested in the unique enhancing oil recovery technology which has promising prospects, with a lower level of working capital contribution. The Company also exited from WA-488-P in Australia where RVD indications were not encouraging, and dropped the acquisition of a stake in an onshore German licence.

The assets in Trinidad were merged into a newly incorporated holding company Steeldrum, to allow the Group to continue meeting its obligations in Trinidad, as well as availing itself to other opportunities that may arise on the island in the current oil price climate, given that the producing wells in the Group's assets became unprofitable as oil prices fell.

The Group's indirect wholly-owned subsidiary Rex Caribbean Holding Limited (BVI) now holds 36.86 per cent in Steeldrum. Taking into consideration the challenging environment and lack of economics in FRAM, US$1.79 million of the Group's investment in FRAM was written off in FY2015.

WHEN THE STORM BLOWS OVER

Demand for oil has not dropped and its long-term trend continues to rise, albeit at a slower pace. There is no short-term significant substitute for oil when it comes to fuel for powering transportation on land, sea and air. Oil prices have declined because currently supply outstrips demand due to high production investments in recent years, but with the significant cutback in investments in new wells and production from 2015, coupled with gradual rising demand spurred in part by low prices, may reverse the imbalance in supply and demand, leading to an eventual price recovery for oil.

Rex is in a good financial position and will continue to minimise exploration risks with its proprietary RVD technology and geological review by its Technical Review Committee, and will only participate in selected drilling campaigns that are economically viable in the current challenging environment.

Lime Norway is participating in the drilling of a well in PL544 which started in January 2016, and Masirah Oil Ltd is planning to drill one to two wells in 2016. We want to remain active by accumulating ready resources to monetise when the oil prices recover.

BOOSTING MANAGEMENT BENCH STRENGTH

During the year, we boosted our management bench strength with experts from the geology and geophysics fields, at both board and management levels. We welcomed Dr Christopher Atkinson, an oil industry veteran formerly from Shell and ARCO, and who holds a PhD in Geology, to our Board as an Independent Non-Executive Director on 6 January 2015. Mr Svein Kjellesvik, a geophysicist with four decades of experience in the oil industry, was appointed as the Group's Chief Operating Officer on 8 October 2015. Dr Karl Lidgren was re-designated as an Executive Director on 15 January 2015.

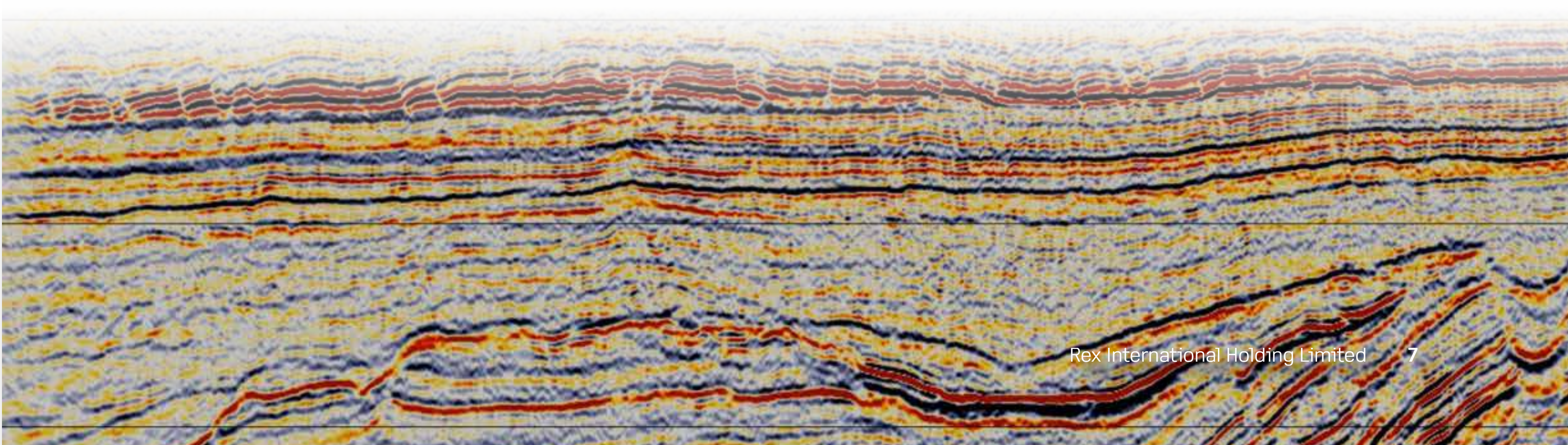
ACKNOWLEDGEMENTS

On behalf of the Board and Rex International Holding, we would like to thank our Directors for their guidance and contributions, and to our staff for their commitment in carrying out their duties. We would also like to thank our shareholders for their continual support.

Dan Broström
Executive Chairman

Måns Lidgren
Chief Executive Officer

15 March 2016



FINANCIAL
HIGHLIGHTS

Listed in Singapore on 31 July 2013, Rex International Holding's market capitalisation stands at around S$126.6 million as at 9 March 2016 at share price of S$0.10.

GROUP

US$'000	FY2015	FY2014
Revenue	4,652	334
Loss for the year, net of tax	(56,897)	(62,671)
Total comprehensive loss for the year	(56,816)	(62,317)
Loss per share (US cents)	(4.48)	(5.48)

US$'000	31 Dec 2015	31 Dec 2014
Non-current assets	77,161	65,844
Current assets	159,861	128,659
Total assets	**237,022**	**194,503**
Non-current liabilities	23,700	–
Current liabilities	60,364	5,026
Total liabilities	**84,064**	**5,026**
Net asset value ("NAV")*	**133,676**	**189,051**
Total equity	**152,958**	**189,477**
NAV per share (US cents)	**10.57**	**14.97**

* NAV as disclosed above excludes non-controlling interests.

BOARD OF **DIRECTORS**

DAN BROSTRÖM

Chairman and Executive Director

Mr Dan Broström has been with the Group since 2011. He was appointed as an Executive Director on 11 January 2013 and re-elected to the Board on 30 April 2015. He is currently the Executive Chairman of the Board.

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

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

DR KARL LIDGREN

Non-Independent Executive Director

Dr Karl Lidgren was appointed as a Non-Independent Non-Executive Director on 1 May 2013 and re-elected to the Board on 30 April 2015. He was re-designated as a Non-Independent Executive Director on 15 January 2015. He is a member of the Nominating Committee.

Dr Lidgren founded Rex Partners with his brother, Mr Hans Lidgren, and Mr Svein Kjellesvik. Dr Lidgren and Mr Lidgren have, since the 1980s, utilised satellite altimeter data in oil exploration activities which enabled major oil and gas findings. Dr Lidgren represents the interests of Rex Partners on the Company's Board of Directors.

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

SIN BOON ANN PBM
Lead Independent Non-Executive Director

Mr Sin Boon Ann was appointed as an Independent Non-Executive Director on 26 June 2013 and was appointed as the Lead Independent Director on 24 February 2014. He was re-elected to the Board on 30 April 2014. Mr Sin is Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee.

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

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

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

MUHAMMAD SAMEER YOUSUF KHAN
Independent Non-Executive Director

Mr Muhammad Sameer Yousuf Khan was appointed as an Independent Non-Executive Director on 26 June 2013 and re-elected to the Board on 30 April 2015. He is Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

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

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

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

ABDERAHMANE FODIL

Independent Non-Executive Director

Mr Abderahmane Fodil was appointed as an Independent Non-Executive Director on 26 June 2013 and was re-elected to the Board on 30 April 2014. He is a nominee of White Global Investment Holdings Ltd, one of the Company's Pre-IPO Investors. He is a member of the Audit and Remuneration Committees.

Mr Fodil is the Chief Investment Officer of Global Investment Holding Co Ltd, where he manages investment activities, including private equity investments and joint ventures, for middle-eastern investors. Prior to this, Mr Fodil worked for several entities in Abu Dhabi, mostly the Emirates Investment Authority and the Abu Dhabi Investment Council. These entities are multi-billion sovereign wealth funds, and his responsibilities covered private equity investments and portfolio management. Prior to that, Mr Fodil was an investment professional with the International Finance Corporation (IFC), the private sector arm of the World Bank Group where he executed transactions across emerging markets. Before that, Mr Fodil worked as a management consultant for AT Kearney in Europe after starting his career with Société Générale, where he worked as an analyst in commodity financing out of Mexico City.

Mr Fodil holds a Master of Science from Ecole Centrale Paris and a Master of Business Administration from INSEAD.

DR CHRISTOPHER ATKINSON

Independent Non-Executive Director

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

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

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

SENIOR MANAGEMENT **- CORPORATE**

MÅNS LIDGREN
Chief Executive Officer

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

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

Mr Lidgren holds a Master of Science and a Bachelor of Science, both in Business Administration and Economics from Lund University of Sweden.

SVEIN KJELLESVIK
Chief Operating Officer

Mr Svein Kjellesvik is the Chief Operating Officer and is responsible for the Group's overall operations, including the integration of new business development plans into the Group's operations. He is also a member of the Group's Technical Review Committee.

Prior to joining the Company, Mr Kjellesvik had been an independent entrepreneur and was involved in the start-up of Rex Middle East Ltd (formerly known as Rex Oil & Gas) and Lime Petroleum Plc, which are currently a wholly-owned subsidiary and an indirect 65 per cent owned jointly-controlled entity of the Company respectively. Before retiring from Schlumberger in 2002, Mr Kjellesvik held leading positions in Schlumberger's seismic division and corporate headquarters. He was the President of their Global Marine Seismic Division. Mr Kjellesvik played leading roles in key innovations in the seismic industry which includes multi-cable 3D seismic, 4 component seismic, and seismic 4D.

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

PER LIND
Chief Financial Officer

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

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

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

KRISTOFER SKANTZE
Chief Commercial Officer

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

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

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

LINA BERNTSEN
Chief Technology Officer

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

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

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

ROLF LETHENSTRÖM
Chief Investment Officer

Mr Rolf Lethenström is Chief Investment Officer and is responsible for the Group's treasury activities and funding of its various investments overseas.

Prior to joining the Group, Mr Lethenström was Executive Director of Roleco Pte Ltd., his own consultancy business in finance and contemporary art, which among other activities, represented Selector Management, a fund group domiciled in Luxembourg which had a portfolio of 10 investment funds for private banks and high net-worth individuals. Before that, Mr Lethenström was with Switzerland-based Tetra Pak Group for 30 years and did several assignments in finance and administration in Europe, Singapore, India, Hungary, USA, Hong Kong, Shanghai in China and Korea. His last held position was Finance and Administration Director of Tetra Pak Korea Ltd.

Mr Lethenström holds a Master of Business Administration and Economics from University of Lund, Sweden and is an alumni member of IMD Business School in Lausanne, Switzerland. He also has an International Diploma in Wealth Management from SMF Institute/City University of New York in Singapore.

MOK LAI SIONG
Group General Manager
Investor Relations & Communications

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

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

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

SENIOR MANAGEMENT
- OPERATIONS

HANS LIDGREN
Lime Petroleum Norway AS - Chairman
Masirah Oil Ltd – Chairman

Mr Hans Lidgren is one of the founders of Rex Partners Ltd and has extensive experience in the oil and gas industry. Rex Partners Ltd is principally involved in the business of oil and gas exploration and production. Rex Partners Ltd holds 100 per cent of the share capital in Rex Commercial Ltd, a major shareholder of Rex International Holding Limited.

Since the start of the 1980s, Mr Lidgren has utilised satellite altimeter data in oil exploration activities which enabled major oil and gas findings. He made way for major findings such as the "Haltenbanken" area in Norway and the "Bukha" field in Oman. The "Haltenbanken" area was only discovered in the 1980s after Mr Lidgren's surveys showed positive satellite altimetry results as to the presence of oil and gas.

Mr Lidgren also developed the Rex Technologies, comprising Rex Gravity, Rex Seepage and Rex Virtual Drilling; and most recently, Rex Gas Indicator.

IVAR AARSETH
Lime Petroleum Norway AS
- General Manager

Mr Ivar Aarseth has almost 40 years of technical, operational and managerial experience in the Oil & Gas industry with independent or multi-national energy companies and governmental bodies, such as DNO, Conoco Norway, Total E&P Norway and the Norwegian Petroleum Directorate and the Norwegian Agency for International Development, mostly stationed in Norway, Middle East and Africa.

Mr Aarseth became the General Manager of Lime Petroleum Norway in early 2012.
Mr Aarseth graduated in 1971 with a Master in Engineering Geology from the Technical University of Trondheim, Norway.

RUNE SKOGEN
Lime Petroleum Norway AS
– Chief Financial Officer

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

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

Mr Skogen holds a Master of Science in Business and has additional studies at the Doctoral Level in Financial Economics.

TERJE HAGEVANG
Lime Petroleum Norway AS
– Chief Operating Officer

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

He joined Lime Petroleum Norway AS as Chief Operating Officer in March 2014, heading the operating activities, ensuring building a portfolio able to deliver exploration and production success.

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

CHRISTOPHER DYAS
Masirah Oil Ltd
- General Manager

Mr Chris Dyas has 29 years of experience in E&P engineering and projects. He also has contractual and financial experience with skills in assessing companies and projects, and the development of business plans.

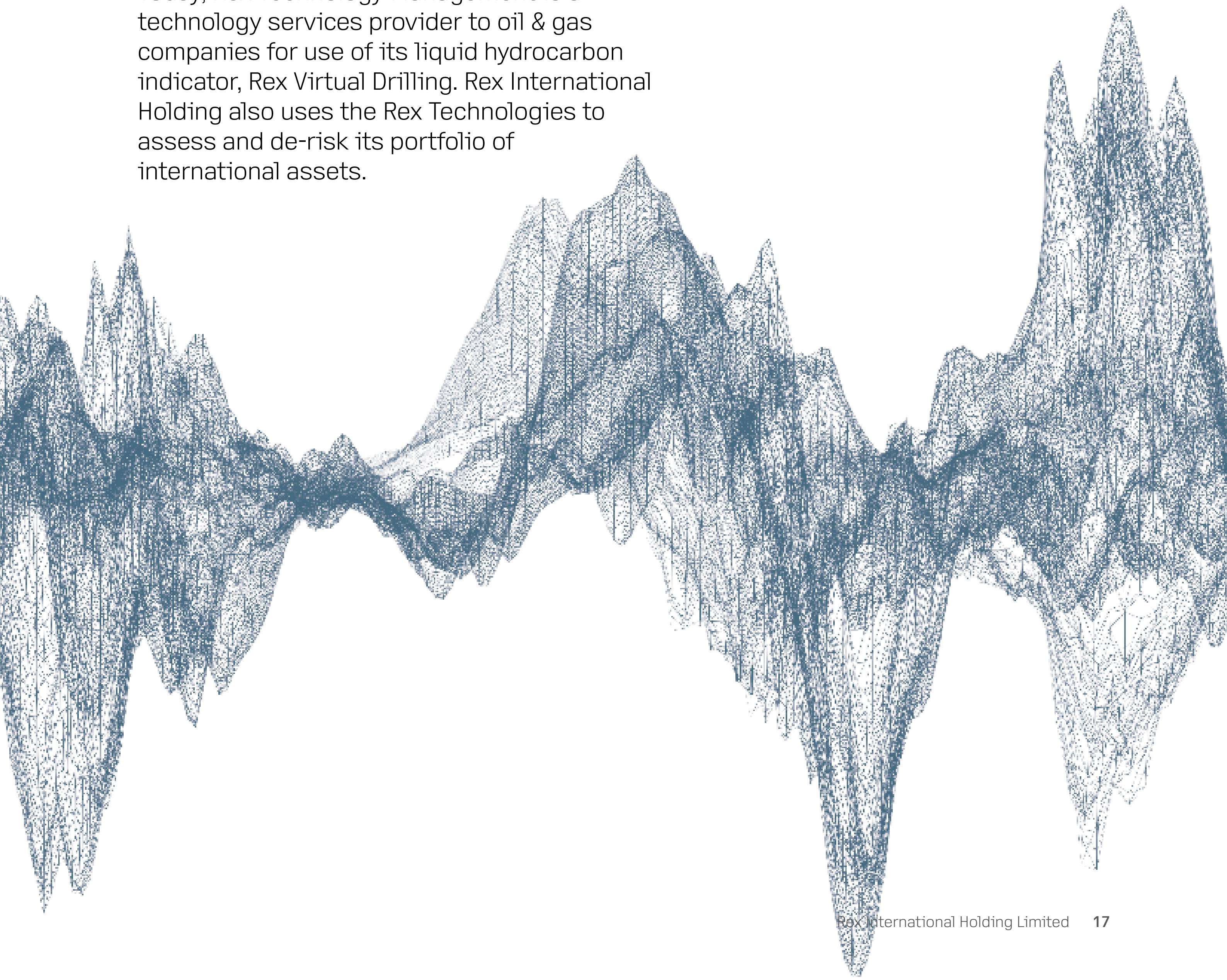
He started his career in 1983 with Cooper Energy Services (now a subsidiary of Rolls-Royce) heading the Testing Department for the oil and gas industry. Between 1986 and 2002, he was with Marathon Oil (UK) Ltd; Atlantic Power and Gas in Aberdeen, Scotland; and the Wood Group, first in Aberdeen, Scotland and then in Kuala Lumpur, Malaysia. In 2002, Mr Dyas joined SapuraCrest Petroleum Berhad as Project Director/ General Manager. He joined Lime Petroleum Plc on 1 January 2012 and subsequently Masirah Oil Ltd in 2015.

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

REX **TECHNOLOGIES**

Rex Technology Management is a wholly-owned subsidiary of Rex International Holding. The firm, set up by our founders Dr Karl Lidgren and Mr Hans Lidgren, developed the proprietary suite of Rex Technologies – Rex Gravity, Rex Seepage and Rex Virtual Drilling.

Today, Rex Technology Management is a technology services provider to oil & gas companies for use of its liquid hydrocarbon indicator, Rex Virtual Drilling. Rex International Holding also uses the Rex Technologies to assess and de-risk its portfolio of international assets.



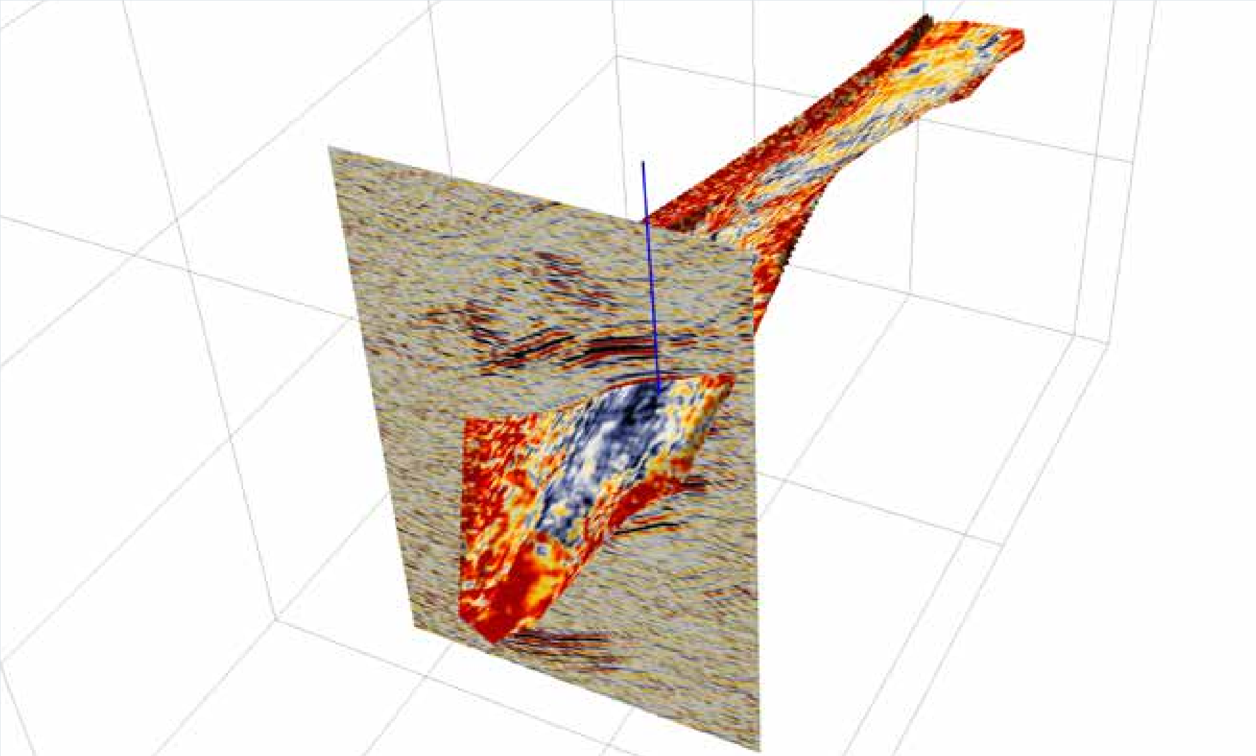


Image 1: Combined image of a seismic line with RVD results along a tracked horizon. The image shows the extent of the RVD anomaly in the sands along the selected horizon. The images help merge RVD results with conventional geological and geophysical interpretation for improved de-risking purposes.

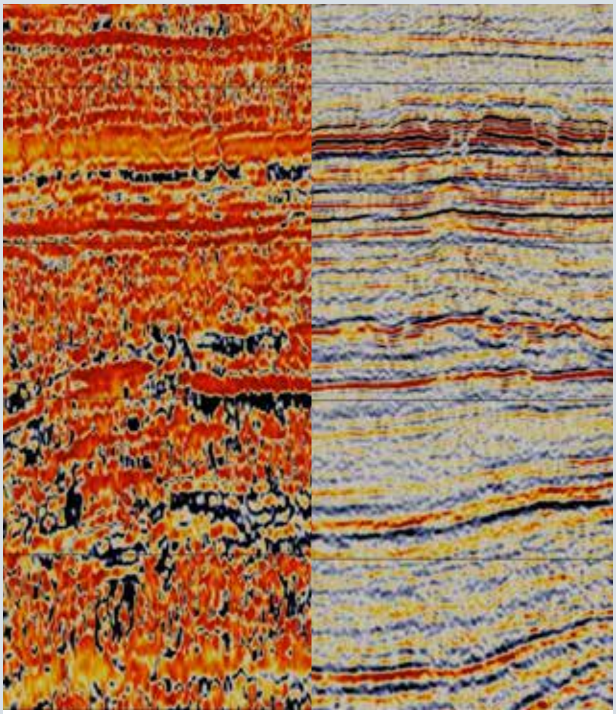


Image 2: RVD results (left image) indicate the locations of hydrocarbons in black and geological structures corresponding with a conventional seismic line (right image).

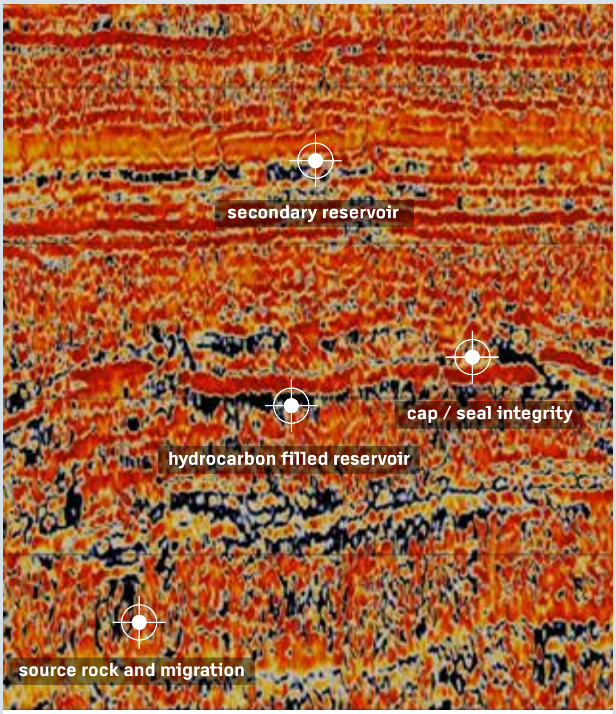


Image 3: The improved version of RVD allows for better depth control (vertical resolution) and more precise reservoir extent (lateral resolution).

REX VIRTUAL DRILLING™

REX VIRTUAL DRILLING

Rex Virtual Drilling ("**RVD**") is a highly advanced, proprietary technology based on a set of computer algorithms that can extract information about liquid hydrocarbons from conventional seismic data. The technology does not require new methods of data collection nor costly machinery and technical equipment.

Seismic data is collected by shooting acoustic energy – sound waves – into the ground and listening to the responding sounds. Although seismic data has been the standard for the exploration industry for many decades, its use is typically limited to the identification of structures in the ground, such as faults and lithological changes. This is in line with the industry's focus on finding signs of source rocks, reservoir rocks and trapping mechanisms – all indirect support of pre-conditions for oil presence. This is the reason why the global average exploration hit rate today is estimated at only 10-15 per cent.

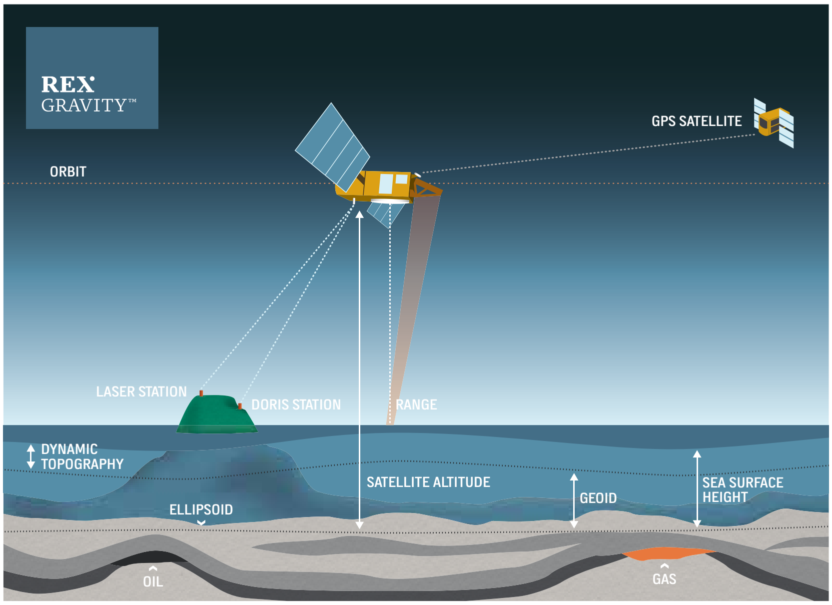
With the liquid hydrocarbon indicator RVD, the exploration success rate can be increased. This is because with RVD, we can literally see the oil in the ground: Where it is; how deep it lies; how much there is; and how it fits in a geological context. We may even see how the oil migrated to its current position. RVD was further developed in 2015 to allow for better depth control (vertical resolution) and more precise reservoir extent (lateral resolution). The technology is undergoing more enhancements to develop capabilities in estimating porosity and permeability.

The efficacy of RVD has been tried and tested many times both through blind tests, live tests and actual drilling campaigns. As documented in our initial public offering document dated 22 July 2013, RVD achieved 100 per cent accuracy in 18 blind and live tests conducted in Norway, New Zealand, India, Ras al-Khaimah and the US.

In 2013, North Energy, a listed independent exploration & production company in Norway, matched the outcome of the drilling of 41 prospects it was monitoring with RVD predictions previously made on these same prospects, over a two-year period. Out of the 41 wells drilled, 35 predictions by RVD were correct. This translates to an overall 85 per cent success rate, with success rates of 96 per cent for dry-well predictions and 69 per cent for commercial oil find predictions.

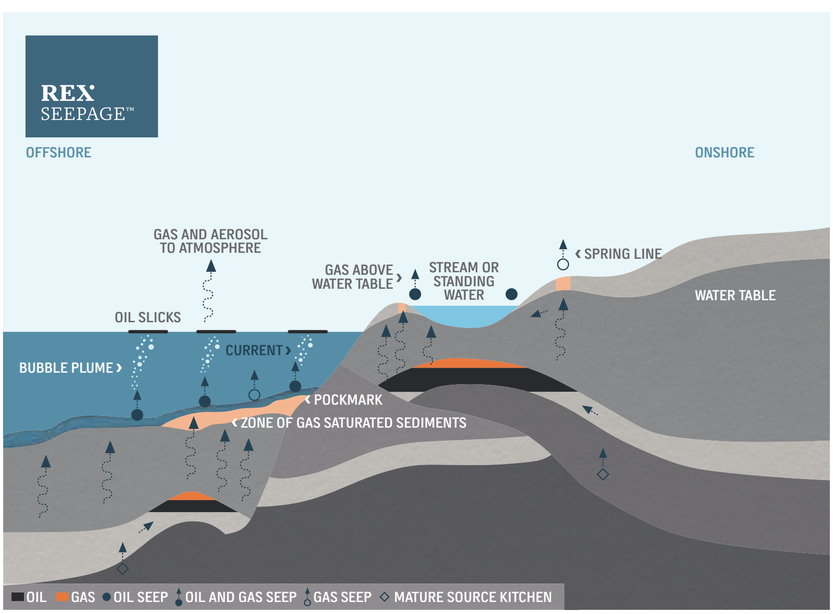
In 2015, out of the five well drillings that Rex International Holding's subsidiary Lime Petroleum Norway AS participated in, RVD was proven correct in four wells; the target depth was not reached for one well.

Within its own portfolio, Rex International Holding made oil discoveries in Block 50 Oman in February 2014 and in the Edvard Grieg South (Rolvsnes) prospect in Norway's North Sea licence PL338C in December 2015.



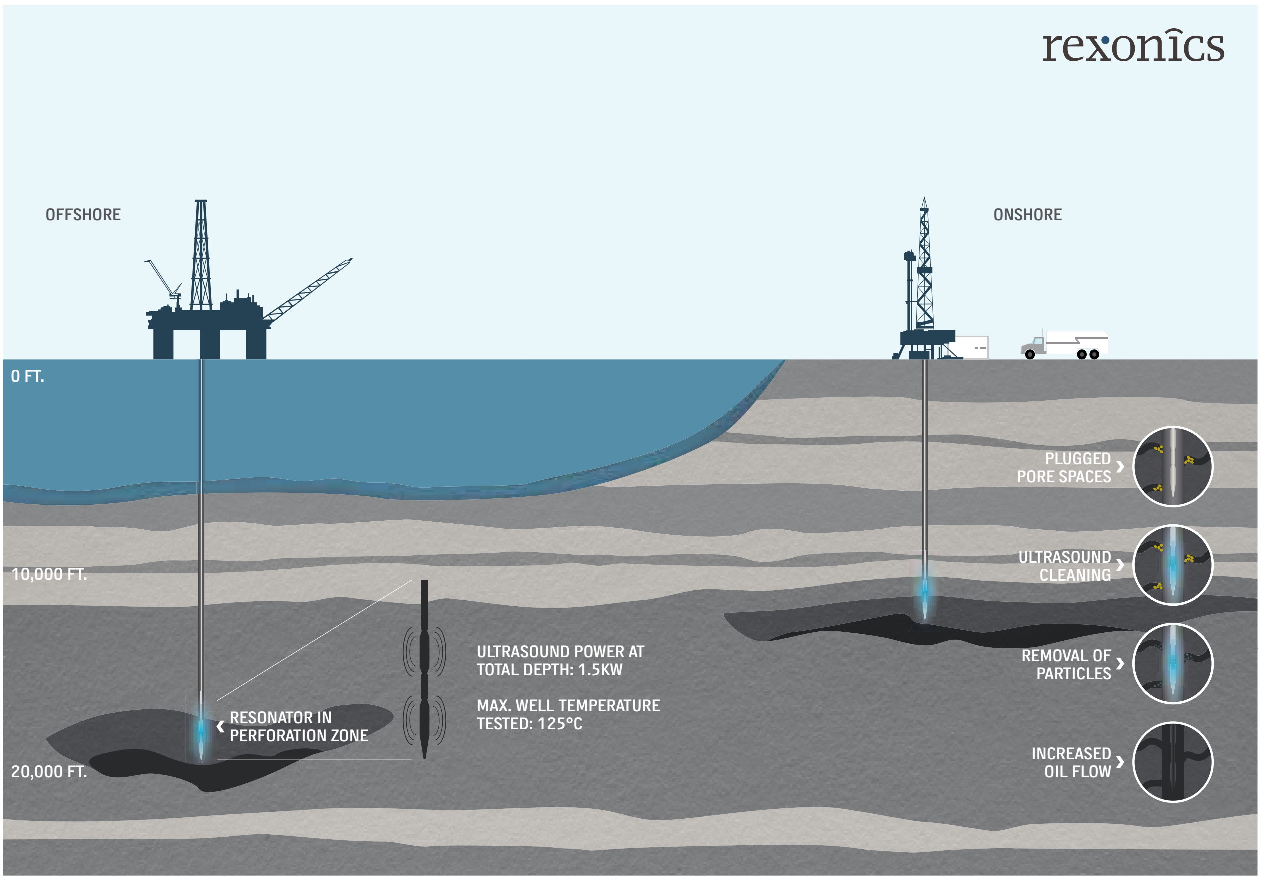
REX GRAVITY

Rex Gravity is an exploration technology that finds areas with suitable geological conditions for hydrocarbon accumulations. Based on satellite gravity data, Rex Gravity measures water surface levels with the aim of finding gravity anomalies, which could indicate the presence of rocks which could contain hydrocarbons. Rex Gravity is a very cost effective way to screen large areas for hydrocarbons before a decision is made to acquire seismic data.



REX SEEPAGE

Working in tandem with Rex Gravity, Rex Seepage is a unique tool we have developed to spot offshore oil seepages in order to better understand the potential presence of oil reservoirs in the sub-terrain. Using thermal satellite imaging, the tool is able to provide high resolution information about oil seepages which would indicate the presence of a working hydrocarbon system.
The result of this cost effective method is an increased probability of finding areas suitable for closer inspection with the acquisition of seismic data.



REXONICS

The Swiss-developed Rexonics technology is an environmentally-friendly, high-power ultrasound technology for commercial oil well stimulation that has been proven to increase oil production by between 30 per cent and up to 380 per cent both onshore and offshore. Based on acoustics science, the proprietary, patented technology is highly efficient in cleaning the production well bore from typical oil production inhibitors such as wax, paraffin and salt deposits, thereby significantly increasing the flow of oil into the well bore for wells with flow problems. The technology does not use any chemicals, and allows the well bores to continue oil production during the cleaning process.

Rexonic AG is a 50:50 joint venture between Rex International Holding and Ogsonic AG from Switzerland. Rexonic AG's operating business model includes the servicing and licencing of the technology to oil production companies and oil service companies. This business model provides Rex International Holding with an additional stream of recurring income from the oil production phase, without intensive capital outlay.

The company has been building up its technical team and embarking on test projects with a view to secure long-term contracts.

GEOGRAPHICAL
PRESENCE


NORWAY
24 LICENCES
OFFSHORE
SWEDEN
REX TECHNOLOGY
MANAGEMENT
Service Centre
SWITZERLAND
REXONICS
JOINT VENTURE
MALAYSIA
HIREX
JOINTLY CONTROLLED
ENTITY
SINGAPORE
HEADQUARTERS
UAE
RAK OFFSHORE
RAK ONSHORE
SHARJAH OFFSHORE
OMAN
BLOCK 50
OFFSHORE

MILESTONES

2015

6 JANUARY
Rex International Holding appoints Dr Christopher Atkinson as Independent Director.

15 JANUARY
Rex International Holding re-designates Dr Karl Lidgren as Executive Director.

21 JANUARY
Caribbean Rex drills two successful wells in South Erin Block.

Lime Norway is awarded one new licence in Norway in the 2014 Awards in Pre-defined Areas (APA).

9 FEBRUARY
Rex International Holding develops a second generation version of Rex Virtual Drilling.

17 FEBRUARY
Lime Norway increases stake in PL591 licences from five to 25 per cent.

23 FEBRUARY
Indirect subsidiary West Indian Energy Group increases interest in Cory Moruga Block in Trinidad & Tobago to 83.8 per cent.

24 FEBRUARY
Lime Norway participates in the drilling of its first well in PL338C (Gemini) in Norway with Lundin Norway AS.

23 MARCH
Lime Norway secures enlarged facility of NOK 700 million for 2015 drillings.

1 APRIL
Lime Norway increases stake in PL616 licence from five to 15 per cent.

16 APRIL
Lime Norway acquires 30 per cent stake in PL544.

18 MAY
Lime Norway to participate in the drilling of PL591.

16 JUNE
Lime Norway to participate in the drilling of PL616.

14 JULY
Rex International Holding increases stake in Caribbean Rex to 98.55 per cent.

3 AUGUST
Lime Norway acquires 50 per cent stake in two licences in the Norwegian Sea.

19 AUGUST
Lime Norway acquires 30 per cent stake in PL410.

29 SEPTEMBER
Rex International Holding injects capital into Lime Norway, increasing effective stake to 74.16 per cent.

8 OCTOBER
Rex International Holding appoints oil veteran Svein Kjellesvik as Chief Operating Officer.

16 OCTOBER
Lime Norway participates in the drilling of Edvard Grieg South (Rolvsnes) in PL338C.

20 OCTOBER
Rex International Holding exits from WA-488-P licence in Australia.

16 NOVEMBER
Rex International Holding injects capital into Masirah Oil Ltd, increasing effective interest to 61.76 per cent.

24 NOVEMBER
Lime Norway participates in the drilling of PL708.

1 DECEMBER
Rex International Holding's assets in Trinidad are merged into a new entity, Steeldrum Oil Company Inc.

2 DECEMBER
Lime Norway acquires another 10 per cent share in PL707, increasing its total stake to 20 per cent.

11 DECEMBER
Rex International Holding pares down its stake in Rexonic AG from 66.67 per cent to 50 per cent.

14 DECEMBER
Lime Norway completes restructuring exercise; Rex International Holding's effective stake in Lime Norway increases to 98.77 per cent.

22 DECEMBER
Drilling of Edvard Grieg South (Rolvsnes) in PL338C, in which Lime Norway participated, is completed as a discovery.

OPERATIONS **REVIEW**

In view of the challenging environment, the Company is now in a cash preservation mode. It has consolidated its exploration focus on Norway and Oman, areas that are known to be oil-prolific and have established infrastructure and attractive fiscal policies for oil exploration and production.

The Company's criteria for participation in any drilling activity has become even more stringent: The prospects must be evaluated by the Rex Virtual Drilling technology as well as the Group's in-house geological experts in the Technical Review Committee; and the selected drilling campaigns should be viable in the current challenging environment.

The Company had on 29 March 2016 announced that the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") had on the same day, granted the Company a one-off exemption from compliance with Rules 1204(23)(a) and Rule 1204(23)(c) of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") to include a qualified person's report ("**QPR**") and a summary of reserves and resources as set out in Appendix 7D of the Catalist Rules supported by a QPR for the financial year ended 31 December 2015 ("**FY2015**"), in respect of the Company's South Erin Block production assets in Trinidad & Tobago (the "**Waiver**"). As at 31 December 2015, the Company's interests in the South Erin Block assets were no longer held through the Company's subsidiary but indirectly through an associated company, Steeldrum Oil Company Inc. ("**Steeldrum**"), in which the Company has an effective interest of 36.86 per cent. Further details of the Waiver are set out in the Company's announcement on 29 March 2016.

The Company had obtained a letter from Steeldrum confirming that there are no significant changes to the South Erin Block assets, given that there have been no new discoveries in the past year. Accordingly, shareholders should refer to the QPR dated 31 December 2014 which was prepared and issued by RPS Energy Consultants Limited in respect of the South Erin Block assets ("**2014 QPR**"). The 2014 QPR, which was included in the Company's annual report for the financial year ended 31 December 2014, is available on SGXNET and the Company's website www.rexih.com

In FY2015, the Company injected US$20.32 million of capital into Lime Petroleum Norway AS for drilling activities in Norway, US$9.89 million of capital into Masirah Oil Ltd for drilling activities in the Middle East and US$7.30 million into Caribbean Rex Ltd and Steeldrum for drilling activities in Trinidad & Tobago.

The Group's exploration work is an ongoing process. The exploration activities fulfilled in FY2015 included the use of Rex Virtual Drilling to assess and determine exploration drilling locations and actual drillings and preparatory work in the Middle East and Norway.

NORWAY

Norway remains a core area of activity for the Group, given that it is a mature market with high activity, reputed operators, attractive fiscal policy and good quality seismic data suitable for analysis with Rex Virtual Drilling.

OVERVIEW

Norway is the largest oil producer and exporter in Western Europe. According to the Oil & Gas Journal, Norway had 5.497 billion barrels of proved crude oil reserves as of 1 January 2015, the largest oil reserves in Western Europe. All of Norway's oil reserves are located offshore on the Norwegian Continental Shelf, which is divided into three sections: the North Sea, the Norwegian Sea and the Barents Sea. The bulk of Norway's oil production occurs in the North Sea. New exploration and production activity is taking place further north in the Norwegian Sea and Barents Sea.

According to the Norwegian Petroleum Directorate (NPD), the oil and gas industry was still the country's largest in 2015, with total export values reaching well over NOK 400 billion (about US$46.6 billion), despite the considerable challenges arising from low oil prices. Never before had more wells been drilled than in 2015, when exploration wells were included. 56 exploration wells were spudded; 11 discoveries were made in the North Sea, and six in the Norwegian Sea.

From a record level in 2013 and 2014, investments fell by about 16 per cent from 2014, to just under NOK 150 billion (about US$17.5 billion) in 2015. The NPD expects investments to continue their decline going forward, followed by a moderate increase from 2019. Total costs are estimated to be well in excess of NOK 200 billion (about US$23.3 billion) per year in the next few years.

The NPD expects the industry to accelerate efforts to implement measures that can reduce costs and boost efficiency, for example, through the use of new technology. Reduced costs will lead to greater profitability and can pave the way and make it easier to develop more discoveries.

STRATEGY

Norway remains a core area of activity for the Group, given that it is a mature market with high activity, reputed operators, attractive fiscal policy and good quality seismic data suitable for analysis with Rex Virtual Drilling. Assets in Norway fit into the Company's basic monetisation strategy; that is, barring other business considerations, to sell oil-in-the-ground, upon a declaration of discovery, at the best possible price.

CONCESSIONS

As at February 2016, the Group has interests in 24 concessions in Norway – 11 are located in the North Sea, eight in the Norwegian Sea and five in the Barents Sea - totalling 8,084 sq km.

Rex holds a 98.77 per cent effective interest in Lime Norway AS ("**Lime Norway**"). Lime Norway is 96.49 per cent directly held by Rex's wholly-owned subsidiary Rex International Investments Pte Ltd and 3.51 per cent held by Lime Petroleum Plc, in which Rex has a 65 per cent indirect interest.

2015 OPERATIONS UPDATE

- Awarded one new licence – PL591C – in the Norwegian Awards in Pre-defined Areas (APA) 2014 in January 2015.
- Increased stakes in three licences: PL591 (5 to 25 per cent), PL616 (5 to 15 per cent) and PL707 (10 to 20 per cent).
- Acquired stakes in three licences: PL544 (30 per cent), PL760 & PL760B (50 per cent) and PL410 (30 per cent).
- Participated in the drilling of five wells: PL338C Gemini, PL591, PL616, PL338C Edvard Grieg South (Rolvsnes) and PL708.
- Made oil discovery in the Edvard Grieg South (Rolvsnes) prospect in PL338C, located near the Edvard Grieg production platform.
- The Company injected capital into Lime Norway.
- Lime Norway completed its restructuring exercise.

2016 NEW DEVELOPMENTS

- Awarded five new licences in the Norwegian APA 2015 in January 2016.
- Participated in the drilling of exploration well in PL544.

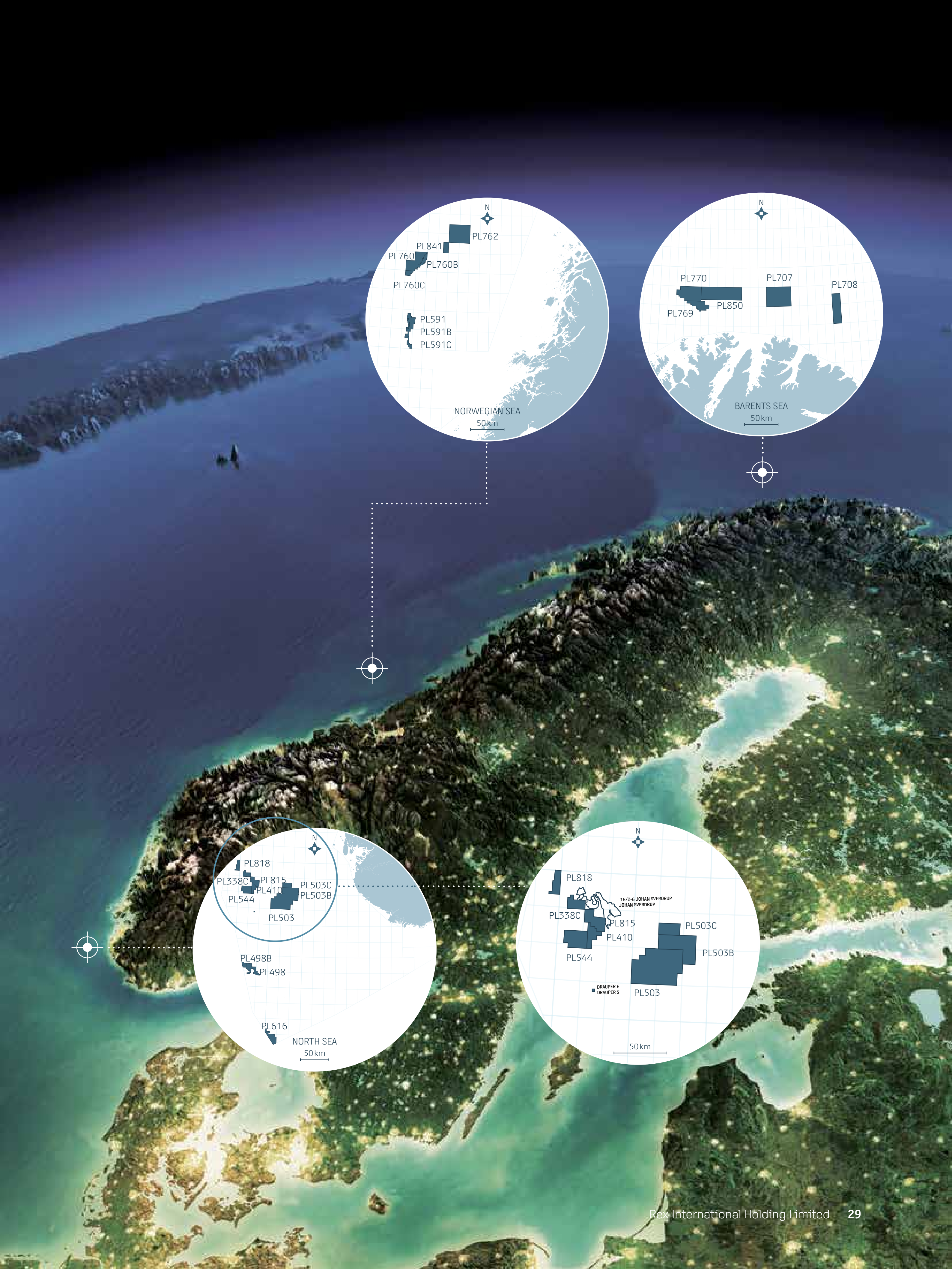
GOING FORWARD

- To participate in the drilling of more wells.

24

concessions in Norway as at March 2016.

Source: NPD website: http://www.npd.no
US Energy Information Administration (EIA) Norway Analysis Brief, 30 September 2015


N
PL762
PL841
PL760
PL760B
PL760C
PL591
PL591B
PL591C
NORWEGIAN SEA
50 km
N
PL770
PL707
PL708
PL850
PL769
BARENTS SEA
50 km
N
PL818
PL338C
PL815
PL410
PL544
PL503C
PL503B
PL503
PL498B
PL498
PL616
NORTH SEA
50 km
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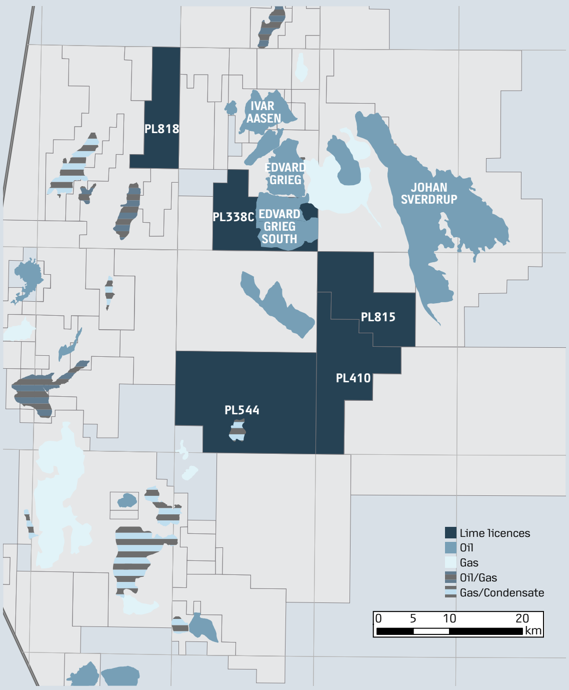
PL818
16/2-6 JOHAN SVERDRUP
JOHAN SVERDRUP
PL338C
PL815
PL410
PL544
PL503C
PL503B
DRAUPER E
DRAUPER S
PL503
50 km



OIL DISCOVERY IN EDVARD GRIEG SOUTH (ROLVSNES), PL338C

Rex International Holding announced on 22 December 2015 that the drilling of exploration well 16/1-25S in the North Sea licence PL338C, in which Lime Norway participated, has been completed as an oil discovery.

The well is located in PL338C on the south western flank of the Utsira High, approximately 6 km south of the Lundin-operated Edvard Grieg field and 3 km south of the Edvard Grieg South discovery in well 16/1-12.

Well 16/1-25S encountered a gross oil column of 30 metres in porous granitic basement. Pressure data and the good quality type oil indicate that the petroleum system is in communication with the Edvard Grieg South discovery in well 16/1-12, which was made by Lundin in 2009. Extensive data acquisition and sampling was carried out in the reservoir including conventional coring and fluid sampling.

A production test (DST) was performed in this close to vertical exploration well, achieving a production rate of 315 barrels of oil per day through a 36/64" choke. The moderate flow rate seems to be caused by limited communication between the reservoir and the wellbore.

A frac and injection test was carried out, giving a stable injection rate of some 6,000 barrels per day. Further studies will be required to incorporate all the findings and establish future planning, such as the potential drilling of an extended horizontal reach well from the Edvard Grieg platform with an associated long-term production test.

The operator Lundin gave a total gross resource estimate in the range of 12 to 46 million barrels of oil equivalents.[1]

The well was drilled to a total depth of 2,096 metres below mean sea level in a water depth of 106 metres using the semi-submersible drilling rig Bredford Dolphin. The drilling of exploration well 16/1-25S was to clarify the extent and size of the Edvard Grieg South discovery in PL338C, including the presence of a possible Cretaceous/ Jurassic sandstone reservoir overlying the fractured basement. The Edvard Grieg South discovery was made in 2009 in well 16/1-12, proving a 42-metre oil column in fractured granitic basement. The liquid hydrocarbon indicator Rex Virtual Drilling ("**RVD**") showed good correlation with the discovery and indicated a larger prospective area.

Rex International Holding had identified the key risks associated with the Edvard Grieg South (Rolvsnes) well to be the irregular porosity and permeability distributions in the unconventional weathered and fractured basement reservoir. This was also the first time that RVD was applied in this kind of rocks, where the calibration was uncertain. Building on the thorough and innovative G&G work by operator Lundin, Rex International Holding undertook its own independent prospect analysis. The good alignment of conventional G&G prognoses and those of RVD, which identified this discovery, is testament to RVD's role as a powerful tool in reducing exploration risks.

PL338C is held by operator Lundin at 50 per cent, Lime Norway at 30 per cent and OMV (Norge) at 20 per cent. Lime Norway also has 30 per cent participation in the nearby licences PL544 and PL410, all operated by Lundin.

Further, Lime Norway was awarded 20 per cent in PL815 and 30 per cent in PL818 in the Awards in Pre-defined Areas (APA) 2015 licensing round.

[1]Source: Lundin Petroleum Press Release, 22 December 2015.

OMAN

Efforts will be focused on more drillings in 2016 in Block 50 Oman, where the first offshore discovery east of Oman was made in 2014.

OVERVIEW

Located on the Arabian Peninsula, Oman's proximity to the Arabian Sea, Gulf of Oman, and the Persian Gulf grants it access to some of the most important energy corridors in the world, enhancing Oman's position in the global supply chain.

The US Energy Information Administration (EIA) cites Oman as the largest oil producer in the Middle East that is not a member of the Organization of the Petroleum Exploring Countries (OPEC). Like many countries in the region, Oman is highly dependent on its hydrocarbons sector.

According to the Central Bank of Oman, the Sultanate's hydrocarbons sector accounted for 84 per cent of government revenues and 47 per cent of Oman's gross domestic product in 2014.

The Oil & Gas Journal reported that Oman had 5.3 billion barrels of estimated proved oil reserves as of January 2016, ranking Oman as the seventh largest proved oil reserve holder in the Middle East and the 22nd largest in the world. A report published by the US Geological Survey in 2012 stated that the estimated mean undiscovered energy resources in the South Oman Salt Basin – located in the southern part of the country – totalled more than 370 million barrels of oil.[1]

BLOCK 50 OMAN

The approximately 17,000 sq km offshore concession is located in Gulf of Masirah, east of Oman.
Masirah Oil Ltd ("**Masirah**") holds 100 per cent of the Block 50 Oman concession. Rex International Holding holds an effective interest of 72.03 per cent as at 7 March 2016 in Masirah. Masirah is 69.06 per cent held by Rex Oman Ltd, an indirect wholly-owned subsidiary of Rex International Holding; 4.57 per cent held by Lime Petroleum Plc, in which Rex International Holding has a 65 per cent stake; and 26.37 per cent held by Petroci Holding, the National Oil Company of the Ivory Coast (also known as Côte D`Ivoire).

An oil discovery was made in Block 50 Oman in February 2014. This is the first offshore discovery east of Oman after 30 years of exploration activity in the area.

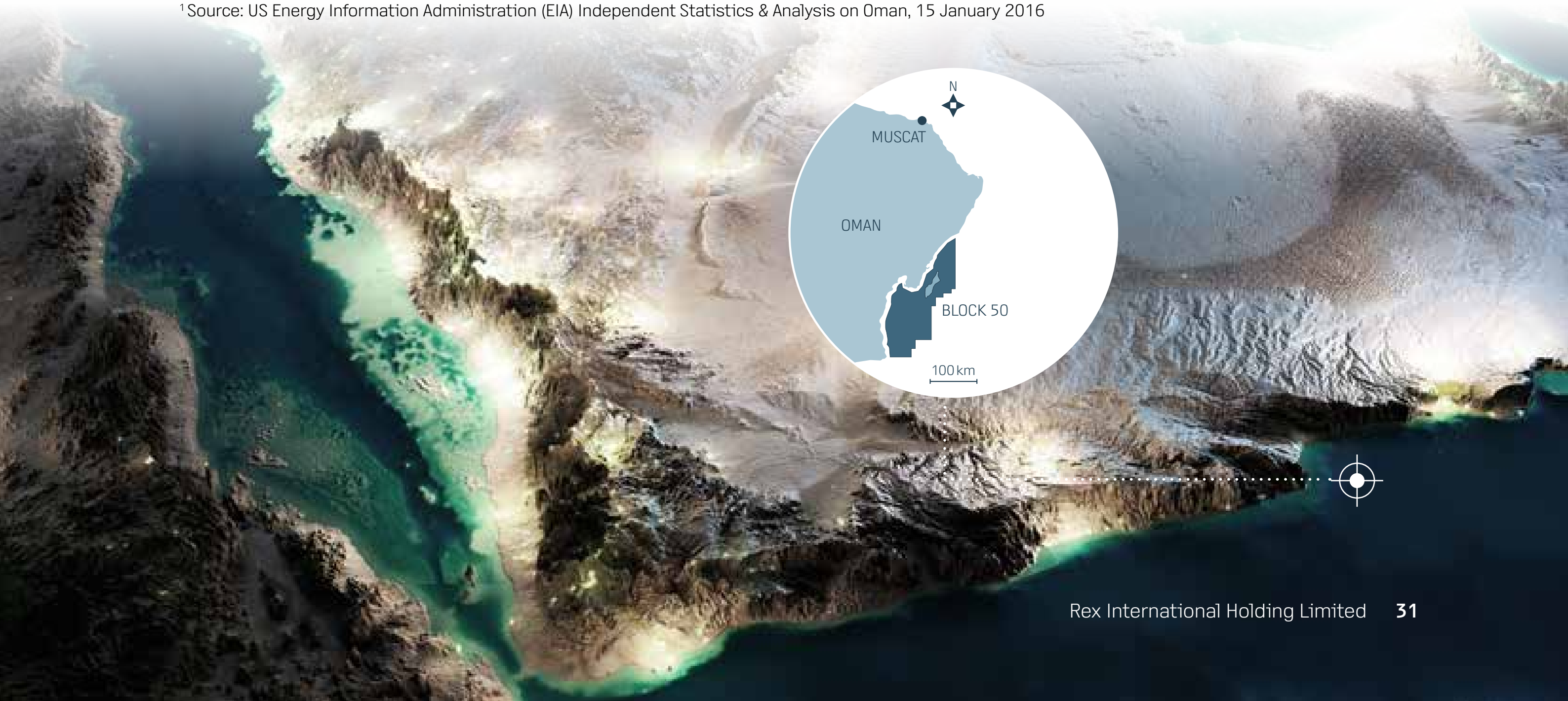
2015 OPERATIONS UPDATE

- Conducted full seismic interpretation work to identify and rank drillable prospects.
- Preparation for drilling of multiple wells in 2016.
- Capital injection into Masirah Oil Ltd.

GOING FORWARD

- Amidst a lower oil price environment, earlier extended well test (EWT) plans have been put on hold. EWT will be considered upon success in new exploration wells to be drilled in 2016, so that economies of scale can be reaped.
- Efforts will be made to farm-out Block 50 to reduce Rex International Holding's holding risk and capital expenditure in the concession.
- Drilling of exploration well Manarah-1 commenced on 21 February 2016.

[1] Source: US Energy Information Administration (EIA) Independent Statistics & Analysis on Oman, 15 January 2016



OIL DISCOVERY IN BLOCK 50 OMAN

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

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

The oil discovery in Block 50 Oman in 2014 is significant as it is the first offshore discovery east of Oman, after 30 years of exploration activity in the area. The discovery won the 'Offshore Discovery of the Year' award, one of six awards presented in conjunction with the launch of the Oil & Gas Year Oman 2014 energy report, produced by publisher Wildcat International, in partnership with the Ministry of Oil and Gas and OPAL (Oman Society for Petroleum Services).

During a 48-hour test, hydrocarbons were flowed to the surface and the well achieved light oil flow rate of up to 3,000 stock tank barrels per day (stb/d) with no water production.

In March 2014, the Ministry of Oil and Gas of Oman approved Masirah's entry into the Second Phase of the Minimum Work Obligation, with the fulfilment of the commitments specified in the Exploration and Production Sharing Agreement (EPSA) for this phase.

Initial plans to conduct early well testing (EWT) in 2015 were brought back to the drawing board to consider more alternative cost effective solutions as oil prices started their steep fall in the second half of the year. In the meantime, taking advantage of corresponding lower services cost, a 3D seismic survey was carried out and completed at a reduced cost and over a bigger area than previously budgeted.

The concession is very large in size and is roughly 24 times the size of Singapore. The area explored so far (where the previous two drillings were made) is only a couple of hundred square kilometres. Hence, the Company believes there to be promising remaining potential in the block. To this end, plans have been made to drill at least two more exploration wells in the concession. The new wells, if successful, will be grouped with the first oil discovery to reap economies of scale for EWT.

The plan is to drill more exploration wells in Oman in 2016.

OTHER GEOGRAPHIES

TRINIDAD & TOBAGO

The Company has an effective interest of 36.86 per cent in Steeldrum Oil Company Inc. ("**Steeldrum**").

2015 OPERATIONS UPDATE

- Announced the completion of the drilling of three wells in the South Erin Block, of which two were successful wells.
- Merged assets of indirect wholly-owned subsidiary Rex Caribbean Holding Limited (BVI) into a newly incorporated company, Steeldrum. The purpose of the merger was to pool the parties' assets which would then allow the Group to continue to meet its current and future obligations in Trinidad, in addition to becoming exposed to other opportunities that may arise.

MIDDLE EAST

The concessions:

- RAK North Offshore in the Straits of Hormuz, Ras al Khaimah
- RAK South Onshore in Baqal, south of Ras al Khaimah
- Sharjah, an offshore concession in the Gulf of Oman

2015 OPERATIONS UPDATE

- Like Block 50 Oman, the concessions in the UAE were the first concessions secured by the founders of Rex International Holding. Efforts were made to farm-out the Company's stakes in the three concessions in the UAE, but the farming-out process was expectedly difficult given the prevailing market sentiment.
- An orderly exit from the licences is under consideration.

UNITED STATES

Rex International Holding has a 30.29 per cent interest in Fram Exploration ASA ("**FRAM**").

2015 OPERATIONS UPDATE

- Rex International Holding subscribed for NOK 13.7 million (approximately US$1.8 million based on the exchange rate of NOK1: US$0.13) of FRAM's fund-raising round of NOK 28.6 million (about US$3.7 million) to help resolve the company's financial issues, after a FRAM investor did not honour certain obligations and commitments.
- FRAM entered into an agreement to terminate its existing five-year lease for two rigs with Loyz Energy Limited, for a termination fee of US$13.8 million to be paid to FRAM. The consideration was to be satisfied by a US$2.5 million payment in cash and US$11.3 million in Loyz Energy Limited shares.
- Taking into consideration the lack of economics in FRAM, US$1.79 million of the Group's investment in FRAM was written off in FY2015.

AUSTRALIA

2015 OPERATIONS UPDATE

An agreement to acquire a 30 per cent participating interest in the offshore WA-488-P licence in Western Australia was terminated, in line with the Company's change in corporate strategy to reduce capital investments and focus on its key discovery assets.

SUSTAINABILITY

Rex International Holding's suite of environmentally-friendly technologies is the bedrock of the Company's commitment to sustainability. This commitment extends beyond the impact of its business operations on the environment to its efforts in employee engagement and corporate social responsibility.

ADVOCACY FOR SUSTAINABILITY

Our founder Dr Karl Lidgren and our CEO Mr Måns Lidgren are both strong advocates for sustainability.

Dr Karl Lidgren started the Foundation TEM (Technique, Environment and Economics) in Sweden in the late 1970s/ early 1980s and was the foundation's first director. In 1994, he established the International Institute for Industrial Environmental Economics (IIIEE), where he served as its founding director until 2000, with support of the Swedish Government. Mr Måns Lidgren, had upon his graduation from Lund University in 2000, provided consultancy services to Global Responsibility, an organisation that seeks to promote responsible citizenship worldwide, helping companies communicate their efforts in environment, health and safety issues.

ENVIRONMENTALLY-FRIENDLY TECHNOLOGIES

The Group's proprietary Rex Technologies, created by Dr Karl Lidgren and his brother, Mr Hans Lidgren, are environmentally-friendly.

Rex Gravity and Rex Seepage uses satellite information to hone in on specific areas for further oil exploration, while Rex Virtual Drilling, the liquid hydrocarbon indicator, is an algorithm-based technology that analyses seismic data. These technologies empower Rex International Holding to have a higher chance of success in finding oil, and in turn, minimises the use of resources and the adverse impact on the environment as fewer dry wells will be drilled.

The Swiss-developed Rexonics technology is an environmentally-friendly, high-power ultrasound technology for commercial oil well stimulation that has shown to increase oil production by 30 per cent up to 380 per cent both onshore and offshore. The technology does not involve any chemicals, reduces water waste, causes no pollution in sea, air or land and minimises health hazards for human resources.

ENVIRONMENT, HEALTH, SAFETY & SECURITY

Rex International Holding is committed to ensuring the highest level of safety and quality in carrying out our operations. We strive for injury-free and safe working environment for all our employees. Our safety procedures and standards, as well as training, are in line with industry standards and are subject to regular review.

Where we are operators, we manage the risks associated with our operations through the implementation of our Operations Risk Management System ("**ORMS**"). The ORMS will be adapted to the local rules and regulations in each jurisdiction where we have operations. Each of our employees and contractors accept safety as a requirement and necessity and maintain strict compliance to our safety procedures. In addition, our contractors are subject to prequalification where we evaluate their safety performance as a key criterion.

In 2015, Lime Petroleum Norway AS participated in drilling five wells as a licence partner:

Licence	PL338C	PL591	PL616	PL338C	PL708
Prospect	Gemini	Zumba	Haribo	Rolvsnes	Ørnen
Area	North Sea	Norwegian Sea	North Sea	North Sea	Barents Sea
Operator	Lundin	Tullow	Edison	Lundin	Lundin
Rig	Island Innovator	Leiv Eiriksson	Transocean Seeker	Bredford Dolphin	Transocean Arctic

Lime Norway carried out, either alone or together with other partners, audit of the operators' preparedness before drilling started. All health, safety and environmental aspects were handled in compliance with rules, regulations, permits and good industry standards during planning and execution of the drilling operations and no incidents were experienced.

EMPLOYEE ENGAGEMENT

Besides engaging our employees in regular social events, in-house workshops have been organised to provide non-operational staff with better industry and technical knowledge on oil exploration and production. Staff from various functions also attended external seminars on their own areas of expertise to further their learning and development objectives.

CORPORATE SOCIAL RESPONSIBILITY

As a young company, we aspire to do good in the communities we operate in, be it to cause minimal impact on the environment in our operations, or in helping the underprivileged. In 2015, Rex International Holding's Singapore office once again contributed to the "Gifts of Joy" initiative by its landlord to present underprivileged children at Beyond Social Services with presents for Christmas.

KEY **LICENCES**

COUNTRY	LICENCE	LOCATION	AREA (SQ KM)	ON/OFFSHORE	LICENCE TYPE	LICENCE HOLDING ENTITY
NORWAY	PL 338 C	North Sea	122	Offshore	Exploration	Lime Petroleum Norway AS
	PL 410	North Sea	133	Offshore	Exploration	Lime Petroleum Norway AS
	PL 498	North Sea	278	Offshore	Exploration	Lime Petroleum Norway AS
	PL 498 B	North Sea	15	Offshore	Exploration	Lime Petroleum Norway AS
	PL 503	North Sea	978	Offshore	Exploration	Lime Petroleum Norway AS
	PL 503 B	North Sea	433	Offshore	Exploration	Lime Petroleum Norway AS
	PL 503 C	North Sea	180	Offshore	Exploration	Lime Petroleum Norway AS
	PL 544	North Sea	256	Offshore	Exploration	Lime Petroleum Norway AS
	PL 616	North Sea	333	Offshore	Exploration	Lime Petroleum Norway AS
	PL815	North Sea	111	Offshore	Exploration	Lime Petroleum Norway AS
	PL 818	North Sea	77	Offshore	Exploration	Lime Petroleum Norway AS
	PL 591	Norwegian Sea	207	Offshore	Exploration	Lime Petroleum Norway AS
	PL 591 B	Norwegian Sea	27	Offshore	Exploration	Lime Petroleum Norway AS
	PL 591 C	Norwegian Sea	47	Offshore	Exploration	Lime Petroleum Norway AS
	PL 760	Norwegian Sea	437	Offshore	Exploration	Lime Petroleum Norway AS
	PL 760 B	Norwegian Sea	91	Offshore	Exploration	Lime Petroleum Norway AS
	PL 760 C	Norwegian Sea	65	Offshore	Exploration	Lime Petroleum Norway AS
	PL 762	Norwegian Sea	772	Offshore	Exploration	Lime Petroleum Norway AS
	PL 841	Norwegian Sea	111	Offshore	Exploration	Lime Petroleum Norway AS
	PL 707	Barents Sea	982	Offshore	Exploration	Lime Petroleum Norway AS
	PL 708	Barents Sea	507	Offshore	Exploration	Lime Petroleum Norway AS
	PL 769	Barents Sea	269	Offshore	Exploration	Lime Petroleum Norway AS
	PL 770	Barents Sea	625	Offshore	Exploration	Lime Petroleum Norway AS
	PL 850	Barents Sea	1,028	Offshore	Exploration	Lime Petroleum Norway AS
OMAN	Block 50 Oman	Gulf of Masirah	16,903	Offshore	Exploration	Masirah Oil Ltd

LICENCE HOLDING ENTITY'S STAKE	REX'S EFFECTIVE STAKE	OPERATOR	OTHER PARTNERS	GROSS MEAN UNRISKED PROSPECTIVE RESOURCES
30.0%	29.6%	Lundin Norway AS	OMV (Norge) AS	12-46 mmboe (Lundin Petroleum, 22 Dec 2015)
30.0%	29.6%	Lundin Norway AS	Statoil Petroleum	
25.0%	24.7%	Lotos Exploration and Production Norway AS	Edison Norge AS; Skagen44 AS	
25.0%	24.7%	Lotos Exploration and Production Norway AS	Edison Norge AS; Skagen44 AS	
12.5%	12.3%	Lotos Exploration and Production Norway AS	Edison Norge AS; Skagen44 AS; North Energy ASA	
12.5%	12.3%	Lotos Exploration and Production Norway AS	Edison Norge AS; Skagen44 AS; North Energy ASA	
12.5%	12.3%	Lotos Exploration and Production Norway AS	Edison Norge AS; Skagen44 AS; North Energy ASA	
30.0%	29.6%	Lundin Norway AS	Lime Petroluem Norway AS, Bayerngas Norge AS	
15.0%	14.8%	Edison Norge AS	Noreco Norway AS; Concedo ASA; Skagen44 AS; North Energy ASA	
20.0%	19.8%	Lundin Norway AS	Petoro AS, Concedo ASA	
30.0%	29.6%	Det norske oljeselskap ASA	Statoil Petroleum AS	
25.0%	24.7%	Tullow Oil Norge AS	North Energy ASA	
25.0%	24.7%	Tullow Oil Norge AS	North Energy ASA	
25.0%	24.7%	Tullow Oil Norge AS	North Energy ASA	
50.0%	49.4%	Total E&P Norge AS	-	
50.0%	49.4%	Total E&P Norge AS	-	
50.0%	49.4%	Total E&P Norge AS	-	
20.0%	19.8%	Noreco Norway AS	North Energy ASA; Fortis Petroleum Norway AS; Petoro AS	
20.0%	19.8%	Edison Norge AS	Statoil Petroleum, Petoro AS	
20.0%	19.8%	Edison Norge AS	PGNiG Upstream International AS	
10.0%	9.9%	Lundin Norway AS	LUKOIL Overseas North Shelf AS; Edison Norge AS; North Energy ASA	
20.0%	19.8%	OMV (Norge) AS	Concedo ASA; North Energy ASA	
20.0%	19.8%	Edison Norge AS	North Energy ASA	
20.0%	19.8%	Edison Norge AS	Kufpec Norway AS, PGNiG Upstream International AS	
100.0%	72.03%**	Masirah Oil Ltd	Gulf Hibiscus Ltd, Petroci Holding	4,743 mmboe (Hibiscus Petroleum; Aker Geo and Pareto Asia, 28 Feb 2012)

** as at 7 March 2016
mmboe: million barrels of oil equivalent

FINANCIAL **REVIEW**

REVENUE

The Group recorded revenue of US$4.65 million in FY2015 from services rendered to clients using Rex Technologies. As the acquisition of Rex Technology Management Ltd ("**RTM**") was completed in December 2014, there was only less than one month of comparable revenue contribution from Rex Technologies in FY2014 as the Group was primarily involved in exploration and drilling activities.

COST OF SALES

Subsequent to the completion of a restructuring exercise of Lime Petroleum Norway's ("**LPN**") share capital on 10 December 2015 ("**LPN Restructuring**"), the Group consolidated LPN and recorded exploration costs of US$18.67 million in FY2015, of which US$17.87 million was in relation to the impairment of exploration and evaluation assets in Norway as a result of the completion of drilling in certain licences with resultant dry wells and the relinquishment of such licences thereafter.

ADMINISTRATIVE EXPENSES

The Group recorded total administrative expenses of US$8.94 million in FY2015, as compared to US$8.08 million in FY2014. The year-on-year increase in administrative expense was due to an overall increase in operational and staff costs in FY2015.

NET FINANCE COSTS

Finance income which arose mainly from interest income on funds invested, including quoted debt securities, increased to US$1.74 million in FY2015, from US$1.14 million in FY2014, due to higher amount of funds placed in quoted investments.

The Group recorded an overall net foreign exchange loss of US$5.54 million in FY2015 due to an overall weakening of the Singapore dollar ("**SGD**") against the United States dollar ("**USD**") as a major portion of the Group's cash and cash equivalents at the beginning of the year were denominated in SGD but the reporting currency was in USD. Further measures have been made to reduce the SGD exposure during FY2015.

IMPAIRMENTS

After taking into consideration the continual depressed oil prices and the challenging economic environment, the Group had written off US$10.81 million of the carrying value of a jointly controlled entity, Rexonic AG; and US$3.50 million of the carrying value of the available-for-sale investments, comprising North Energy AS and Fram Exploration ASA ("**FRAM**").

SHARE OF LOSS OF JOINTLY CONTROLLED ENTITIES AND AN ASSOCIATE

Total share of loss from jointly controlled entities and an associate decreased from US$7.60 million in FY2014 to US$7.13 million in FY2015.

The Group acquired 57.60 per cent of the shares in Masirah Oil Ltd ("**MOL**") on 12 November 2015 which resulted in MOL being consolidated from this date. Subsequent to the LPN Restructuring, LPN was consolidated from 10 December 2015. After the consolidation of LPN and MOL to the Group, the share of loss of jointly controlled entities were primarily due to losses from HiRex Petroleum Sdn Bhd and Rexonic AG as a result of the expenses incurred in relation to their operating activities and the development of the well simulation business.

DISCONTINUED OPERATION

Following the merger of Caribbean Rex Limited's ("**Caribbean Rex**") assets into Steeldrum Oil Company Inc. ("**Steeldrum**") (the "**Merger**"), Caribbean Rex ceased to be a subsidiary of the Company as the Company's effective equity interest in Caribbean Rex had been reduced to 36.86 per cent. The Company had also acquired, as part of the Merger, a 36.86 per cent stake in Steeldrum. Accordingly, Steeldrum was equity accounted for as an associate as at 31 December 2015.

The Group recognised loss of US$7.75 million in FY2015 as a result of the sale of discontinued operations. After taking into account the cumulative loss of US$13.24 million from Caribbean Rex prior to the Merger, the Group recognised a total loss from discontinued operation of US$20.99 million for FY2015.

LOSS FOR THE YEAR

Overall, the Group registered a total comprehensive loss of US$56.82 million in FY2015 as compared to comprehensive loss of US$62.32 million in FY2014.

NON-CURRENT ASSETS

Non-current assets of the Group increased to US$77.16 million as at 31 December 2015, from US$65.84 million as at 31 December 2014. The increases in exploration and evaluation assets and plant and equipment were largely due to consolidation of the assets and liabilities of LPN and MOL.

CURRENT ASSETS

Trade and other receivables of the Group increased to US$72.07 million as at 31 December 2015, from US$9.81 million as at 31 December 2014. The increase was largely due to tax refund receivables of US$53.17 million from the Norwegian tax authorities in relation to the exploration costs incurred in Norway, and the consolidation of the remaining receivables of US$14.22 million from LPN and MOL.

Quoted investments increased to US$31.63 million as at 31 December 2015, from US$30.73 million as at 31 December 2014, due to additional placement of cash into quoted debt securities.

Cash and cash equivalents stood at US$53.45 million as at 31 December 2015 as compared to US$87.13 million as at 31 December 2014.

NON-CURRENT LIABILITIES

Long-term decommissioning provisions of US$9.84 million was recorded as at 31 December 2015 for the exploration activities undertaken by MOL and long-term deferred tax liabilities of US$13.86 million was recorded as at 31 December 2015 in relation to the capitalised exploration and evaluation costs and plant and equipment in LPN.

CURRENT LIABILITIES

Short-term borrowings of US$33.72 million recorded as at 31 December 2015 arose from the drawdown of credit facilities by LPN to finance the drilling commitments in Norway.

Trade and other payables increased to US$26.64 million as at 31 December 2015, from US$5.03 million as at 31 December 2014, largely due to the consolidation of short-term trade and other payables of LPN and MOL.

CASH FLOWS

The Group reported an outflow in net cash used in operating activities of US$10.03 million in FY2015, after accounting for movements in working capital.

Net cash outflow of US$23.54 million from investing activities in FY2015 was mainly attributable to 1) investments in jointly controlled entities of US$12.17 million, 2) purchase of quoted investments of US$6.00 million, 3) additions of exploration and evaluation assets of US$5.17 million, 4) acquisition of subsidiaries, net of cash acquired, of US$3.12 million, and 5) cash outflow of US$2.39 million as a result of the Merger. The cash outflow was partially offset by cash inflow from disposal of quoted investments of US$4.46 million and interest received of US$1.74 million.

The Group recorded an overall net decrease in cash and cash equivalents of US$33.95 million in FY2015. Cash and cash equivalents stood at US$53.45 million (and quoted investments at US$31.63 million) as at 31 December 2015, as compared to US$87.13 million (and quoted investments at US$30.73 million) as at 31 December 2014.

INVESTOR RELATIONS
& COMMUNICATIONS

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

No. 53
in the Singapore Corporate Transparency Index 2015, out of 639 companies listed on both the Singapore Exchange's Mainboard and Catalist; the highest ranking among listed oil exploration & production companies in Singapore

2015 INVESTOR RELATIONS ACTIVITIES

About **70** announcements and press releases were issued.

>65 one-on-one and group meetings held.

1Q 2015
Release of FY2014 financial results

2Q 2015
Release of 1Q 2015 financial results
Annual General Meeting
SGX-CIMB Small Mid Cap Corporate Day

3Q 2015
Release of 2Q 2015 financial results

4Q 2015
Release of 3Q 2015 financial results
Extraordinary General Meeting

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CORPORATE GOVERNANCE REPORT

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

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

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

GUIDELINE

General

Compliance to the Code

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

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

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

1.1

Role of the Board

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

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

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

1.3 ***Delegation by the Board***

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

Composition of the Board Committees			
	AC	NC	RC
Chairman	Muhammad Sameer Yousuf Khan	Sin Boon Ann	Sin Boon Ann
Member	Abderahmane Fodil	Muhammad Sameer Yousuf Khan	Muhammad Sameer Yousuf Khan
Member	Sin Boon Ann	Dr Karl Lidgren	Abderahmane Fodil

1.4 ***Board Meetings and Attendance***

The Board meets on a quarterly basis, and as and when circumstances require. In the financial year ended 31 December 2015 ("**FY2015**"), the number of Board and Board Committee meetings held and the attendance of each Board member are shown below.

Board and Board Committee Meetings in FY2015				
	Board	AC	NC	RC
Number of Meetings Held	4	4	1	2
Name of Director	Number of Meetings Attended			
Dan Broström	4	-	-	-
Dr Karl Lidgren	4	-	1	-
Sin Boon Ann	4	4	1	2
Muhammad Sameer Yousuf Khan	4	4	1	2
Abderahmane Fodil	4	4	-	2
Dr Christopher Atkinson	4	-	-	-

To ensure meetings are held regularly with maximum Directors' participation, the Company's Constitution allows for meetings to be held through telephone conference.

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

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

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

1.5 *Material Transactions Requiring Board Approval*

Matters that require the Board's approval include, amongst others, the following:

- Overall Group business and budget strategy;
- Capital expenditures, investments or divestments exceeding certain material limits;
- All capital-related matters including capital issuance;
- Significant policies governing the operations of the Company;
- Corporate strategic development and restructuring;
- Material interested person transactions; and
- Risk management strategies.

1.6 *Board Induction and Training*

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

Except for Mr Sin Boon Ann and Mr Muhammad Sameer Yousuf Khan, the rest of the Directors of the Company do not have prior experience as a Director of public listed companies in Singapore. Mr Dan Broström, Dr Karl Lidgren and Mr Abderahmane Fodil had completed the Listed Company Director courses conducted by the Singapore Institute of Directors (the "**SID**") to prepare and familiarise themselves with the roles and responsibilities of Directors of a listed company in 2013.

The Company is responsible for arranging and funding the training of Directors. Directors are regularly updated with the latest professional developments in relation to the Catalist Rules and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors.

In 2015, Mr Muhammad Sameer Yousuf Khan attended the launch of the Singapore Board of Directors Survey and the SID Directors' Conference 2015 on Boards and Innovation, both organised by the SID.

1.7 *Formal Appointment Letter to Each Director*

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

Board Composition and Balance

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

2.1
2.2
3.3

Independent Directors

In view that the Executive Chairman is part of the management team and is not an independent director, Guideline 2.2 of the Code is met as the Independent Directors make up two-thirds of the Board. Mr Sin Boon Ann has also been appointed as the Lead Independent Director of the Company and makes himself available at all times when shareholders have concerns and for which normal channels of the Chairman/CEO/Chief Financial Officer ("**CFO**") have failed to resolve or are inappropriate.

2.3
4.3

Review of Directors' Independence

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

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

2.4

Duration of Independent Directors' Tenure

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

2.5
2.6

Board Diversity

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

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

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The Board is of the view that the current board size is appropriate to effectively facilitate decision making in relation to the operations of the Group, taking into account the nature and scope of the Company's operations. The Board believes that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The NC is also of the view that the current Board members comprise persons with a broad range of expertise and experience in diverse areas including accounting, finance, legal, business and management, technology, oil and gas, strategic planning and regional business experience. However, there is no gender diversity in the Board yet and the Board will enhance the diversity of the Board further if it encounters suitable candidates.

The Board has taken the following steps to maintain or enhance its balance and diversity:
- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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

2.7
2.8

Non-Executive Director Meetings in Absence of Management

The Independent Non-Executive Directors constructively challenge and help develop proposals on strategies. From time to time, the Non-Executive Directors have met in the absence of Management in FY2015.

Chairman and Chief Executive Officer

Principle 3

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

3.1
3.2

Segregation of the Role of Chairman and the CEO

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

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

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

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

3.3 ***Lead Independent Director***

The appointment of Mr Sin Boon Ann as the Lead Independent Director where the Executive Chairman is part of the management team and is not an independent director is in line with the recommendation under Guideline 3.3 of the Code.

3.4 ***Independent Director Meetings in Absence of Management***

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

Board Membership

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

4.1 ***Nominating Committee***

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

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

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

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

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

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

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

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

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

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

4.4 ***Board Representations***

The Board has not capped the maximum number of listed company board representations each Director may hold.

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

The considerations in assessing the capacity of Directors include the following:
- Expected and/or competing time commitments of Directors;
- Geographical location of Directors;
- Size and composition of the Board; and
- Nature and scope of the Group's operations and size.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2015.

4.5 ***Alternate Directors***

The Company does not have any alternate directors.

4.6 ***Board Nomination Process***

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

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

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

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

The NC has recommended to the Board that Mr Abderahmane Fodil and Mr Sin Boon Ann, who are due to retire pursuant to the aforesaid provision, be re-elected at the forthcoming AGM.

Mr Abderahmane Fodil will, upon re-election as Director, remain as an Independent Non-Executive Director and a member of the AC and RC. Mr Abderahmane Fodil will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Sin Boon Ann will, upon re-election as a Director, remain as the Lead Independent Non-Executive Director, the Chairman of NC and RC and a member of the AC. He will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Separately, Mr Dan Broström, who is over the age of 70, was re-elected as Director to hold office from the date of the last AGM (held on 30 April 2015) until the forthcoming AGM pursuant to Section 153(6) of the Companies Act. This Section has subsequently been repealed on 3 January 2016. As his appointment will lapse at the forthcoming AGM, Mr Dan Broström will have to be re-appointed to continue in office (at the forthcoming AGM).

The NC has recommended to the Board, the re-appointment of Mr Dan Broström to continue in office.

Upon his re-appointment as Director, he will continue in office as Executive Chairman of the Board and be subject to retirement by rotation under the Constitution.

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

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

4.7 ***Directors' Key Information***

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

Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Current Directorships in Other Listed Companies Current / Principal Commitments	Directorships in Other Listed Companies over the Past Three Years
Dan Broström	Executive Chairman	11 January 2013	30 April 2015	NA	NA
Dr Karl Lidgren	Executive Director	1 May 2013	30 April 2015	NA	NA
Sin Boon Ann	Lead Independent Non-Executive Director	26 June 2013	30 April 2014	- OSIM International Ltd - OUE Limited - CSE Global Limited	- Courage Marine Group Limited - MFS Technology Ltd - Swee Hong Limited - Transcorp Holding Limited (f.k.a. Transview Holding Limited)
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director	26 June 2013	30 April 2015	NA	NA
Abderahmane Fodil	Independent Non-Executive Director	26 June 2013	30 April 2014	NA	NA
Dr Christopher Atkinson	Independent Non-Executive Director	6 January 2015	30 April 2015	- Sonoro Energy Limited [1]	NA

[1] Listed on TSX Venture Exchange.

NA – Not applicable

Board Performance

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

5.1
5.2
5.3

Performance Criteria

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

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

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

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

For FY2015, the review process was as follows:

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

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

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

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2015 and that the Board has met its performance objectives in FY2015.

Access to Information

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

6.1
6.2

Provision of Information

All Directors are furnished on an on-going basis with complete, adequate and timely information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's Management. Information provided to the Board include board papers, copies of disclosure documents, budgets, forecasts and internal financial statements. The Board has unrestricted access to the Company's records and information.

The Board has separate and independent access to Management and the Company Secretary at all times. Management is available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or such information can also be provided by external consultants engaged on specific projects.

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

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

6.3
6.4

Company Secretary

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

- Ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act and the Catalist Rules, are complied with;
- Assisting the Executive Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value;
- Assisting the Executive Chairman to ensure good information flow within the Board and its committees and Management;
- Facilitating orientation and assisting with professional development as required;
- Training, designing and implementing a framework for Management's compliance with the Catalist Rules, including timely disclosure of material information;
- Attending and preparing minutes for all Board meetings;
- Assisting to ensure coordination and liaison between the Board, the Board Committees and Management, in its capacity as secretary to all other Board Committees; and
- Assisting the Executive Chairman, the Chairman of each Board Committee and Management in the development of the agenda for the various Board and Board Committee meetings.

6.5 ***Independent Professional Advice***

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

7.1
7.2 ***Remuneration Committee***

To effect the best corporate governance, the Company has established an RC. The RC comprises three members, all of whom are Independent Non-Executive Directors:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Abderahmane Fodil	Member	Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director

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

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

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

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

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

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

7.3 **Remuneration Consultant**

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard. During FY2015, the Company did not engage any independent remuneration consultant.

Level and Mix of Remuneration

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

8.1
8.3 ***Remuneration Structure***

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

The Company has entered into a new service agreement with the Executive Chairman, Mr Dan Broström, which became effective from 1 February 2014. The service agreements with key management personnel, namely, Mr Svein Kjellesvik, Mr Per Lind, Mr Rolf Lethenström and Ms Mok Lai Siong commenced on 8 October 2015, 27 November 2013, 1 April 2013 and 1 August 2013 respectively. An addendum to Mr Måns Lidgren's service agreement dated 1 August 2013 was made on 1 August 2015 while a new service agreement, effective from 1 August 2015, was entered with Mr Kristofer Skantze. A service agreement was entered into with Executive Director, Dr Karl Lidgren on 15 January 2015. The aforesaid service agreements shall collectively be referred to as "Service Agreements".

The Service Agreements are for an initial period of three (3) years with automatic renewal annually for such annual period thereafter unless otherwise agreed in writing between the Company and the executive or terminated in accordance with the terms of the Service Agreements. There is no service contract with the Independent Directors and the term of their appointment is not fixed.

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

8.4 ***Contractual Provisions***

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

Disclosure on Remuneration

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

9.1
9.2 ***Directors' Remuneration***

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

The breakdown for the remuneration of the Directors and the CEO for FY2015 is as follows:

Name of Director/CEO	Salary S$	Benefits S$	Bonus S$	Directors' Fee S$	Total S$
Måns Lidgren[1]	647,160	549,768	54,000	–	1,250,928
Dan Broström	466,000	38,340	–	124,680	629,020
Abderahmane Fodil	–	–	–	98,705	98,705
Dr Karl Lidgren	998,555	–	–	72,730	1,071,285
Muhammad Sameer Yousuf Khan	–	–	–	129,875	129,875
Sin Boon Ann	–	–	–	145,460	145,460
Dr Christopher Atkinson	–	–	–	62,340	62,340

[1] Måns Lidgren is the CEO of the Company but he does not sit on the board of Directors.

There were no termination, retirement, post-employment benefits granted to the Directors and the CEO in FY2015.

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

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2015 is as follows:

Name of Key Management	Salary %	Benefits %	Bonus %	Total %
S$250,000 to S$500,000				
Per Lind	80	13	7	100
Kristofer Skantze	73	21	6	100
Rolf Lethenström	90	2	8	100
Mok Lai Siong	92	1	7	100
Below S$250,000				
Svein Kjellesvik	100	–	–	100

The annual aggregate remuneration paid to the top five key management personnel of the Company (excluding the CEO) for FY2015 was S$1,645,763. Mr Svein Kjellesvik was appointed as the Chief Operating Officer ("**COO**") of the Company on 8 October 2015 and Mr Kristofer Skantze was re-designated as Chief Commercial Officer.

There were no termination, retirement, post-employment benefits granted to the top five key management personnel in FY2015.

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

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

Mr Hans Lidgren, an Executive Director of Rex Technology Management Ltd, is the brother of Dr Karl Lidgren and the uncle of Mr Måns Lidgren, the CEO. Mr Hans Lidgren's remuneration for FY2015 was in the band of S$1,200,000 to S$1,250,000.

Mrs Lina Berntsen, Chief Technology Officer, is the daughter of Mr Hans Lidgren and cousin of Mr Måns Lidgren, the CEO. Mrs Lina Berntsen's remuneration for FY2015 was in the band of S$100,000 to S$150,000.

Mr Martin Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management, is the son of the Executive Director, Dr Karl Lidgren and the brother of the CEO, Mr Måns Lidgren. Mr Martin Lidgren's remuneration for FY2015 was in the band of S$100,000 to S$150,000.

Mr Magnus Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management, is the brother of Dr Karl Lidgren and the uncle of Mr Måns Lidgren, the CEO. Mr Magnus Lidgren's remuneration for FY2015 was in the band of S$100,000 to S$150,000.

Save for the aforementioned, there is no other employee of the Company who is an immediate family member of a Director and/or the CEO, whose remuneration exceeded S$50,000 during FY2015.

9.5 ***Employee Share Scheme***

Rex International Employee Share Option Scheme ("ESOS")

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

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

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

Other salient information regarding the ESOS is set out below:

Exercise price of options

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

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

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

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

Duration of the ESOS

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

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

Date of Grant of Options	Exercise Price of Options	Options Outstanding at 1 Jan 2015	Options Granted during FY2015	Options Exercised during FY2015	Options Forfeited/ Expired during FY2015	Options Outstanding as at 31 Dec 2015	Number of Option Holders as at 31 Dec 2015	Exercise Period
	S$							
29 Nov 2013	0.65[1]	2,025,000	–	–	–	2,025,000	9	29 Nov 2014 – 28 Nov 2018
29 Nov 2013	0.52[2]	1,012,500	–	–	–	1,012,500	9	29 Nov 2015 – 28 Nov 2018
		3,037,500	–	–	–	**3,037,500**		

[1] Market Price
[2] 20 per cent discount to the Market Price

Details of options granted to directors and key management personnel of the Company under the ESOS are as follows:

Name of Directors and Key Management Personnel	Options Granted for FY2015	Aggregate Options Granted Since Commencement of ESOS to 31 Dec 2015	Aggregate Options Exercised Since Commencement of ESOS to 31 Dec 2015	Aggregate Options Outstanding as at 31 Dec 2015
Muhammad Sameer Yousuf Khan	–	375,000*	–	375,000
Abderahmane Fodil	–	375,000*	–	375,000
Sin Boon Ann	–	375,000*	–	375,000
Kristofer Skantze	–	375,000*	–	375,000
Per Lind	–	375,000*	–	375,000
Rolf Lethenström	–	375,000*	–	375,000
Mok Lai Siong	–	375,000*	–	375,000
Total	**–**	**2,625,000**	**–**	**2,625,000**

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

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

No options were granted by Company during FY2015.

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

As at 31 December 2015, all options granted have yet to be exercised. Further details on the ESOS were set out in the Company's Offer Document dated 22 July 2013.

Rex International Performance Share Plan

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

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

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

On 23 February 2015, the Company granted contingent Awards of up to an aggregate of 2,102,700 shares pursuant to the Plan to eligible participants. None of the 2,102,700 shares, which are the subject of the Awards granted on 23 February 2015, were granted to directors and controlling shareholders or their associates. The Company also granted a contingent Award of up to 1,161,600 shares to Mr Måns Lidgren, an associate of a controlling shareholder of the Company, under the Plan which was approved by the shareholders at the Company's annual general meeting held on 30 April 2015.

Details of the Awards granted in FY2015 are as follows:

Date of Grant of Awards	Number of Shares which are the Subject of Awards Granted as at 1 Jan 2015	Number of Shares which are the Subject of Awards Granted during FY2015	Number of Shares which are the Subject of Awards which had lapsed/were Cancelled during FY2015	Number of Shares which are the Subject of Awards Granted as at 31 Dec 2015	Number of Holders
23 Feb 2015	–	Up to 2,102,700[1]	–	Up to 2,102,700[1]	8
30 Apr 2015	–	Up to 1,161,600	–	Up to 1,161,600	1
		Up to 3,264,300		**Up to 3,264,300**	**9**

[1] The Company had on 29 February 2016 issued and allotted 2,102,700 new Shares pursuant to the vesting of the Awards which were granted to eligible participants on 23 February 2015 based on the achievement of pre-determined performance goals set for the financial year ended 31 December 2014 and the satisfactory completion of time-based service conditions under the Plan.

Details of the Awards granted to participants who are controlling shareholders or associates of the controlling shareholders in FY2015 are as follows:

Name of Participant	Number of New Shares Allotted Pursuant to Release of Awards under the Plan during FY2015 (including terms)	Number of Existing Shares Purchased for Delivery Pursuant to Release of Awards under the Plan during FY2015 (including terms)	Aggregate Number of New Shares Allotted and Existing Shares Purchased for Delivery since Commencement of the Plan to end of FY2015	Aggregate Number of Shares Comprised in Awards which have not been Released as at the end of FY2015
Måns Lidgren[1]	–	Up to 1,161,600	–	Up to 1,161,600

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

There were no Awards which were granted under the Plan to (i) Directors of the Company; and (ii) participants other than Directors of the Company and controlling shareholders of the Company and their associates, who receive Awards comprising Shares representing five per cent or more of the aggregate of the total number of new Shares available under the Plan and the total number of existing Shares purchased for delivery of Awards released under the Plan.

The number of shares which are the subject of Awards granted to each holder ranges from 11,700 to 1,161,600. The closing market prices of the Company's shares on 23 February 2015 and 30 April 2015 were S$0.365 and S$0.315 per share respectively.

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

Further details on the Plan were set out in the Company's Circular dated 8 April 2014.

9.6 *Performance Criteria for Remuneration*

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The Company has established a yearly balance score card performance plan with performance targets to determine the Executive Directors and key management personnel's entitlement under the short-term and long-term incentive schemes. The balance score card includes three main perspectives, including financial performance, business development and business process. A total of 19 measures are included. Not all measures were met for FY2015. The main reasons were the market conditions where oil price was drastically reduced and delays in production in wells.

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

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

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

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

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

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

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in "The Independent Auditor's Report" section on pages 79 to 80 of this Annual Report.

10.3 ***Monthly Reporting to Board***

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

Risk Management and Internal Controls

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

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

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

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

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

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

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

The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2015.

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

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

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

The Board has obtained the following assurance from the CEO and the CFO in respect of FY2015:

i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and
ii) the Company's risk management and internal control systems are effective.

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

The Board has additionally relied on the IA's reports in respect of the BAF issued to the Company since FY2013 as assurances that the Company's risk management and internal control systems are effective.

In relation to sustainability, the Group, as a young company, aspires to do good in the communities it operates in, be it to have minimal impact on the environment in its operations, or in helping the underprivileged.

Audit Committee

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

12.1
12.4

Audit Committee

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

Muhammad Sameer Yousuf Khan	Chairman	Independent Non-Executive Director
Abderahmane Fodil	Member	Independent Non-Executive Director
Sin Boon Ann	Member	Lead Independent Non-Executive Director

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

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

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

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

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

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

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

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

(h) Reviewing significant financial reporting issues and judgments with the CFO and the EA so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors;

(i) Reviewing and reporting to the Board of Directors at least annually the adequacy and effectiveness of the Group's material internal controls including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;

(j) Reviewing and approving transactions falling within the scope of Chapters 9 and 10 of the Catalist Rules (if any);

(k) Reviewing any potential conflicts of interest;

(l) Reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;

(m) Undertaking such other reviews and projects as may be requested by the Board of Directors and reporting to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC;

(n) Reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and

(o) Generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

12.2 ***Qualifications of AC***

All the members of the AC have had many years of experience in accounting, business and financial advisory, corporate and finance, investment, and senior management positions in different sectors. The Board is of the view that the members of the AC have sufficient management and/or financial expertise and experience to discharge the AC's functions.

12.3 ***Authority of AC***

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

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

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

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

The AC has met with the IA and the EA once in the absence of Management in FY2015.

12.6 ### *Independence of External Auditor*

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

Fees Paid/Payable to the EA for FY2015		
	S$	% of total
Audit fees	170,000	82
Non-audit fees		
- Tax advice advisory	5,600	3
- Enterprise risk management	32,000	15
Total	**207,600**	**100**

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

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

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

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

12.7 ### *Whistle-blowing Policy*

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

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

12.8 ***Audit Committee Activities***

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2015 in the discharge of its functions and duties including the deliberation and review of:

- the unaudited quarterly financial results of the Group and announcements prior to submission to the Board for approval and release on the SGXNET;
- the internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit;
- the EA's report in relation to audit and accounting issues arising from the audit;
- the system of risk management and internal controls;
- the full year financial results of the Group and related announcements prior to submission to the Board of Directors for consideration and approval;
- the external audit and internal audit fees for the FY2015 and recommendation to the Board for approval;
- the independence and re-appointment of the EA and recommendation to the Board for approval; and
- interested person transactions falling within scope of Chapters 9 and 10 of the Catalist Rules and any potential conflicts of interests.

Internal Audit

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

13.1-5 ***Internal Audit***

The Company's IA function is outsourced to Ernst & Young Advisory Pte Ltd ("**EY**") that reports directly to the AC and administratively to the CEO. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that EY is adequately qualified (given, *inter alia*, its adherence to standards set by relevant local or internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.

The primary functions of the IA are to:

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

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

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

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

The AC meets with the IA without the presence of the Management at least once a year, and this has been done in FY2015.

The IA have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

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

The AC had reviewed and is of the view that the IA function is adequate and effective in FY2015.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

14.1
14.3 *Shareholder Rights*

The Company treats all shareholders fairly and equitably, and recognise, protect and facilitate the exercise of shareholders' rights and continually review and update such governance arrangement.

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

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

Communication with Shareholders

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

15.2-4 *Communication with Shareholders*

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

- One-on-one and group meetings;
- Investor/analyst briefings;
- Conferences and roadshows;
- Annual General Meetings and Extraordinary General Meetings; and
- Responses to email queries.

In 2015, the Company issued more than 70 announcements and press releases and conducted more than 65 one-on-one and group meetings, as well as conference calls, with the media, as well as local and foreign investors or analysts. The Company also participated in conferences and non-deal investor roadshows in Singapore and Hong Kong.

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

The Company has a dedicated investor relations team to facilitate communications with shareholders.

15.5 ***Dividend Policy***

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

The Board has not declared or recommended dividends for FY2015, as the Company was not profitable in FY2015.

Conduct of Shareholder Meetings

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

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

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

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

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

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

All minutes of general meetings will made available to shareholders upon their request within one month after the general meeting.

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.

COMPLIANCE WITH APPLICABLE CATALIST RULES

Catalist Rule	
712 715	***Appointment of Auditors*** The Company confirms its compliance to the Catalist Rules 712 and 715. Significant foreign subsidiaries are audited by KPMG LLP, Singapore for consolidation purpose, and other member firms of KPMG International. Other foreign subsidiaries are registered BVI companies that have no operational activities in FY2015.
1204(8)	***Material Contracts*** There were no material contracts entered into by the Group involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2014.
1204(10)	***Confirmation of Adequacy of Internal Controls*** The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following: • Assurance has been received from the CEO, CFO and IA; • An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed; • Management regularly evaluates, monitors and reports to the AC and RMC on material risks; • Discussions were held between the AC and auditors in the absence of the Management to review and address any potential concerns; • An enterprise risk management framework is in place to identify, manage and mitigate significant risks; and • Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a quarterly basis.
1204(17)	***Interested Persons Transaction ("IPT")*** There were no IPTs with value of more than S$100,000 transacted during FY2015. The Company does not have an IPT Mandate. The Company has adopted an internal policy in respect of any transactions with an interested person (as defined in the Catalist Rules) and has established procedures for the review and approval of all IPTs entered into by the Group. The AC reviews the rationale and terms of the Group's IPTs, with the view that the IPTs should be on normal commercial terms and are not prejudicial to the interests of its minority shareholders.

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

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

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

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

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2015.

1204(22) ***Use of IPO Proceeds and Proceeds Raised from Placement Exercises***

The Company had raised gross proceeds amounting to S$85.25 million from the IPO on the Catalist Board of the SGX-ST on 31 July 2013.

The details of the utilisation of the net IPO proceeds as at the date of this report are as shown below:

Use of IPO Proceeds	Amount Allocated S$'000	Amount Redeployed S$'000	Amount Utilised S$'000	Balance S$'000
Investment in new oil and gas opportunities	15,690	2,282[2]	(17,972)	-
Drilling in Middle East Concessions	12,383	(3,598)[1][2]	(8,581)	204
Drilling in Norwegian Licences	23,637	1,316[1]	(24,953)	–
Repayment of loan to Rex Partners	2,354	–	(2,354)	–
General working capital	25,886	(1,704)[3]	(23,549)[4]	633
Listing expenses to be borne by our Company	5,300	1,704[3]	(7,004)	–
Total	**85,250**	**–**	**(84,413)**	**837**

As at the date of this report, the status on the use of net proceeds from the 2013 Placement in Singapore dollars is as follows:

Use of Net Proceeds from 2013 Placement[5]	Amount Allocated S$'000	Amount Redeployed S$'000	Amount Utilised S$'000	Balance S$'000
Exploration and drilling activities in new opportunities in the Asia-Pacific region	17,856	(10,960)[9][10]	–	6,896
Exploration and drilling activities in new opportunities in geographical regions including the Middle East, Norway and Western Europe	16,787	–	(10,519)	6,268
Invest in and expand the business in the oil services sector using well stimulation technology	16,228	–	(15,135)	1,093
Share buyback mandate	–	5,960[9]	–	5,960
General working capital	–	5,000[10]	–	5,000
Total	**50,871**	**–**	**(25,654)**	**25,217**

As at the date of this report, the status on the use of net proceeds from the 2014 Placement in Singapore dollars is as follows:

Use of Net Proceeds from 2014 Placement[6]	Amount Allocated S$'000	Amount Redeployed S$'000	Amount Utilised S$'000	Balance S$'000
Settlement of liabilities of RTM and injection of working capital into RTM to increase capabilities and activities	18,735	–	(15,239)[7]	3,496
- Further field development in Oman - Funding of the drilling of one well in Sharjah in the UAE - Further growth and development of the Group's existing sizeable licence portfolio in Norway	56,206	–	(38,368)	17,838
Existing and potential new business opportunities	18,735	–	(16,323)[8]	2,412
Total	**93,676**	**–**	**(69,930)**	**23,746**

[1] S$1.32 million was redeployed in 1Q FY2015 for drilling in Norwegian licences.

[2] S$2.28 million was redeployed in the three-month period ended 30 September 2014 to investment in new oil and gas opportunities for concessions in Trinidad & Tobago.

[3] S$1.70 million was redeployed to listing expenses to be borne by the Company.

[4] S$23.55 million was used for Singapore's office staff cost and operational expenses, consultancy and professional fees.

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

[6] The Company had on 17 September 2014, completed a placement of 168 million new ordinary shares at an issue price of S$0.57 per share (the "**2014 Placement**"), raising net proceeds of S$93.68 million (after deducting placement expenses of S$2.08 million).

[7] US$8.50 million (equivalent to S$11.23 million based on the exchange rate of US$1: S$1.3213) was used for the repayment of the loan in Rex Technology Management Ltd ("**RTM**") as disclosed in the announcement dated 2 September 2014. The remaining S$4.01 million was used for the settlement of other liabilities in RTM which included trade and other payables, which were assumed by the Group upon completion of the acquisition of RTM.

[8] S$13.93 million was used for capital injections in Caribbean Rex Ltd, and S$2.39 million was used to subscribe to additional shares in Fram Exploration ASA.

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

[10] S$5.00 million was redeployed to general working capital for the financial year ending 31 December 2016 due to less opportunities in Asia Pacific region.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements of Rex International Holding Limited ("**the Company**") and its subsidiaries ("**the Group**") for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 81 to 163 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, the financial performance of the Group, the changes in equity of the Group and of the Company, and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

DIRECTORS

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

Dan Broström (Executive Chairman)
Dr Karl Lidgren
Muhammad Sameer Yousuf Khan
Sin Boon Ann
Abderahmane Fodil
Dr Christopher Atkinson (Appointed on 6 January 2015)

DIRECTORS' INTERESTS

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

Name of director and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**
Dan Broström		
Rex International Holding Limited		
Ordinary Shares		
- direct interest	–	428,000
- deemed interest	–	3,000,000

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Dr Karl Lidgren		
Rex International Holding Limited		
Ordinary Shares		
- deemed interest	556,921,960	556,921,960

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

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

Except as disclosed in Note 28 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

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

Other information regarding the ESOS is set out below:

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

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

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

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

SHARE OPTIONS – CONTINUED

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

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2015	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2015	Number of option holders at 31 December 2015	Exercise period
29.11.2013	S$0.65	2,025,000	–	–	–	2,025,000	9	29.11.2014 – 28.11.2018
29.11.2013	S$0.52	1,012,500	–	–	–	1,012,500	9	29.11.2015 – 28.11.2018
		3,037,500	–	–	–	3,037,500		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

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

Name of director	Options granted for financial year ended 31 December 2015	Aggregate options granted since commencement of ESOS to 31 December 2015	Aggregate options exercised since commencement of ESOS to 31 December 2015	Aggregate options outstanding as at 31 December 2015
Muhammad Sameer Yousuf Khan	–	375,000	–	375,000
Abderahmane Fodil	–	375,000	–	375,000
Sin Boon Ann	–	375,000	–	375,000
	–	1,125,000	–	1,125,000

SHARE OPTIONS – CONTINUED

Other than those disclosed above, details of options granted to key management personnel of the Company under the ESOS are as follows:

Name of key management personnel	Options granted for financial year ended 31 December 2015	Aggregate options granted since commencement of ESOS to 31 December 2015	Aggregate options exercised since commencement of ESOS to 31 December 2015	Aggregate options outstanding as at 31 December 2015
Per Lind	–	375,000	–	375,000
Kristofer Skantze	–	375,000	–	375,000
Rolf Lethenström	–	375,000	–	375,000
Mok Lai Siong	–	375,000	–	375,000
	–	1,500,000	–	1,500,000

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

SHARE AWARDS

The Performance Share Plan (the "**PSP**") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 30 April 2014. The PSP is administered by the Company's Remuneration Committee, comprising 3 directors, Sin Boon Ann, Muhammad Sameer Yousuf Khan and Abderahmane Fodil.

During the financial year, the Company's Remuneration Committee has granted awards which have a vesting period of 1 year. The awards represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge upon expiry of the prescribed vesting period.

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

Details of the movement in the awards granted under the PSP during the year were as follows:

Year of Award	Awards at 1 January 2015	Awards granted	Awards lapsed/ cancelled	Awards at 31 December 2015	Number of award holders at 31 December 2015
2015	–	3,264,300	–	3,264,300	9
	–	3,264,300	–	3,264,300	

AUDIT COMMITTEE

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

•	Muhammad Sameer Yousuf Khan (Chairman)	Independent Non-Executive director
•	Sin Boon Ann	Lead Independent Non-Executive director
•	Abderahmane Fodil	Independent Non-Executive director

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

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

The Audit Committee also reviewed the following:

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

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

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

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

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

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

DIRECTORS' STATEMENT

AUDITORS

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

On behalf of the Board of Directors

Dan Broström
Director

Muhammad Sameer Yousuf Khan
Director

15 March 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Rex International Holding Limited ("**the Company**") and its subsidiaries ("**the Group**"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 81 to 163.

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.

Auditors' responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding 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.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
15 March 2016

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2015

	Note	Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
Assets					
Exploration and evaluation assets	4	59,472	13,066	–	–
Other intangible assets	5	7,615	8,465	–	–
Plant and equipment	6	337	218	59	93
Subsidiaries	7	–	–	67,931	71,352
Associate and jointly controlled entities	9	9,036	41,685	–	–
Available-for-sale investments	10	701	2,410	701	2,410
Non-current assets		77,161	65,844	68,691	73,855
Inventories	11	2,717	989	–	–
Trade and other receivables	12	72,067	9,814	1,953	6,266
Quoted investments	13	31,630	30,725	31,495	30,725
Cash and cash equivalents	14	53,447	87,131	35,754	83,375
Current assets		159,861	128,659	69,202	120,366
Total assets		237,022	194,503	137,893	194,221
Equity					
Share capital	15	254,055	253,713	254,055	253,713
Reserves	16	6,841	5,928	1,744	910
Accumulated losses		(127,220)	(70,590)	(119,598)	(61,723)
Total equity attributable to owners of the Company		133,676	189,051	136,201	192,900
Non-controlling interests	8	19,282	426	–	–
Total equity		152,958	189,477	136,201	192,900
Liabilities					
Deferred tax liabilities	18	13,862	–	–	–
Provisions	19	9,838	–	–	–
Non-current liabilities		23,700	–	–	–
Loans and borrowings	20	33,720	–	–	–
Trade and other payables	21	26,644	5,026	1,692	1,321
Current liabilities		60,364	5,026	1,692	1,321
Total liabilities		84,064	5,026	1,692	1,321
Total equity and liabilities		237,022	194,503	137,893	194,221

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	Group 2015 US$'000	Group 2014 US$'000
Continuing operations			
Revenue	22	4,652	334
Cost of sales:			
Cost of services		(2,156)	–
Exploration and evaluation expenditure	4	(18,670)	–
Gross profit		(16,174)	334
Administration expenses		(8,939)	(8,081)
Other income		567	67
Results from operating activities		(24,546)	(7,680)
Finance income	23	1,735	1,142
Finance costs	23	(379)	(158)
Foreign exchange loss		(5,542)	(5,291)
Net finance costs		(4,186)	(4,307)
Impairment of available-for-sale investments	10	(3,497)	(41,147)
Impairment of a jointly controlled entity	9	(10,807)	–
Loss on re-measurement to fair value of pre-existing interest in a jointly controlled entity	30(iii)	–	(4,352)
Gain on step acquisition of a jointly controlled entity	30(iii)	–	2,416
Share of equity-accounted losses of an associate and jointly controlled entities, net of tax	9	(7,128)	(7,601)
Loss before tax	24	(50,164)	(62,671)
Tax credit	25	14,257	–
Loss from continuing operations, net of tax		(35,907)	(62,671)
Discontinued operation			
Loss from discontinued operation, net of tax	26	(20,990)	–
Loss for the year, net of tax		(56,897)	(62,671)

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

	Note	Group 2015 US$'000	Group 2014 US$'000
Other comprehensive (loss)/income			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of an available-for-sale investment, net of tax	10,16	(1,709)	(1,430)
Impairment loss on an available-for-sale investment reclassified to profit or loss, net of tax	10,16	1,709	1,430
Realisation of translation reserve on re-measurement of pre-existing interest in a jointly controlled entity		–	4
Foreign currency translation differences from foreign operations		455	350
Foreign currency translation differences on loss of control reclassified to profit or loss	26	(374)	–
Other comprehensive income for the year, net of tax		81	354
Total comprehensive loss for the year, net of tax		(56,816)	(62,317)
Loss attributable to:			
Owners of the Company		(56,630)	(62,671)
Non-controlling interests		(267)	–
Loss for the year, net of tax		(56,897)	(62,671)
Loss per share			
Basic loss per share (cents)	27	(4.48)	(5.48)
Diluted loss per share (cents)	27	(4.48)	(5.48)
Loss per share – Continuing operations			
Basic loss per share (cents)	27	(2.82)	(5.48)
Diluted loss per share (cents)	27	(2.82)	(5.48)
Total comprehensive loss attributable to:			
Owners of the Company		(56,551)	(62,317)
Non-controlling interests		(265)	–
Total comprehensive loss for the year		(56,816)	(62,317)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

		Attributable to owners of the Company									
	Note	Share capital	Merger reserve	Capital reserve	Fair value reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group											
At 1 January 2014		179,519	4,129	1,080	–	60	(40)	(7,919)	176,829	–	176,829
Total comprehensive loss for the year											
Loss for the year		–	–	–	–	–	–	(62,671)	(62,671)	–	(62,671)
Other comprehensive income/(loss)											
Realisation of translation reserve on re-measurement of pre-existing interest in a jointly controlled entity		–	–	–	–	–	4	–	4	–	4
Net change in fair value of an available-for-sale investment, net of tax	10	–	–	–	(1,430)	–	–	–	(1,430)	–	(1,430)
Foreign currency translation differences		–	–	–	–	–	350	–	350	–	350
Impairment loss on an available-for-sale investment reclassified to profit or loss, net of tax	10	–	–	–	1,430	–	–	–	1,430	–	1,430
Total other comprehensive income		–	–	–	–	–	354	–	354	–	354
Total comprehensive income/(loss) for the year		–	–	–	–	–	354	(62,671)	(62,317)	–	(62,317)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of shares	15	75,867	–	–	–	–	–	–	75,867	–	75,867
Placement expenses	15	(1,673)	–	–	–	–	–	–	(1,673)	–	(1,673)
Share-based payment transactions - employee share option scheme	17	–	–	–	–	345	–	–	345	–	345
Total contribution by and distributions to owners		74,194	–	–	–	345	–	–	74,539	–	74,539
Changes in ownership interests in subsidiaries											
Acquisition of subsidiary with non-controlling interests	8, 30	–	–	–	–	–	–	–	–	426	426
Total changes in ownership interests in subsidiary		–	–	–	–	–	–	–	–	426	426
Total transaction with owners		74,194	–	–	–	345	–	–	74,539	426	74,965
At 31 December 2014		253,713	4,129	1,080	–	405	314	(70,590)	189,051	426	189,477

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

		Attributable to owners of the Company									
	Note	Share capital US$'000	Merger reserve US$'000	Capital reserve US$'000	Fair value reserve US$'000	Share-based payment reserve US$'000	Translation reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Group											
At 1 January 2015		253,713	4,129	1,080	–	405	314	(70,590)	189,051	426	189,477
Total comprehensive loss for the year											
Loss for the year		–	–	–	–	–	–	(56,630)	(56,630)	(267)	(56,897)
Other comprehensive income/ (loss)											
Net change in fair value of an available-for-sale investment, net of tax	10	–	–	–	(1,709)	–	–	–	(1,709)	–	(1,709)
Impairment loss on an available-for-sale investment reclassified to profit or loss, net of tax	10	–	–	–	1,709	–	–	–	1,709	–	1,709
Foreign currency translation differences		–	–	–	–	–	453	–	453	2	455
Foreign currency translation differences arising from disposal of subsidiary reclassified to profit or loss, net of tax	26	–	–	–	–	–	(374)	–	(374)	–	(374)
Total other comprehensive income		–	–	–	–	–	79	–	79	2	81
Total comprehensive income/ (loss) for the year		–	–	–	–	–	79	(56,630)	(56,551)	(265)	(56,816)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of shares	15	342	–	–	–	–	–	–	342	–	342
Share-based payment transactions - employee share option scheme and performance share plan	17	–	–	–	–	834	–	–	834	–	834
Total contributions by and distributions to owners		342	–	–	–	834	–	–	1,176	–	1,176
Changes in ownership interests in subsidiaries											
Disposal of a subsidiary	8, 30	–	–	–	–	–	–	–	–	(426)	(426)
Acquisition of subsidiaries with non-controlling interests	8, 30	–	–	–	–	–	–	–	–	19,547	19,547
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	–	–	19,121	19,121
Total transactions with owners		342	–	–	–	834	–	–	1,176	19,121	20,297
At 31 December 2015		254,055	4,129	1,080	–	1,239	393	(127,220)	133,676	19,282	152,958

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Note	Share capital US$'000	Capital reserve US$'000	Fair value reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company							
At 1 January 2014		179,519	505	–	60	(7,724)	172,360
Total comprehensive loss for the year							
Loss for the year		–	–	–	–	(53,999)	(53,999)
Other comprehensive loss							
Net change in fair value of an available-for-sale investment, net of tax		–	–	(1,430)	–	–	(1,430)
Impairment loss on an available-for-sale investment reclassified to profit or loss, net of tax		–	–	1,430	–	–	1,430
Total other comprehensive loss		–	–	–	–	–	–
Total comprehensive loss for the year		–	–	–	–	(53,999)	(53,999)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issuance of shares	15	75,867	–	–	–	–	75,867
Placement expenses	15	(1,673)	–	–	–	–	(1,673)
Share-based payment transactions -employee share option scheme	17	–	–	–	345	–	345
Total transactions with shareholders		74,194	–	–	345	–	74,539
At 31 December 2014		253,713	505	–	405	(61,723)	192,900

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

	Note	Share capital US$'000	Capital reserve US$'000	Fair value reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company							
At 1 January 2015		253,713	505	–	405	(61,723)	192,900
Total comprehensive loss for the year							
Loss for the year		–	–	–	–	(57,875)	(57,875)
Other comprehensive loss							
Net change in fair value of an available-for-sale investment, net of tax		–	–	(1,709)	–	–	(1,709)
Impairment loss on an available-for-sale investment reclassified to profit or loss, net of tax		–	–	1,709	–	–	1,709
Total other comprehensive loss		–	–	–	–	–	–
Total comprehensive loss for the year		–	–	–	–	(57,875)	(57,875)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issuance of shares	15	342	–	–	–	–	342
Share-based payment transactions - employee share option scheme and performance share plan	17	–	–	–	834	–	834
Total transactions with shareholders		342	–	–	834	–	1,176
At 31 December 2015		254,055	505	–	1,239	(119,598)	136,201

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	Group 2015 US$'000	Group 2014 US$'000
Cash flows from operating activities			
Loss for the year before tax		(71,154)	(62,671)
Adjustments for:			
Depreciation	6	123	40
Amortisation of exploration and evaluation assets	4	1,366	–
Amortisation of intangible assets	5	850	35
Net finance income		(1,356)	(984)
Loss on sale of discontinued operation, net of tax	26	7,747	–
Impairment loss on available-for-sale investments	10	3,497	41,147
Impairment of a jointly controlled entity	9	10,807	–
Impairment of exploration and evaluation assets	4	29,202	–
Loss on re-measurement to fair value of pre-existing interest in a jointly controlled entity	30(iii)	–	4,352
Gain on step acquisition of a jointly controlled entity	30(iii)	–	(2,416)
Share of equity-accounted losses of an associate and jointly controlled entities, net of tax		7,128	7,601
Equity settled share-based payment transactions		1,176	345
Change in fair value of quoted investments		500	215
Loss on disposal of quoted investments		137	98
Loss on disposal of plant and equipment		–	19
		(9,977)	(12,219)
Changes in:			
- Inventories		(169)	–
- Trade and other receivables		2,666	(1,303)
- Trade and other payables		(2,548)	(2,174)
Net cash used in operating activities		(10,028)	(15,696)

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

	Note	Group 2015 US$'000	Group 2014 US$'000
Cash flows from investing activities			
Interest received		1,735	1,142
Acquisitions through business combinations, net of cash acquired	30(iii),(iv)	–	(6,145)
Other acquisitions, net of cash acquired	30(i),(ii)	(3,124)	–
Disposal of discontinued operation, net of cash disposed	26	(2,391)	–
Proceeds from partial disposal of a jointly controlled entity	9	1,347	1,000
Investments in jointly controlled entities	9	(12,172)	(25,548)
Investment in an associate	30	(300)	–
Purchase of available-for-sale investment	10	(1,788)	(3,840)
Purchase of quoted investments	13	(6,000)	(23,518)
Proceeds from disposal of quoted investments	13	4,458	3,500
Exploration and evaluation expenditure	4	(5,168)	–
Purchase of plant and equipment	6	(135)	(71)
Net cash used in investing activities		(23,538)	(53,480)
Cash flows from financing activities			
Interest paid		(379)	(158)
Proceeds from issuance of shares		–	75,867
Placement expenses		–	(1,673)
Net cash (used in)/from financing activities		(379)	74,036
Net (decrease)/increase in cash and cash equivalents		(33,945)	4,860
Cash and cash equivalents at 1 January		87,131	82,271
Effect of exchange rate fluctuations on cash held		261	–
Cash and cash equivalents at 31 December	14	53,447	87,131

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 March 2016.

1 DOMICILE AND ACTIVITIES

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

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as "**the Group**" and individually as "**Group entities**") and the Group's interest in equity-accounted investees.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

Measurement of fair values

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

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

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

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

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

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

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

(i) Key sources of estimation uncertainty – Continued

Impairment of non-financial assets – Continued

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

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

Amortisation of technology assets

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

Amortisation of exploration and evaluation assets

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

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

Provisions

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

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

(ii) Critical judgements made in applying accounting policies

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

Classification of investments

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

- Associate and jointly controlled entities — Note 9
- Available-for-sale investments — Note 10

Business combinations

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

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

Exploration and evaluation expenditures

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

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

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

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

Hydrocarbon reserves

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

2.5 New/revised standards and interpretations

The Group and Company adopted new or revised standards and interpretations that came into effect from 1 January 2015. The adoption of these new or revised standards and interpretations does not have a significant impact on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

(i) Business combinations

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation – Continued

(i) Business combinations – Continued

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

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

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

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

(ii) Subsidiaries

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

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

(iii) Acquisitions from entities under common control

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation – Continued

(iv) Loss of control

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

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

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

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

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

(vi) Joint operations

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

(vii) Transactions eliminated on consolidation

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation – Continued

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

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

3.2 Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.2 Foreign currency – Continued

(ii) Foreign operations – Continued

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

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

3.3 Exploration and evaluation assets

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

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

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

(ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.3 Exploration and evaluation assets – Continued

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

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

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

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

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

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

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

3.4 Plant and equipment

(i) Recognition and measurement

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.4 Plant and equipment – Continued

(i) Recognition and measurement – Continued

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.5 Intangible assets

(i) Goodwill

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

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

Subsequent measurement

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

(ii) Other intangible assets

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

The estimated useful lives are as follows:

Technology	10 years
Customer contracts	10 years

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

3.6 Inventories

Inventories comprised crude oil and raw materials and are measured at the lower of cost and net realisable value.

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments

(i) Non-derivative financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(i) Non-derivative financial assets – Continued

Cash and cash equivalents

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

Available-for-sale financial assets

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

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

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

(ii) Non-derivative financial liabilities

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment

(i) Non-derivative financial assets

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

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

Loans and receivables

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment – Continued

(i) Non-derivative financial assets – Continued

Available-for-sale financial assets

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

(ii) Non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment – Continued

(ii) *Non-financial assets* – Continued

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

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

Associates and jointly controlled entities

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

(iii) *Share capital*

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

3.9 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.9 Employee benefits – Continued

Share-based payment transactions

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

3.10 Provisions

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

3.11 Leases

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

3.12 Revenue

Rendering of services

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

Sale of oil and gas

Revenue from the sale of oil and gas is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when the title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

3.13 Finance income and finance costs

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.13 Finance income and finance costs – Continued

Finance cost comprises bank charges which are inclusive of cash management and processing fees.

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

3.14 Tax

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

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

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

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.14 Tax – Continued

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

3.15 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3.16 Earnings per share

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

3.17 Segment reporting

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.17 Segment reporting – Continued

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

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

3.18 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group does not plan to adopt these standards early.

4 EXPLORATION AND EVALUATION ASSETS

	Note	Group 2015 US$'000	Group 2014 US$'000
Cost			
At 1 January		13,066	–
Additions		5,168	–
Acquisitions through business combinations	30(iii)	–	13,066
Other acquisitions	30(i),(ii)	77,345	–
Disposal of a subsidiary	26	(18,347)	–
Translation difference on consolidation		113	–
At 31 December		77,345	13,066
Accumulated amortisation and impairment loss			
At 1 January		–	–
Amortisation		1,366	–
Impairment of exploration expenditure previously capitalised		29,202	–
Disposal of a subsidiary	26	(12,695)	–
At 31 December		17,873	–
Carrying amounts as at 31 December		59,472	13,066

Exploration and evaluation costs incurred in 2015 were in respect of exploration and evaluation of hydrocarbons in Norway and Oman.

During the year, the Group recognised amortisation expenses of US$1,366,000 in relation to exploration and evaluation assets in Trinidad & Tobago.

Exploration and evaluation costs incurred in 2014 were in respect of exploration and evaluation of hydrocarbons in south-west Trinidad and the Southern Basin, Trinidad & Tobago.

Impairment assessment

In 2015, the Group recognised total impairment loss of US$29,202,000 with respect to exploration and evaluation assets in Norway and Trinidad & Tobago as a result of the completion of drilling in certain licences in Norway and Trinidad & Tobago with resultant dry wells and the relinquishment of such licences thereafter.

4 EXPLORATION AND EVALUATION ASSETS – CONTINUED

Impairment Assessment – Continued

The table below shows the impairment loss on exploration and evaluation expenditure included in the consolidated statement of comprehensive income:

	Note	Group 2015 US$'000	Group 2014 US$'000
Cost of sales from continuing operations includes:			
Impairment of exploration expenditure previously capitalised	24	17,873	–
Other exploration costs		797	–
		18,670	–
Loss from discontinued operation includes:			
Impairment of exploration expenditure previously capitalised		11,329	–

Further impairment assessment was performed over the Group's remaining interests in its exploration and evaluation assets in Norway and Oman due to depressed oil prices.

Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of these exploration and evaluation assets, and no further impairment loss was recognised.

The recoverable amounts of the exploration and evaluation assets were determined based on value in use calculations. The key assumptions used in the calculation of recoverable amounts include gross unrisked recoverable resource estimates and geological chance of success estimated by the operators of respective concessions and future oil prices based on management's conservative forecast.

No sensitivity analysis is disclosed as the Group believes that any reasonably possible change in the key assumptions will not cause the recoverable amount of the exploration and evaluation assets to be materially lower than the carrying amount.

5 OTHER INTANGIBLE ASSETS

	Note	Technology US$'000	Customer Contracts US$'000	Total US$'000
Group				
Cost				
At 1 January 2014		–	–	–
Acquisitions through business combinations	30(iv)	4,700	3,800	8,500
At 31 December 2014, 2015		4,700	3,800	8,500
Accumulated amortisation				
At 1 January 2014		–	–	–
Amortisation		19	16	35
At 31 December 2014		19	16	35
Amortisation		470	380	850
At 31 December 2015		489	396	885
Carrying amounts				
At 1 January 2014		–	–	–
At 31 December 2014		4,681	3,784	8,465
At 31 December 2015		4,211	3,404	7,615

Amortisation

The amortisation of technology and customer contracts is included in "Administration expenses".

Impairment assessment

In 2015, the Group carried out an impairment assessment of its intangible assets as part of its annual impairment exercise. See Note 7 to the financial statements for a summary of the key assumptions used in the discounted cash flow projections.

6 PLANT AND EQUIPMENT

	Note	Furniture and fittings US$'000	Office equipment US$'000	Office computers US$'000	Total US$'000
Group					
Cost					
At 1 January 2014		8	16	67	91
Additions		18	–	53	71
Acquisitions through business combinations	30(iii)	45	39	41	125
Disposals		(8)	(16)	–	(24)
At 31 December 2014		63	39	161	263
Additions		108	23	4	135
Other acquisitions	30(i),(ii)	145	125	7	277
Disposal of a subsidiary	26	(123)	(39)	(40)	(202)
At 31 December 2015		193	148	132	473
Accumulated depreciation and impairment loss					
At 1 January 2014		1	3	6	10
Depreciation		4	1	35	40
Disposals		(1)	(4)	–	(5)
At 31 December 2014		4	–	41	45
Depreciation		39	33	51	123
Disposal of a subsidiary	26	(12)	(10)	(10)	(32)
At 31 December 2015		31	23	82	136
Carrying amounts					
At 1 January 2014		7	13	61	81
At 31 December 2014		59	39	120	218
At 31 December 2015		162	125	50	337

6 PLANT AND EQUIPMENT – CONTINUED

	Furniture and fittings US$'000	Office equipment US$'000	Office computers US$'000	Total US$'000
Company				
Cost				
At 1 January 2014	8	16	67	91
Additions	18	–	53	71
Disposals	(8)	(16)	–	(24)
At 31 December 2014	18	–	120	138
Additions	7	–	3	10
At 31 December 2015	25	–	123	148
Accumulated depreciation and impairment loss				
At 1 January 2014	1	3	6	10
Depreciation	4	1	35	40
Disposals	(1)	(4)	–	(5)
At 31 December 2014	4	–	41	45
Depreciation	4	–	40	44
At 31 December 2015	8	–	81	89
Carrying amounts				
At 1 January 2014	7	13	61	81
At 31 December 2014	14	–	79	93
At 31 December 2015	17	–	42	59

7 SUBSIDIARIES

	Company	
	2015 US$'000	2014 US$'000
Equity investments, at cost	793	793
Loan to a subsidiary, at cost [1]	109,964	70,559
Less: Impairment losses	(42,826)	–
	67,931	71,352

[1] The loan to a subsidiary is unsecured and interest-free. The settlement of the loan is neither planned nor likely to occur in the foreseeable future. This loan is, in substance, a part of the Company's net investment in the subsidiary.

7 SUBSIDIARIES – CONTINUED

The details of significant subsidiaries are as follows:

Name of significant subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2015	2014
			%	%
Rex International Investments Pte Ltd [a]	Investment holding	Singapore	100	100
Lime Petroleum Norway AS [b]	Oil and gas exploration	Norway	98.77 #	–
Rex Technology Management Ltd [c]	Oil exploration technology	British Virgin Islands	100	100
Masirah Oil Limited [d]	Oil and gas exploration	British Virgin Islands	61.76 ##	–
Caribbean Rex Ltd [e]	Oil and gas exploration	Trinidad & Tobago	–	98.36 ###

(a) Incorporated on 13 March 2013. Audited by KPMG LLP, Singapore.
(b) Acquired on 10 December 2015 (Note 30). Audited by other member firms of KPMG International.
(c) Acquired on 12 December 2014 (Note 30). Audited by KPMG LLP, Singapore for consolidation purposes.
(d) Acquired on 12 November 2015 (Note 30). Audited by other member firms of KPMG International.
(e) Acquired on 18 December 2014 (Note 30). Audited by other member firms of KPMG International.
The Group's 98.77% effective interest in Lime Petroleum Norway AS is held through Rex International Investments Pte Ltd of 96.49% and Lime Petroleum Plc of 3.51% in which the Group has a 65% indirect interest.
The Group's 61.76% effective interest in Masirah Oil Limited is held through Rex Oman Ltd of 57.60% and Lime Petroleum Plc of 6.40% in which the Group has a 65% indirect interest.
On 18 December 2014, the Group acquired an additional 34.19% of the shares in the Caribbean Rex Ltd. As a result, the Group's equity interest in Caribbean Rex Ltd increased from 64.17% to 98.36% and management control was obtained.

Following the exchange of the Group's entire shareholding in Caribbean Rex Ltd on 30 November 2015 for a shareholding interest of 36.86% in the merged entity, Steeldrum Oil Company Inc., Caribbean Rex Ltd ceased to be a subsidiary of the Group (Note 30).

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

7 SUBSIDIARIES – CONTINUED

Impairment assessment

In 2015, the Company recognised US$793,000 of impairment loss on its equity investments, US$18,259,000 of impairment loss in connection with the Group's investment in Rexonic Group (see Note 9) and US$23,775,000 of impairment loss in connection with the Group's disposal of its shareholding in Caribbean Rex Ltd (see Note 30).

Further impairment assessment was performed over the remaining material subsidiaries to determine recoverable amounts of the CGU. The recoverable amounts were determined based on the value in use calculations using the future cash flows of the financial budget approved by the Board of Directors, and management's estimated weighted average cost of capital of each CGU.

Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of the CGUs, and no further impairment loss was recognised.

No sensitivity analysis is disclosed as the Group believes that any reasonably possible change in the key assumptions will not cause the recoverable amount to be materially lower than the carrying amount.

8 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("**NCI**").

Name	Country of Incorporation	Operating segment	Ownership interest held by NCI	
			2015	2014
			%	%
Caribbean Rex Ltd	Trinidad & Tobago	Oil and Gas	–	1.64
Lime Petroleum Norway AS	Norway	Oil and Gas	3.51	–
Masirah Oil Limited	British Virgin Islands	Oil and Gas	42.40	–

The following summarised financial information of the above subsidiaries are prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Caribbean Rex Ltd

Caribbean Rex Ltd was acquired on 18 December 2014 (see Note 30(iii)) but only consolidated from 31 December 2014 as the contributions to consolidated revenue and net profit for the period from 18 December 2014 to 31 December 2014 were not material.

8 NON-CONTROLLING INTERESTS – CONTINUED

Caribbean Rex Ltd – Continued

On 30 November 2015, following the exchange of the Group's entire shareholding in Caribbean Rex Ltd for a shareholding interest of 36.86% in a merged entity, Steeldrum Oil Company Inc., Caribbean Rex Ltd ceased to be a subsidiary of the Group (see Note 30(iii)) and was classified as a discontinued operation. The results of Caribbean Rex Ltd attributable to NCI for the period from 1 January 2015 to 30 November 2015 is disclosed in Note 26 to the financial statements.

Lime Petroleum Norway AS ("LPN")

The Group acquired 96.49% of the shares in LPN on 10 December 2015. As a result, management control was obtained and LPN was consolidated from 10 December 2015 (see Note 30(i)). Accordingly, the information presented in the table below includes the results of LPN for the period from 10 December 2015 to 31 December 2015.

Masirah Oil Limited ("MOL")

The Group acquired 57.60% of the shares in MOL on 12 November 2015. As a result, management control was obtained and MOL was consolidated from 12 November 2015 (see Note 30(ii)). Accordingly, the information presented in the table below includes the results of MOL for the period from 12 November 2015 to 31 December 2015.

	LPN US$'000	MOL US$'000	Total US$'000
2015			
Revenue	–	–	
Loss for the year	(4,732)	(237)	
Other comprehensive loss	–	–	
Total comprehensive loss	(4,732)	(237)	
Attributable to NCI:			
- Loss	(166)	(101)	(267)
- Other comprehensive loss	–	–	–
- Total comprehensive loss	(166)	(101)	(267)
Non-current assets	20,269	39,479	
Current assets	72,404	15,006	
Non-current liabilities	(13,862)	(9,838)	
Current liabilities	(58,614)	(843)	
Net assets	20,197	43,804	
Net assets attributable to NCI	709	18,573	19,282
Cash flows used in operating activities	(4,732)	(237)	
Cash flows from investing activities	–	–	
Cash flows from financing activities (dividends to NCI: nil)	–	–	
Net decrease in cash and cash equivalents	(4,732)	(237)	

8 NON-CONTROLLING INTERESTS – CONTINUED

	Caribbean Rex Ltd US$'000
2014	
Non-current assets	20,832
Current assets	7,925
Non-current liabilities	–
Current liabilities	(2,797)
Net assets	25,960
Net assets attributable to NCI	426

9 ASSOCIATE AND JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Interest in an associate	3,592	–	–	–
Interests in jointly controlled entities	5,444	41,685	–	–
	9,036	41,685	–	–

Associate

Details of the associate are as follows:

Name of associate	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2015 %	2014 %
Steeldrum Oil Company Inc. ("**Steeldrum Group**") [(a)]	Oil and gas exploration	Trinidad & Tobago	36.86	–

(a) Audited by other member firms of KPMG International.

9 ASSOCIATE AND JOINTLY CONTROLLED ENTITIES – CONTINUED

The following summarises the financial information of the Group's material associates based on their respective (consolidated) financial statements prepared in accordance with FRS, adjusted for fair value adjustments on acquisition and differences in accounting policies.

	Steeldrum Group US$'000
2015	
Revenue	227
Loss from continuing operations and total comprehensive loss	(255)
Non-current assets	5,599
Current assets	5,963
Non-current liabilities	(229)
Current liabilities	(1,588)
Net assets attributable to investee's shareholders	9,745
Group's interest in net assets of investee at beginning of year	–
Investment in associate	3,686
Group's share of loss from continuing operations and total comprehensive loss	(94)
Carrying amount of interest in investee at end of the year	3,592

In 2015, the Group did not receive any dividend from Steeldrum Group.

At the reporting date, Steeldrum Group does not have any capital commitments and contingent liabilities.

9 ASSOCIATE AND JOINTLY CONTROLLED ENTITIES – CONTINUED

Jointly controlled entities

Details of the jointly controlled entities are as follows:

Name of jointly controlled entity	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2015	2014
			%	%
Lime Petroleum Plc ("**Lime Group**") [(a) (i) (iii)]	Oil and gas exploration	Isle of Man	65	65
HIREX Petroleum Sdn. Bhd. ("**HIREX**") [(b) (iii)]	Oil and gas exploration	Malaysia	41	41
Rexonic AG ("**Rexonic Group**") [(c) (ii) (iii)]	Oil exploration technology	Switzerland	50	66.67

(a) Audited by PricewaterhouseCoopers, Kuala Lumpur.

(b) Incorporated on 21 March 2013. Audited by PricewaterhouseCoopers, Kuala Lumpur.

(c) Audited by Rotmonten Treuhand AG, Switzerland.

(i) Based on the shareholders' agreement of Lime Group, in the event of winding up and sale of Lime Petroleum Plc, the Group and the jointly controlled entity partner are entitled to the injected capital of US$35,864,000 (2014: US$25,692,000) and US$66,846,000 (2014: US$61,681,000), respectively, prior to the distribution of any surplus assets and profits of Lime Petroleum Plc in proportion to their shareholdings. As a result, the Group had equity accounted for Lime Group based on its 34.55% (2014: 29.41%) capital contribution percentage.

(ii) On 11 December 2015, the Group entered into an agreement to sell 16.67% of its shares held in Rexonic Group, for a total cash consideration of US$1,347,000. The Group's effective equity interest in Rexonic was reduced from 66.67% to 50% and Rexonic Group remains to be a jointly controlled entity.

(iii) Based on the shareholders' agreements of Lime Group, Rexonic Group and HIREX, key decisions over operational and financial matters have to be approved jointly by the shareholders of each of these jointly controlled entities without taking into consideration the board representations or shareholdings held by each partner. The Chairman of the board of each of these jointly controlled entities also has no over-riding casting vote. As such, these investments have been accounted for as jointly controlled entities.

9 ASSOCIATE AND JOINTLY CONTROLLED ENTITIES – CONTINUED

The following table summarises the financial information of each of the Group's material jointly controlled entities, adjusted for any differences in accounting policies and reconciles the carrying amount of the Group's interest in jointly controlled entities and the share of losses and other comprehensive losses of equity-accounted investees (net of tax).

	Lime Group US$'000	Rexonic Group US$'000	HIREX US$'000	Total US$'000
2015				
Revenue	–	36	–	
Loss from continuing operations and total comprehensive loss	(10,648)	(3,991)	(1,802)	
Includes:				
- depreciation and amortisation expenses	(48)	(184)	(26)	
- interest expense	(1,278)	(68)	–	
- income tax expenses	7,180	(15)	(1)	
Non-current assets	–	945	134	
Current assets	982	1,568	4,189	
Non-current liabilities	–	(3,000)	–	
Current liabilities	(1,129)	(135)	(1,375)	
Net (liabilities)/assets	(147)	(622)	2,948	
Includes cash and cash equivalents	662	750	4,036	
Includes non-current financial liabilities (excluding trade and other payables and provisions)	–	(3,000)	–	
Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	(3)	
Group's interest in net assets of investee at beginning of year	22,797	16,745	2,143	41,685
Group's share of loss from continuing operations and total comprehensive loss	(3,661)	(2,634)	(739)	(7,034)
Group's contributions during the year	10,172	2,000	–	12,172
Elimination of unrealised currency gains and losses	–	83	–	83
Less: Partial disposal(ii)	–	(1,347)	–	(1,347)
Less: Transfer as part of consideration for assets transfer (Note 30(i),(ii))	(29,308)	–	–	(29,308)
Less: Impairment loss	–	(10,807)	–	(10,807)
Carrying amount of interest in investee at end of the year	–	4,040	1,404	5,444

9 ASSOCIATE AND JOINTLY CONTROLLED ENTITIES – CONTINUED

	Lime Group US$'000	Rexonic Group US$'000	HIREX US$'000	Total US$'000
2014				
Revenue	183	–	–	
Loss from continuing operations and total comprehensive loss	(2,092)	(4,727)	(3,625)	
Includes:				
- depreciation and amortisation expenses	(47)	(245)	(27)	
- interest expense	(757)	(4)	–	
- income tax credit/(expenses)	8,100	(10)	(14)	
Non-current assets	69,724	23,159	159	
Current assets	31,666	2,070	5,947	
Non-current liabilities	–	(1,358)	(11)	
Current liabilities	(23,862)	(177)	(1,402)	
Net assets	77,528	23,694	4,693	
Includes cash and cash equivalents	12,898	1,526	5,270	
Includes non-current financial liabilities (excluding trade and other payables and provisions)	–	–	(11)	
Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	(13)	
Group's interest in net assets of investee at beginning of year	8,310	19,641	3,404	31,355
Group's share of loss from continuing operations and total comprehensive loss	(2,656)	(3,844)	(1,480)	(7,980)
Group's contributions during the year	17,143	–	–	17,143
Elimination of unrealised currency gains and losses	–	948	219	1,167
Carrying amount of interest in investee at end of the year	22,797	16,745	2,143	41,685

In 2015, the Group did not receive any dividend from its investments in jointly controlled entities (2014: US$Nil).

At the reporting date, the jointly controlled entities have no capital commitments and contingent liabilities. (2014: US$Nil).

Impairment assessment

In 2015, an impairment assessment was performed over the Group's investment in Rexonic Group due to delays in the execution of business plans.

9 ASSOCIATE AND JOINTLY CONTROLLED ENTITIES – CONTINUED

Impairment assessment – Continued

The Group recognised an impairment loss of US$10,807,000 to reduce its investment in Rexonic Group to the recoverable amount. In determining the recoverable amount, management assessed the fair value based on the recent transaction to be higher than the value in use.

In 2015, the Group underwent a restructuring of its operations in Lime Group resulting in the asset acquisition of LPN and MOL (see Note 30). At the respective acquisition dates, the Group's investment in Lime Group was specific to Lime Group's investment in LPN and MOL. The Group's investments in Lime Group were carried over as part of the consideration towards these asset acquisitions and therefore the residual interest in Lime Group at the reporting date is US$Nil.

No sensitivity analysis is disclosed as the Group believes that any reasonably possible change in the key assumptions will not cause the recoverable amount to be materially lower than the carrying amount.

10 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Quoted equity shares, at fair value, net of impairment (i)	701	2,410	701	2,410
Unquoted equity shares, at cost, net of impairment (ii)	–	–	–	–
	701	2,410	701	2,410

(i) On 20 January 2014, the Group acquired 6,000,000 shares in North Energy ASA ("**North Energy**") for a cash consideration of US$3,840,000. The shares acquired constitute 5.35% of the total issued share capital of North Energy. In 2015, the investment in North Energy was written down by US$1,709,000 (2014: US$1,430,000) owing to the significant decline in North Energy's quoted share price resulting from the current depressed oil prices.

(ii) In 2014, the Group's interest in Fram Exploration ASA ("**FRAM**") was diluted from 27.87% to 22.29% as at 31 December 2014 as a result of an investor's subscription of 6,288,238 new shares in FRAM.

As at 31 December 2014, the Group had fully impaired its investment in FRAM due to the effect of the current downward trend of oil prices on the pay-back of the concessions, and the increased liquidity and financial difficulty faced by FRAM in securing further funds to fulfil its drilling programme.

On 21 January 2015, the Group subscribed to an additional 6,850,000 shares in FRAM for cash consideration of NOK 13,700,000 (US$1,788,000), following FRAM's fund-raising exercise to fulfil its ongoing obligation. This resulted in an increase in the equity interest in FRAM from 22.29% to 30.29%.

As at 31 December 2015, the Group fully impaired its investment in FRAM as a result of the expected impact of the further significant deterioration of the future financial results of FRAM.

11 INVENTORIES

	Group	
	2015	2014
	US$'000	US$'000
Crude oil	–	17
Raw materials and spares	2,717	972
Total inventories	2,717	989

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Trade receivables	2,135	5,559	–	–
Amounts due from related corporation, trade	1,962	1,408	–	–
	4,097	6,967	–	–
Amounts due from related parties, non-trade	–	–	1,646	3,476
Deposits	126	129	126	129
Interest receivables	97	272	97	272
Other receivables [(i)]	117	2,089	41	2,089
Loans and receivables	4,437	9,457	1,910	5,966
Prepayments	14,464	357	43	300
Income tax receivables [(ii)]	53,166	–	–	–
Trade and other receivables	72,067	9,814	1,953	6,266

Amounts due from related parties are repayable on demand, unsecured and interest-free.

(i) In 2014, other receivables included an amount receivable from a third party of US$2,000,000 which related to an agreement entered into by the Company on 27 June 2014 to purchase 8,500,000 ordinary shares in Loyz Energy Ltd at US$2,000,000. On 21 October 2014, the Company exercised its right to sell back the 8,500,000 ordinary shares of Loyz Energy Ltd to the third party at US$2,000,000. The amount was fully received in 2015.

(ii) Income tax receivables of US$53,166,000 relates to an amount receivable from Norway tax authorities for exploration costs incurred in 2014. Oil exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to tax losses of the year. The refund will be paid out in December the following year.

The Group and Company's exposure to credit risks related to loans and receivables is disclosed in Note 31 to the financial statements.

13 QUOTED INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Debt securities, at fair value through profit or loss	31,630	30,725	31,495	30,725

Debt securities classified at fair value through profit or loss of the Group and Company bear interest at fixed rates ranging from 2.25% to 6.85% (2014: 2.65% to 6.85%) per annum and mature between 1 to 4 years (2014: 1 to 7 years) from the statement of financial position date.

The Group's exposure to interest rate risks and fair value information related to the investments are set out in Note 31 to the financial statements.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Cash at bank and on hand	53,370	62,295	35,677	58,539
Fixed deposits	77	18,921	77	18,921
Money market funds	–	5,915	–	5,915
	53,447	87,131	35,754	83,375

Details of interest rates at which the deposits reprice are set out in Note 31 to the financial statements.

In 2014, the Company invested in Singapore dollar ("**SGD**") denominated cash in money market funds. The investment guidelines of the money market funds required that purchased investments must be high-quality and of investment grade (rated Aa3 by Moody's or A by S&P's or A by Fitch). The money market funds' investment policies required investments to be highly liquid and flexible. The interest rates were repriced on a daily basis.

15 SHARE CAPITAL

	Group and Company			
	2015 Number of shares ’000	2015 US$’000	2014 Number of shares ’000	2014 US$’000
Fully paid ordinary shares, with no par value:				
In issue at 1 January	1,262,957	253,713	1,094,957	179,519
Issuance of shares by private placement	–	–	168,000	75,867
Issuance of shares pursuant to services rendered	1,200	342	–	–
Placement expenses	–	–	–	(1,673)
At 31 December	1,264,157	254,055	1,262,957	253,713

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares ranked equally with regard to the Company’s residual assets.

On 13 January 2015, the Company issued 1,200,000 new ordinary shares, at SGD0.39 to Cyrus Corporation Pte Ltd, as remuneration for strategic investor relations consultancy services rendered to the Company for the period 1 January 2015 to 31 December 2015 by Cyrus Capital Consulting.

Capital management policy

The Board defines capital as share capital and accumulated losses.

The Board’s policy is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return of capital, which the Group defines as total shareholders’ equity, excluding non-controlling interests, and the level of dividends to ordinary shareholders.

The Group monitors the capital position of the Group to ensure a sufficiently strong capital base so as to maintain investor, creditor and market confidence. This is also a platform to sustain the existing business and for future growth. There has been no change in the Group’s approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

16 RESERVES

Merger reserve

Merger reserve relates to reserve arising from certain acquisitions of businesses under common control accounted for under the merger accounting method.

16 RESERVES – CONTINUED

Capital reserve

Capital reserve relates to capital contribution arising from loans forgiven by equity holders and differences between purchase consideration (of investments) and fair value of the shares issued.

Fair value reserve

The fair value reserve represents the accumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

Share-based payment reserve

Share-based payment reserve relates to the ESOS and PSP established by the Company to compensate its key management personnel and employees.

Translation reserve

Translation reserve relates to foreign currency translation differences arising from the translation of the financial statements of foreign operations.

17 SHARE-BASED PAYMENT ARRANGEMENTS

Description of the share-based payment arrangements

At 31 December 2015, the Group and Company have the following share-based payment arrangements:

*(i) Employee Share Option Scheme (“**ESOS**”) (equity-settled)*

The ESOS of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013.

Information regarding ESOS is as follows:

- The exercise price of the options can be set at a discount to the Market Price[1] not exceeding 20% of the Market Price at the date on which the options are granted.
- For the options granted with exercise price set at Market Price, they can be exercised 1 year from the date of the grant and will expire 5 years from the date on which the options are granted.
- For the options granted with exercise price set at a discount to the Market Price, they can be exercised 2 years from the date of the grant and will expire 5 years from the date on which the options are granted.

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

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

*(i) Employee Share Option Scheme ("**ESOS**") (equity-settled) – Continued*

Grant date/employees entitled	Number of options issued	Vesting conditions	Exercise period
Tranche 1 share option grant to employees on 29 November 2013	2,125,000	Exercisable 1 year from date of grant	29.11.2014 – 28.11.2018
Tranche 2 share option grant to employees on 29 November 2013	1,062,500	Exercisable 2 years from date of grant	29.11.2015 – 28.11.2018
	3,187,500		

Measurement of fair values

The fair value of the ESOS was measured based on the Black-Scholes formula. The expected volatilities are based on the average historical volatilities of comparable companies operating within the same industry over the previous 3 to 3.5 years immediately preceding the grant date. The expected term used in the model is based on the acceptance date and the end of the performance year.

	Share option programme	
	Tranche 1	Tranche 2
Date of grant	29 Nov 2013	29 Nov 2013
Prevailing share price at date of grant (in SGD)	0.61 – 0.65	0.61 – 0.65
Exercise price (in SGD)	0.65	0.52
Expected volatility (weighted average)	39.73%	50.04%
Expected life (weighted average)	3 years	3.5 years
Risk-free interest rate (based on government bonds)	0.49% – 0.62%	0.54% – 0.72%

Reconciliation of outstanding share options

Movements in the number of share options outstanding under the ESOS were summarised below:

	Number of options	
	2015	2014
Outstanding at 1 January	3,037,500	3,187,500
Exercised during the year	–	–
Granted during the year	–	–
Forfeited/expired during the year	–	(150,000)
Outstanding at 31 December	3,037,500	3,037,500
Exercisable at 31 December	3,037,500	2,125,000

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

*(ii) Performance Share Plan ("**PSP**") (equity-settled)*

The PSP of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 30 April 2014.

In 2015, the Company granted awards of 3,264,300 shares pursuant to its PSP to eligible employees with a vesting period of 1 year.

Grant date/employees entitled	Number of shares granted	Vesting conditions
23 February 2015		
- For management and employees	2,102,700	1 year from date of grant
30 April 2015		
- For Chief Executive Officer	1,161,600	1 year from date of grant
	3,264,300	

Measurement of fair values

The estimated fair value at date of grant for each share granted on 23 February 2015 and 30 April 2015 were SGD0.365 and SGD0.315 respectively.

Reconciliation of outstanding performance shares

Movements in the number of shares outstanding under the PSP were summarised below:

	Number of shares	
	2015	2014
At 1 January	–	–
Vested during the year	–	–
Granted during the year	3,264,300	–
Forfeited/expired during the year	–	–
Outstanding at 31 December	3,264,300	–

Employee expenses

	Group	
	2015	2014
	US$'000	US$'000
Equity-settled share-based payment transactions		
Total expense recognised for equity-settled share-based payment	834	345

18 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities during the year are as follows:

	At 1 January 2015 US$'000	Acquisition of subsidiaries (Note 30) US$'000	Recognised in profit or loss (Note 25) US$'000	At 31 December 2015 US$'000
Group				
Deferred tax liabilities				
Exploration and evaluation assets	–	13,862	–	13,862

Unrecognised temporary differences

Deferred tax assets on tax losses of US$33,990,000 (2014: US$13,059,000) have not been recognised because it is not probable that future taxable profit will be available against which the subsidiaries concerned can utilise the benefit.

The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group operates.

19 PROVISIONS

	Exploration drilling rehabilitation US$'000
Group	
At 1 January 2015	–
Acquisition of subsidiaries (see Note 30)	9,838
At 31 December 2015	9,838
Comprising:	
Current	–
Non-current	9,838
	9,838

19 PROVISIONS – CONTINUED

Exploration drilling rehabilitation

The rehabilitation provision represents the present value of the cost of rehabilitating and decommissioning oil field assets and infrastructure such as wells, pipelines and processing facilities in Oman, which are expected to be incurred when the operations are ceased. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

The discount rate used in the calculation of the provision as at 31 December 2015 is 10.0%.

20 LOANS AND BORROWINGS

	Group	
	2015	**2014**
	US$'000	**US$'000**
Current liabilities		
Secured bank loans	33,720	–

Credit facility

A subsidiary of the Company entered into a credit facility agreement with Skandinaviska Enskilda Banken ("**SEB**") of NOK 700,000,000 (US$79,452,000). The facility runs until December 2016, but the debt as at 31 December 2015 shall be repaid in December the following year following receipt of the tax refund (see Note 12). The agreed interest rate is 3-month NIBOR + 1.9%.

Assets pledged as security

The credit facility is secured by a first priority assignment of the tax refunds (see Note 12), first priority charge over certain bank accounts, a first priority pledge of certain participation interests in licences and a first priority assignment over certain insurances in the subsidiary in Norway.

Market and liquidity risks

Information about the Group's exposure to interest rate and liquidity risk related to loans and borrowings is included in Note 31 to the financial statements.

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Trade payables	13,642	2,653	–	–
Amount due to a subsidiary, non-trade	–	–	1,340	–
Advances from customers	64	703	–	–
Accruals	12,938	1,670	352	1,321
	26,644	5,026	1,692	1,321

Market and liquidity risks

Information about the Group's exposure to interest rate and liquidity risk related to trade and other payables is included in Note 31 to the financial statements.

22 REVENUE

	Continuing operations		Discontinued operation (see Note 26)		Consolidated	
	2015	2014	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Sale of oil and gas	–	–	1,493	–	1,493	–
Rendering of services	4,652	334	–	–	4,652	334
	4,652	334	1,493	–	6,145	334

23 FINANCE INCOME AND EXPENSES

	Group	
	2015	2014
	US$'000	US$'000
Interest income:		
- bank deposits	430	239
- debt securities	1,225	903
- others	80	–
Finance income	1,735	1,142
Bank charges	(379)	(158)
Finance costs	(379)	(158)

24 LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at loss before income tax:

	Group	
	2015	2014
	US$'000	US$'000
Depreciation of plant and equipment	123	40
Amortisation of other intangible assets, included in administration expenses	850	35
Directors' fees	462	463
Audit fees paid to:		
- auditors of the Company	120	176
- other auditors	6	27
Non-audit fees paid to:		
- auditors of the Company	27	80
- other auditors	49	34
Fair value loss on quoted investments	500	215
Loss on disposal of quoted investments	137	98
Impairment of exploration expenditure previously capitalised	17,873	–
Operating lease expenses	–	431
Staff costs	3,098	3,413
Contributions to defined contribution plans ("**CPF**") included in staff costs	45	57
Equity settled share-based payment transactions		
- staff cost	834	345
- third party	342	–

25 TAX CREDIT

	Group	
	2015	2014
	US$'000	US$'000
Current tax credit		
Current year	14,257	–
Deferred tax expenses		
Origination and reversal of temporary differences	–	–
Tax expenses on continuing operations	14,257	–

25 TAX CREDIT – CONTINUED

	Group	
	2015 US$'000	2014 US$'000
Reconciliation of effective tax rate		
Continuing operations		
Loss before tax for the year	(50,164)	(62,671)
Income tax using the Singapore tax rate at 17%	(8,528)	(10,654)
Effect of tax rates in foreign jurisdictions	11,584	–
Effects of results of associate and jointly controlled entities, presented net of tax	1,158	881
Non-deductible expenses	5,643	7,747
Non-taxable income	(295)	(194)
Current year losses for which no deferred tax asset was recognised	4,695	2,220
	14,257	–

26 DISCONTINUED OPERATION

Following the exchange of the Group's entire shareholding in Caribbean Rex Ltd for a shareholding interest of 36.86% in Steeldrum Group, Caribbean Rex Ltd ceased to be a subsidiary of the Group from 30 November 2015 (see Note 30). In 2015, Caribbean Rex Ltd has been classified as a discontinued operation.

In 2015, the Group reduced its interest in Caribbean Rex Ltd following a strategic decision to place greater focus on exploring the Group's oil and gas assets in Norway and Oman.

Caribbean Rex Ltd was acquired on 18 December 2014 and consolidated from 31 December 2014 as the contributions to consolidated revenue and net profit for the period from 18 December 2014 to 31 December 2014 are not material.

		Group	
	Note	2015 US$'000	2014 US$'000
Results from discontinued operation			
Revenue		1,493	–
Expenses		(14,734)	–
Results from operating activities		(13,241)	–
Tax		(2)	–
Results from operating activities, net of tax		(13,243)	–
Loss from discontinued operation		(7,747)	–
Tax on loss from discontinued operation		–	–
Loss for the year, net of tax		(20,990)	–
Basic loss per share	27	(1.66)	–
Diluted loss per share	27	(1.66)	–

26 DISCONTINUED OPERATION – CONTINUED

The loss from discontinued operation of US$20,990,000 (2014: US$Nil) is attributable entirely to the owners of the Company. Of the loss from continuing operations of US$35,907,000 (2014: US$62,671,000), an amount of US$35,640,000 is attributable to the owners of the Company (2014: US$62,671,000).

	Group	
	2015	2014
	US$'000	US$'000
Cash flows from discontinued operation		
Net cash used in operating activities	(13,243)	–
Net cash used in investing activities	(2,391)	–
Net cash from financing activities	–	–
Net cash flows for the year	(15,634)	–

Effect of disposal on the financial position of the Group

		Group
	Note	2015
		US$'000
Exploration and evaluation assets	4	5,652
Plant and equipment	6	170
Inventories		1,158
Trade and other receivables		4,401
Prepayments		31
Cash and cash equivalents		2,391
Provision		(256)
Trade and other payables		(1,314)
Net assets and liabilities derecognised		12,233
Non-controlling interest		(426)
Foreign currency translation differences		(374)
		11,433
Consideration received, satisfied in shares	30	(3,686)
Loss on disposal of subsidiary		7,747
Consideration received, satisfied in cash		–
Less: Cash and cash equivalents disposed of		(2,391)
Net cash outflow		(2,391)

27 LOSS PER SHARE

	Group 2015 US$'000	Group 2014 US$'000
Calculation of basic loss per share is based on:		
Net loss from continuing operations attributable to ordinary shareholders	(35,640)	(62,671)
Net loss from discontinued operation attributable to ordinary shareholders	(20,990)	–
Total net loss attributable to ordinary shareholders	(56,630)	(62,671)

	Group Number of shares 2015	Group Number of shares 2014
Issued ordinary shares at 31 December	1,264,157,263	1,262,957,263
Weighted average number of ordinary shares (basic)	1,264,117,811	1,143,746,304

	Group 2015 US$'000	Group 2014 US$'000
Calculation of diluted loss per share is based on:		
Net loss from continuing operations attributable to ordinary shareholders	(35,640)	(62,671)
Net loss from discontinued operation attributable to ordinary shareholders	(20,990)	–
Net loss attributable to ordinary shareholders	(56,630)	(62,671)

	Group Number of shares 2015	Group Number of shares 2014
Issued ordinary shares at 31 December	1,264,157,263	1,262,957,263
Weighted average number of ordinary shares (basic)	1,264,117,811	1,143,746,304
Effect of share options on issue	–	98,277
Weighted average number of ordinary shares (diluted during the year)	1,264,117,811	1,143,844,581

At 31 December 2015, 3,037,500 options (2014: 2,025,000 options) and 3,264,300 shares awards (2014: Nil) were excluded from the diluted weighted number of ordinary shares calculation as their effect would have been anti-dilutive.

In 2014, the average market value of the Company's shares for purposes of calculating the dilutive effect of share options was SGD0.573, based on quoted market prices for the period during which the options were outstanding.

28 RELATED PARTIES

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain key executives of the management team are considered as key management of the Group.

Transactions with directors and other key management personnel

Key management personnel compensation comprised remuneration of directors and other key executives as follows:

	Group	
	2015	**2014**
	US$'000	**US$'000**
Short-term employment benefits		
- directors	2,648	813
- key executives	2,520	2,539
Post-employment benefits (including CPF)	14	18
Share-based payment	815	315
	5,997	3,685

Other significant related party transactions

Other than disclosed elsewhere in the financial statements, the following significant transactions were carried out by the Group with its related parties.

	Group	
	2015	**2014**
	US$'000	**US$'000**
Revenue from jointly controlled entities	3,298	–
Licence fee paid to a related company of a substantial shareholder	–	625

Transactions with companies in which directors are shareholders

	Group	
	2015	**2014**
	US$'000	**US$'000**
Expenses paid on behalf	9	99

29 OPERATING SEGMENTS

The Group's reportable segments as described below are the Group's strategic business units. The management has determined the reportable segments based on the reports reviewed by the Group's Executive Chairman, CEO and senior management that are used to make strategic decisions. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's Executive Chairman, CEO and senior management.

The Group has 3 reportable segments: Oil and Gas (exploration and production); Non-Oil and Gas (oil exploration technology); and Corporate.

The following summary describes the operations of each of the Group's reportable segments:

- Oil and Gas: involved in oil and gas exploration and production with concessions located in Oman and the United Arab Emirates ("**UAE**"), Norway, the United States of America and Trinidad & Tobago.

- Non-Oil and Gas: pertains to technology segment. Rexonic owns the world's first environmentally-friendly, high-power ultrasound technology for commercial oil well stimulation that has been proven to increase oil production by between 30% and up to 380% both onshore and offshore. RTM owns the RVD technology to look for oil, vis-à-vis using conventional geological and geophysical studies to look for structures, from the analysis of sound waves captured in seismic data.

- Corporate: pertains to corporate functions

29 OPERATING SEGMENTS – CONTINUED

Information regarding the results of each reportable segment is as below:

	Oil and Gas US$'000	Non-Oil and Gas US$'000	Corporate US$'000	Total US$'000
Group				
2015				
Total revenue for reportable segments	–	5,458	–	5,458
Elimination of inter-segment revenue	–	(806)	–	(806)
Consolidated revenue	–	4,652	–	4,652
Other income	–	142	425	567
Segment expense	(1,275)	(2,514)	(7,130)	(10,919)
Finance income	151	–	1,584	1,735
Foreign exchange loss	(73)	–	(5,469)	(5,542)
Finance costs	(206)	–	(173)	(379)
Depreciation	(79)	–	(44)	(123)
Amortisation of intangible assets	–	(850)	–	(850)
Share of equity-accounted losses of an associate and jointly controlled entities	(4,494)	(2,634)	–	(7,128)
Loss from discontinued operation (net of tax)	(20,990)	–	–	(20,990)
Other material non-cash items:				
- Impairment of exploration and evaluation assets	(17,873)	–	–	(17,873)
- Impairment of a jointly controlled entity	–	(10,807)	–	(10,807)
- Impairment of available-for-sale investments	(3,497)	–	–	(3,497)
Reportable segment loss before tax	(48,336)	(12,011)	(10,807)	(71,154)
Reportable segment assets	152,674	16,586	67,762	237,022
Investment in an associate and jointly controlled entities	4,996	4,040	–	9,036
Additions to:				
- Plant and equipment	–	–	135	135
Reportable segment liabilities	(83,156)	(551)	(357)	(84,064)

29 OPERATING SEGMENTS – CONTINUED

	Oil and Gas US$'000	Non-Oil and Gas US$'000	Corporate US$'000	Total US$'000
Group				
2014				
Total revenue for reportable segments	–	360	–	360
Elimination of inter-segment revenue	–	(26)	–	(26)
Consolidated revenue	–	334	–	334
Other income	–	–	67	67
Segment expense	–	(94)	(7,912)	(8,006)
Finance income	–	–	1,142	1,142
Foreign exchange loss	–	–	(5,291)	(5,291)
Finance costs	–	(3)	(155)	(158)
Depreciation	–	–	(40)	(40)
Amortisation of intangible assets	–	(35)	–	(35)
Share of equity-accounted losses of jointly controlled entities	(4,450)	(3,151)	–	(7,601)
Other material non-cash items:				
- Loss on re-measurement to fair value of pre-existing interest in a jointly controlled entity	(4,352)	–	–	(4,352)
- Gain on step acquisition of a jointly controlled entity	2,416	–	–	2,416
- Impairment of available-for-sale investments	(41,147)	–	–	(41,147)
Reportable segment loss before tax	(47,533)	(2,949)	(12,189)	(62,671)
Reportable segment assets	47,953	29,415	117,135	194,503
Investment in jointly controlled entities	24,940	16,745	–	41,685
Additions to:				
- Plant and equipment	–	–	71	71
Reportable segment liabilities	(2,797)	(908)	(1,321)	(5,026)

The Oil and Gas, Non-Oil and Gas and Corporate segments are managed on a worldwide basis, but operate primarily in Norway, Malaysia, Oman, the UAE, Switzerland, Singapore, the United States of America, Trinidad & Tobago and the British Virgin Islands.

29 OPERATING SEGMENTS – CONTINUED

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information

	Group	
	2015	2014
	US$'000	US$'000
Revenue		
Norway	3,046	207
Malaysia	625	104
Oman	600	10
Switzerland	325	13
Singapore	56	–
	4,652	334
Non-current assets		
Singapore	59	93
Malaysia	1,404	2,143
Trinidad & Tobago	3,592	13,191
Oman	39,480	11,981
UAE	–	1,966
Switzerland	4,040	16,745
British Virgin Islands	7,615	8,465
Norway	20,971	11,260
	77,161	65,844

Revenue from three customers of the Group's Non-Oil and Gas segment represents approximately US$3,732,000 (2014: US$311,000) of the Group's total revenue.

30 ACQUISITIONS AND DISPOSALS

i) Acquisition of a subsidiary, LPN

On 10 December 2015, the Group acquired exploration licences in the Norwegian Continental Shelf through the acquisition of 96.49% of shares and voting interests in LPN resulting in the Group obtaining management control. From the date of acquisition, LPN is consolidated as a subsidiary in the Group's financial statements. The transaction was accounted as an acquisition of a portfolio of assets within the Oil & Gas segment.

The Group did not incur any acquisition-related costs.

30 ACQUISITIONS AND DISPOSALS – CONTINUED

i) Acquisition of a subsidiary, LPN – Continued

Taking control of LPN will enable the Group to have greater operational control over the exploration plans in these strategic assets.

If the acquisition had occurred on 1 January 2015, management estimates that the contributions to consolidated revenue and net losses would have been US$Nil and US$7,610,000 respectively.

The identifiable assets acquired and liabilities assumed are recorded at cost.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	US$'000
Exploration and evaluation assets	37,775
Plant and equipment	210
Trade and other receivables	54,399
Cash and cash equivalents	4,989
Deferred tax liabilities	(13,862)
Loans and borrowings	(33,720)
Trade and other payables	(24,894)
Total net identifiable assets	24,897

	US$'000
Total consideration transferred	11,720
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	873
Pre-existing interest in the acquiree, held through Lime Group	12,304
Total identifiable net assets acquired	24,897

Effect on cash flows of the Group

	US$'000
Total consideration transferred in cash	11,720
Less: cash and cash equivalents of subsidiary acquired	(4,989)
Net cash outflow on acquisition of subsidiary	6,731

30 ACQUISITIONS AND DISPOSALS – CONTINUED

ii) Acquisition of a subsidiary, MOL

On 12 November 2015, the Group acquired an exploration license in Oman through the acquisition of 57.6% shares and voting interests in MOL, resulting in the Group obtaining management control. From the date of acquisition, MOL is consolidated as a subsidiary in the Group's financial statements. The transaction was accounted for as an asset acquisition within the Oil & Gas segment.

The Group did not incur any acquisition-related costs.

Taking control of MOL will enable the Group to have greater operational control over the exploration plans in this strategic asset.

If the acquisition had occurred on 1 January 2015, management estimates that the contributions to consolidated revenue and net losses would have been US$Nil and US$1,574,000 respectively.

The identifiable assets acquired and liabilities assumed are recorded at cost.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	US$'000
Exploration and evaluation assets	39,570
Plant and equipment	67
Inventories	2,717
Trade and other receivables	401
Cash and cash equivalents	11,821
Provisions	(9,838)
Trade and other payables	(846)
Total net identifiable assets	43,892

	US$'000
Total consideration transferred	8,214
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	18,674
Pre-existing interest in the acquiree, held through Lime Group	17,004
Total identifiable net assets acquired	43,892

30 ACQUISITIONS AND DISPOSALS – CONTINUED

ii) Acquisition of a subsidiary, MOL – Continued

Effect on cash flows of the Group

	US$'000
Total consideration transferred in cash	8,214
Less: cash and cash equivalents of subsidiary acquired	(11,821)
Net cash inflow on acquisition of subsidiary	(3,607)

iii) Acquisition of a subsidiary, Caribbean Rex Ltd and subsequent merger into an associate, Steeldrum Group

2014

In 2014, the Group acquired an additional 34.19% of the shares and voting interests in Caribbean Rex Ltd. As a result, the Group's equity interest in Caribbean Rex Ltd increased from 64.17% to 98.36%, and obtained management control of Caribbean Rex Ltd. This additional investment is accounted for as an acquisition of a subsidiary.

The Group incurred acquisition-related costs of US$7,500 on legal fees and due diligence costs. These costs have been included in administration expenses.

Taking control of Caribbean Rex Ltd was to enable the Group to have greater operational control to further focus on assets that can leverage on its Rex Technologies.

If the acquisition had occurred on 1 January 2014, management estimates that the contributions to consolidated revenue and net profit would have been US$2,504,000 and US$682,000 respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

The provisional fair values of the identifiable assets acquired and liabilities assumed in the business combination had been determined based on information obtained from a qualified persons report prepared by RPS Energy Consultants Limited. A provisional gain on step acquisition of US$2,416,000 was recognised in profit or loss as a result of the difference between consideration transferred and the adjusted carrying amount of the assets acquired and liabilities assumed. There were no further adjustments to the provisional fair values of the identifiable assets acquired and liabilities assumed.

30 ACQUISITIONS AND DISPOSALS – CONTINUED

iii) Acquisition of a subsidiary, Caribbean Rex Ltd and subsequent merger into an associate, Steeldrum Group – Continued

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	US$'000
Exploration and evaluation assets	13,066
Plant and equipment	125
Inventories	989
Trade and other receivables	4,084
Cash and cash equivalents	2,339
Trade and other payables	(2,797)
Total net identifiable assets	17,806

Gain on step acquisition

Gain on step acquisition has been recognised as follows:

	US$'000
Total consideration transferred	3,209
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	426
Pre-existing interest in the acquiree	11,755
Less: Total identifiable net assets	(17,806)
Gain on step acquisition recognised in profit or loss	(2,416)

The re-measurement to fair value of the Group's existing 64.17% interest in Caribbean Rex Ltd resulted in a loss of US$4,352,000, recognised in the statement of comprehensive income

30 ACQUISITIONS AND DISPOSALS – CONTINUED

iii) Acquisition of a subsidiary, Caribbean Rex Ltd and subsequent merger into an associate, Steeldrum Group – Continued

Effect on cash flows of the Group

	US$'000
Total consideration transferred	3,209
Less: Non-cash consideration	
- Fair value of concession	(3,209)
Consideration settled in cash	–
Add: cash and cash equivalents of subsidiary acquired	2,339
Net cash inflow on acquisition of subsidiary	2,339

The fair value of the non-cash consideration, which represents the value of the concession (Inniss-Trinity) given up, amounted to US$3,209,000 and was measured based on a recent offer price for Inniss-Trinity concession, on an arm's length basis at the acquisition date. The fair value of the Group's share is based on the Group's existing 64.17% interest in Caribbean Rex Ltd.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Exploration and evaluation assets	*Market approach technique*: The valuation model considers market prices for similar items when available and estimated by looking at comparables which consists of transactions of reserves with similar characteristics that are located within a close geographic proximity to the oil reserve being valued.

Trade and other receivables are neither impaired nor past due and together with trade and other payables approximate their fair values.

The trade receivables comprise gross contractual amounts due of US$4,084,000 which was expected to be collectible at the acquisition date.

30 ACQUISITIONS AND DISPOSALS – CONTINUED

iii) Acquisition of a subsidiary, Caribbean Rex Ltd and subsequent merger into an associate, Steeldrum Group – Continued

2015

On 30 November 2015, the Group acquired 36.86% of the shares and voting interests in Steeldrum Group in exchange for consideration comprising its entire shareholding in Caribbean Rex Ltd and a cash contribution of US$300,000.

The Group did not incur any acquisition-related costs.

Following the exchange of shares, Caribbean Rex Ltd ceased to be a subsidiary of the Group, and was classified as a discontinued operation. The Group recognised a loss on disposal of US$7,747,000 (see Note 26).

In addition to the voting interests acquired in Steeldrum Group, the Group has representation on the board of directors and can participate in the financial and operating decisions of the company. The Group is able to exercise a significant influence over Steeldrum Group and the investment is therefore accounted for as an associate.

The merged entity includes an enlarged portfolio of assets in Trinidad & Tobago comprising the South Erin, Cory Moruga and Inniss-Trinity concessions. The merger allows the Group to place greater focus on its oil and gas assets in Norway and Oman whilst balancing its current and future obligations in Trinidad & Tobago in consideration of current oil prices. The pooling of the parties' assets via the merger will allow the Group to exploit synergies and bring up production volume in addition to becoming exposed to other opportunities that may arise in Trinidad & Tobago.

The exercise to determine the Group's share of the fair value of Steeldrum Group's identifiable net assets and the consequent impact recognised via equity accounting has been completed and the results are reflected in these financial statements.

The Group's investment in Steeldrum Group is measured at cost, plus post-acquisition changes in the Group's share of Steeldrum Group's net assets. The initial cost of investment is represented by the value of the consideration transferred.

	US$'000
Cash	300
Non-cash consideration	
- Caribbean Rex Ltd shares	3,386
	3,686

The fair value of the non-cash consideration is represented by the fair value of the identifiable assets and liabilities of Caribbean Rex Ltd. The value of the concessions held have been determined based on information obtained from a qualified persons report prepared by RPS Energy Consultants Limited.

30 ACQUISITIONS AND DISPOSALS – CONTINUED

iii) Acquisition of a subsidiary, Caribbean Rex Ltd and subsequent merger into an associate, Steeldrum Group – Continued

Identifiable assets and liabilities of Caribbean Rex Ltd

The following table summarises the recognised amounts of assets and liabilities of Caribbean Rex Ltd given up on the date of the merger.

	US$'000
Exploration and evaluation assets	420
Plant and equipment	170
Inventories	1,158
Trade and other receivables	1,586
Prepayments	31
Cash and cash equivalents	2,391
Provisions	(256)
Trade and other payables	(1,314)
Total net identifiable assets	4,186
Less: Non-controlling interest	(426)
Less: Foreign currency translation differences	(374)
	3,386

Measurement of fair values

The valuation techniques used for measuring the fair value of the non-cash consideration were as follows:

Assets acquired	Valuation technique
Exploration and evaluation assets	*Market approach technique*: The valuation model considers market prices for similar items when available and estimated by looking at comparables which consists of transactions of reserves with similar characteristics that are located within a close geographic proximity to the oil reserve being valued.

Trade and other receivables are neither impaired nor past due and together with trade and other payables approximate their fair values.

The trade receivables comprise gross contractual amounts due of US$4,401,000 of which US$1,586,000 was expected to be collectible at the acquisition date.

30 ACQUISITIONS AND DISPOSALS – CONTINUED

iv) Acquisition of a subsidiary, Rex Technology Management Ltd

2014

In 2014, the Group acquired 100% of the shares and voting interests in Rex Technology Management Ltd ("**RTM**") for a nominal cash consideration of US$1, and a loan repayment of US$8,500,000. RTM specialises in providing technical services to clients.

The Group incurred acquisition-related costs of US$19,000 on legal fees and due diligence costs. These costs have been included in administration expenses.

Taking control of RTM will enable the Group to have complete control over the use of the proprietary Rex Technologies, and preserve the strict confidentiality of how the technologies work.

From the date of acquisition to 31 December 2014, RTM contributed revenue of US$334,000 and profit of US$264,000. If the acquisition had occurred on 1 January 2014, management estimates that the contributions to consolidated revenue and net profit would have been US$9,500,000 and US$4,300,000 respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	US$'000
Intangible assets	8,500
Trade and other receivables	3,859
Cash and cash equivalents	16
Trade and other payables	(3,875)
Total net identifiable assets	8,500

Effect on cash flows of the Group

	US$'000
Total consideration transferred	(8,500)
Add: cash and cash equivalents of subsidiary acquired	16
Net cash outflow on acquisition of subsidiary	(8,484)

30 ACQUISITIONS AND DISPOSALS – CONTINUED

iv) Acquisition of a subsidiary, Rex Technology Management Ltd – Continued

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets	*Relief-from-royalty method and multi-period excess earnings method*: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.

Trade and other receivables are neither impaired nor past due, and together with trade and other payables approximate their fair values.

The trade receivables comprise gross contractual amounts due of US$3,859,000 which was expected to be collectible at the acquisition date.

31 FINANCIAL INSTRUMENTS

Risk management is integral to the whole business of the Group. The Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Enterprise Risk Management Framework provides the principal policy and guidance to the Group and its businesses on the risk management methodology and reporting of risks. It sets out a systematic and ongoing process for identifying, evaluating, controlling and reporting risks. These processes are put in place to manage and monitor the Group's risk management activities on a regular and timely basis. The Group's risk management efforts covers operational, financial and strategic areas.

31 FINANCIAL INSTRUMENTS – CONTINUED

Credit risk

Credit risk is the risk of financial loss resulting from failure of a customer or counterparty to meet its financial and contractual obligations to the Group, as and when the obligations fall due. The Group's primary exposure to credit risk arises from its financial assets.

Concentrations of credit risk exist when economic or industry factors similarly affect a group of counterparties, and when the aggregate amount of this exposure is significant in relation to the Group's total credit exposure. As at 31 December 2015, 76% of the Group's loans and receivables are due from two counterparties. As at 31 December 2014, the Group had no significant concentrations of credit risk.

The Group does not require collateral in respect of its trade and other receivables. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Impairment losses

The ageing analysis of loans and receivables at the reporting date is:

	Gross 2015 US$'000	Impairment losses 2015 US$'000	Gross 2014 US$'000	Impairment losses 2014 US$'000
Group				
Not past due	1,078	–	9,457	–
Past due 121 to 365 days	819	–	–	–
More than one year	2,540	–	–	–
	4,437	–	9,457	–
Company				
Not past due	1,910	–	5,966	–

Having considered the ageing of the loans and receivables, credit worthiness of its customers and historical default rates, the Group and Company believe that no impairment allowance is necessary in respect of loans and receivables. These receivables are mainly arising from customers that have a good reputation and payment record.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

31 FINANCIAL INSTRUMENTS – CONTINUED

Credit risk – Continued

Cash and cash equivalent

Cash, fixed deposits and money market funds are placed with reputable financial institutions which are regulated. These surplus funds are placed on short-term deposits (usually within the range of 1 day to 3 months) according to the Group's cash flow requirements. The Group does not hedge against long-term fluctuations in interest rates.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Investments

Quoted debt securities are entered into with financial institutions, which have rating of A2 – Baa3 by Moody's, or the equivalent by a reputable credit rating agency.

The Group holds available-for-sale investment in FRAM which owns oil and gas concessions in the US. The Group's Management monitors the underlying investment in FRAM on a periodic basis. As at the date of the statement of financial position, the carrying value of FRAM has been fully impaired.

The Group also holds available-for-sale investment in North Energy, which is traded on the Oslo stock exchange. Management actively monitors the underlying investment in North Energy. As at the date of the statement of financial position, the carrying value of North Energy represents its maximum credit exposure in this asset.

Sensitivity analysis

A 10% (2014: 10%) increase/(decrease) in the underlying prices of quoted equity securities available-for-sale at the reporting date would increase/(decrease) equity of the Group and the Company by US$70,000 (2014: US$241,000). This analysis assumes that all other variables remain constant.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings, when necessary. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

31 FINANCIAL INSTRUMENTS – CONTINUED

Liquidity risk – Continued

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount US$'000	Cash flows: Contractual cash outflows US$'000	Cash flows: Within 1 year US$'000
Group			
2015			
Non-derivative financial liabilities			
Loans and borrowings	33,720	34,597	34,597
Trade and other payables	26,644	26,644	26,644
	60,364	61,241	61,241
2014			
Non-derivative financial liabilities			
Trade and other payables	5,026	5,026	5,026

	Carrying amount US$'000	Cash flows: Contractual cash outflows US$'000	Cash flows: Within 1 year US$'000
Company			
2015			
Non-derivative financial liabilities			
Trade and other payables	1,692	1,692	1,692
2014			
Non-derivative financial liabilities			
Trade and other payables	1,321	1,321	1,321

Working capital management

The Group and the Company manage their working capital requirements with the view to ensure smooth operations and optimise interest cost.

31 FINANCIAL INSTRUMENTS – CONTINUED

Market risk

Market risk is the risk that changes in market prices, such as crude oil, interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group operates internationally and may in future become exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk may arise from future commercial transactions, but in the current period all transactions entered into by the Group have been US dollar ("**USD**") denominated and paid out of its USD bank accounts, thereby mitigating the Group's exposure to foreign exchange risk.

In 2015, the Group's exposure to foreign currency risk is mainly denominated in Singapore dollar ("**SGD**") and Norwegian Kroner ("**NOK**") (2014: SGD and Trinidad & Tobago dollar ("**TTD**")). The Group does not have a formal hedging policy to govern this currency risk exposure as the Group monitors the exposure to currency risks on an ongoing basis and endeavours to keep the net exposures at an acceptable level.

The Group's exposure to foreign currency risk are as follows:

	2015		2014	
	SGD	NOK	SGD	TTD
	US$'000	US$'000	US$'000	US$'000
Group				
Cash and cash equivalents	6,216	4,989	78,646	285
Quoted investments	12,682	–	26,516	–
Trade receivables	–	31	–	4,027
Trade payables	–	(13,614)	–	(2,653)
Loans and borrowings	–	(33,720)	–	–
Net exposure	18,898	(42,314)	105,162	1,659

	2015	2014
	SGD	SGD
	US$'000	US$'000
Company		
Cash and cash equivalents	6,216	78,646
Quoted investments	12,682	26,516
Net exposure	18,898	105,162

31 FINANCIAL INSTRUMENTS – CONTINUED

Foreign currency risk – Continued

Sensitivity analysis

A strengthening/(weakening) of SGD, NOK and TTD against the USD at 31 December would have decreased/(increased) loss before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014, as indicated below:

	Group	Company
	Loss before tax US$'000	Loss before tax US$'000
31 December 2015		
SGD (2% strengthening)	378	378
NOK (2% strengthening)	(846)	–
31 December 2014		
SGD (2% strengthening)	2,103	2,103
TTD (2% strengthening)	33	–

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its short-term interest bearing deposits and loans and borrowings. As short-term bank deposits are placed in short-term money market with tenures mostly within the range of 1 day to 3 months, the Group's interest income is subject to fluctuation in interest rates. Interest rate risk is managed by the Group on an ongoing basis and placed on a short-term basis according to the Group's cash flow requirements with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

31 FINANCIAL INSTRUMENTS – CONTINUED

Interest rate risk – Continued

The effective interest rates for fixed deposits is 0.12% (2014: 0.74%) per annum in 2015.

		Group		Company	
		Nominal amount		Nominal amount	
	Note	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Fixed rate instruments					
Fixed deposits	14	77	18,921	77	18,921
Quoted investments	13	32,133	21,176	32,133	21,176
		32,210	40,097	32,210	40,097
Variable rate instruments					
Money market funds	14	–	5,915	–	5,915
Loans and borrowings	20	(33,720)	–	–	–
		(33,720)	5,915	–	5,915

An increase of 100 basis points in interest rates would have decreased/(increased) loss before tax by approximately US$(15,000) (2014: US$264,000) and US$322,000 (2014: US$264,000) for the Group and the Company respectively. Correspondingly, a decrease of 100 basis points in interest rates would have (decreased)/increased loss before tax by US$(15,000) (2014: US$264,000) and US$322,000 (2014: US$264,000) for the Group and the Company respectively.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

(a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 FINANCIAL INSTRUMENTS – CONTINUED

Fair value hierarchy – Continued

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

	Note	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant other observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Group					
2015					
Quoted investments					
- Debt securities	13	31,630	–	–	31,630
- Available-for-sale investments	10	701	–	–	701
2014					
Quoted investments					
- Debt securities	13	30,725	–	–	30,725
- Available-for-sale investments	10	2,410	–	–	2,410
Company					
2015					
Quoted investments					
- Debt securities	13	31,495	–	–	31,495
- Available-for-sale investments	10	701	–	–	701
2014					
Quoted investments					
- Debt securities	13	30,725	–	–	30,725
- Available-for-sale investments	10	2,410	–	–	2,410

31 FINANCIAL INSTRUMENTS – CONTINUED

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Available-for-sale investments

In 2015, the Group and Company held 5.04% (2014: 5.35%) of the common shares of North Energy ASA (Note 10). The fair value of the quoted shares is determined by reference to their quoted closing bid price in an active market at the measurement date.

The unquoted equity shares relating to the investment in FRAM (Note 10) is recorded at cost as there is no quoted market price for the investment and the Company has not been granted access to FRAM's financial and operating information. As at the date of the statement of financial position, the carrying value of FRAM has been fully impaired.

Debt securities

The fair values of investments in debt securities are determined by reference to their quoted closing bid price in an active market at the measurement date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than 1 year (including trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables) are assumed to approximate their fair values because of the short period to maturity or repricing.

31 FINANCIAL INSTRUMENTS – CONTINUED

Accounting classifications and fair values

	Note	Designated at fair value through profit or loss US$'000	Loans and receivables US$'000	Available-for-sale US$'000	Liabilities at amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
31 December 2015							
Available-for-sale investments	10	–	–	701	–	701	701
Trade and other receivables*	12	–	4,437	–	–	4,437	4,437
Quoted investments	13	31,630	–	–	–	31,630	31,630
Cash and cash equivalents	14	–	53,447	–	–	53,447	53,447
		31,630	57,884	701	–	90,215	90,215
Loans and borrowings	20	–	–	–	(33,720)	(33,720)	(33,720)
Trade and other payables	21	–	–	–	(26,644)	(26,644)	(26,644)
		–	–	–	(60,364)	(60,364)	(60,364)
31 December 2014							
Available-for-sale investments	10	–	–	2,410	–	2,410	2,410
Trade and other receivables*	12	–	9,457	–	–	9,457	9,457
Quoted investments	13	30,725	–	–	–	30,725	30,725
Cash and cash equivalents	14	–	87,131	–	–	87,131	87,131
		30,725	96,588	2,410	–	129,723	129,723
Trade and other payables	21	–	–	–	(5,026)	(5,026)	(5,026)

* Excludes income tax receivables and prepayments

31 FINANCIAL INSTRUMENTS – CONTINUED

Accounting classifications and fair values – Continued

	Note	Designated at fair value through profit or loss US$'000	Loans and receivables US$'000	Available-for-sale US$'000	Liabilities at amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Company							
31 December 2015							
Available-for-sale investments	10	–	–	701	–	701	701
Other receivables*	12	–	1,910	–	–	1,910	1,910
Quoted investments	13	31,495	–	–	–	31,495	31,495
Cash and cash equivalents	14	–	35,754	–	–	35,754	35,754
		31,495	37,664	701	–	69,860	69,860
Other payables	21	–	–	–	(1,692)	(1,692)	(1,692)
31 December 2014							
Available-for-sale investments	10	–	–	2,410	–	2,410	2,410
Other receivables*	12	–	5,966	–	–	5,966	5,966
Quoted investments	13	30,725	–	–	–	30,725	30,725
Cash and cash equivalents	14	–	83,375	–	–	83,375	83,375
		30,725	89,341	2,410	–	122,476	122,476
Other payables	21	–	–	–	(1,321)	(1,321)	(1,321)

* Excludes income tax receivables and prepayments

32 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Within 1 year	336	423	212	423
Between 2 to 5 years	256	238	14	238
	592	661	226	661

The Group has several operating lease agreements for office premises, apartments and motor vehicles. The leases have varying terms from 1 year to 3 years, with no escalation clauses nor renewal rights. The lease terms do not contain restrictions on the activities concerning dividends, additional debt or further leasing. These leases do not contain any contingent rentals.

33 COMMITMENTS

Certain subsidiaries (2014: Certain jointly controlled entities and one of our subsidiaries) have firm capital commitments where the Group is required to participate in minimum exploration activities. The Group's estimated minimum exploration commitment is approximately US$22,220,000 (2014: US$19,180,000). At the reporting date, the Group's outstanding minimum exploration commitments will fall due within one year.

34 CONTINGENT LIABILITY

(a) Legal claims

On 24 December 2015, Gulf Hibiscus Limited ("**GHL**"), a joint venture partner of the Group's jointly controlled entity, Lime Group, announced on the Bursa Malaysia that they have filed an application in the Isle of Man courts on 23 December 2015 for leave to bring a derivative action on behalf of Lime Petroleum Plc, against certain directors of Lime Petroleum Plc for a breach of trust and fiduciary duty in regard to their actions taken to effect a substantial dilution of Lime Petroleum Plc's shareholding interest in LPN.

The High Court of Justice of the Isle of Man has fixed a hearing date in late April 2016 for the application made by GHL for leave to bring a derivative action on behalf of Lime Petroleum Plc against those directors of Lime Petroleum Plc.

At present, no claim has been commenced against those directors of Lime Petroleum Plc.

Management has considered these allegations and asserted that the restructuring exercise of LPN had been carried out by appointed legal professionals, and in accordance with the regulations of the country of incorporation.

34 CONTINGENT LIABILITY – CONTINUED

(a) Legal claims – Continued

There are inherent uncertainties contingent upon the court's decision to grant or dismiss GHL's purported claim. At present, no accurate quantification of any cost, or timing of such cost, which may arise from the legal proceedings outlined can be made. Management believes that neither its directors, nor the Group and the Company, are liable for the defamatory allegations made by GHL and accordingly does not believe that it is probable for a provision to be set aside for this claim.

(b) Guarantee

During the year, Rex International Investments Pte Ltd, a wholly-owned subsidiary of the Company, has provided a parent company guarantee to the Ministry of Petroleum and Energy on basis of the Norwegian Petroleum Act.

Under the Norwegian Petroleum Act, Rex International Investments Pte Ltd undertakes financial liability as surety for obligations that may arise from exploration for and exploitation of subsea natural resources on the Norwegian Continental Shelf and any liability, including liability for any recovery claim, which may be imposed under Norwegian law for pollution damage and for personal injury.

Management believes that the Group and the operator of the Block are in compliance with current applicable environmental laws and regulations and hence does not consider it probable that a claim will be made against Rex International Investment Pte Ltd under the guarantee.

35 SUBSEQUENT EVENTS

(i) On 29 February 2016, the Company issued and allotted 2,102,700 new ordinary shares in the Company pursuant to the vesting of the contingent share awards granted to eligible participants based on the achievement of pre-determined performance goals set for the financial year ended 31 December 2014 and the satisfactory completion of time-based service conditions under the PSP.

Subsequent to the allotment and issuance of the 2,102,700 new ordinary shares, the Company's issued and paid-up share capital has increased to 1,266,259,963 shares.

(ii) On 3 March 2016, the Company proposed grant of ordinary shares ("**Awards**") in the capital of the Company ("**Performance Shares**") pursuant to the PSP. The maximum number of Awards to be granted will be 29,779,500. The actual number of Performance Shares to be delivered pursuant to the Awards granted under PSP will range from 0% to 100% and is contingent on the achievement of pre-determined benchmarks set over a two-year performance period.

(iii) On 7 March 2016, Rex Oman Ltd, a wholly-owned subsidiary of the Company, subscribed to 3,908 new MOL shares at US$1,426 per share, for a total amount of US$5,572,808, as a capital injection into MOL. Subsequent to the share subscription, Rex Oman Ltd holds approximately 69.06% direct interest in the enlarged issued and paid-up share capital of MOL, and Lime Group holds a 4.57% direct interest in MOL. Accordingly, the Group's effective interest in MOL has increased from approximately 61.76% to 72.03%.

STATISTICS OF SHAREHOLDINGS
AS AT 9 MARCH 2016

Issued and fully paid-up capital	:	S$330,632,830
Number of shares	:	1,266,259,963
Class of shares	:	Ordinary Shares of equal voting right

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 9 March 2016, approximately 55.75% of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual, Section B: Catalist Rules of the Singapore Exchange Securities Trading Limited, is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 9 MARCH 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.07	60	0.00
100 - 1,000	434	10.70	429,501	0.03
1,001 - 10,000	1,083	26.71	8,284,985	0.66
10,001 - 1,000,000	2,478	61.11	230,231,724	18.18
1,000,001 and above	57	1.41	1,027,313,693	81.13
TOTAL	**4,055**	**100.00**	**1,266,259,963**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 9 MARCH 2016

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	CITIBANK NOMINEES SINGAPORE PTE LTD	605,975,329	47.86
2	HSBC (SINGAPORE) NOMINEES PTE LTD	97,526,611	7.70
3	DBS NOMINEES PTE LTD	60,791,087	4.80
4	RAFFLES NOMINEES (PTE) LTD	39,282,892	3.10
5	UOB KAY HIAN PTE LTD	28,984,419	2.29
6	DBSN SERVICES PTE LTD	18,425,000	1.46
7	PUI CHENG WUI	16,353,500	1.29
8	MAYBANK KIM ENG SECURITIES PTE LTD	15,276,998	1.21
9	OCBC SECURITIES PRIVATE LIMITED	10,279,000	0.81
10	LAM PO FOON	8,540,000	0.67
11	CIMB SECURITIES (SINGAPORE) PTE LTD	6,916,650	0.55
12	LIM GUAN TECK	6,206,250	0.49
13	BANK OF SINGAPORE NOMINEES PTE LTD	5,659,000	0.45
14	LIM & TAN SECURITIES PTE LTD	5,627,500	0.44
15	SEE LOP FU JAMES @ SHI LAP FU JAMES	5,350,000	0.42
16	WHANG HWEE YONG	5,350,000	0.42
17	PUI BOON KENG	5,060,000	0.40
18	MAYBANK NOMINEES (SINGAPORE) PTE LTD	5,000,000	0.39
19	PHILLIP SECURITIES PTE LTD	4,576,300	0.36
20	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	4,499,000	0.36
	TOTAL:	**955,679,536**	**75.47**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 9 MARCH 2016

No.	Name	No. of shares held as Direct	%	No. of shares held as Deemed	%
1	Rex Commercial Ltd. [1]	556,921,960	43.98	-	-
2	Rex Partners Ltd. [2]	-	-	556,921,960	43.98
3	Limea Ltd. [3]	-	-	556,921,960	43.98
4	Dr Karl Lidgren [4]	-	-	556,921,960	43.98
5	Mr Hans Lidgren [4]	-	-	556,921,960	43.98
6	Mr Svein Kjellesvik [5]	-	-	556,921,960	43.98

1 The 556,921,960 shares are held in the name of Citibank Nominees Singapore Pte Ltd.

2 Rex Partners Ltd. is deemed interested in 556,921,960 shares held by Rex Commercial Ltd. by virtue of its 100% ownership in Rex Commercial Ltd..

3 Limea Ltd., the holding company of Rex Partners Ltd., is deemed interested in 556,921,960 shares held through Rex Commercial Ltd., a wholly-owned subsidiary of Rex Partners Ltd..

4 Dr Karl Lidgren and Mr Hans Lidgren, each a 50% shareholder of Limea Ltd., are deemed interested in 556,921,960 shares held through Rex Commercial Ltd., a wholly-owned subsidiary of Rex Partners Ltd., which in turn is 80% controlled by Limea Ltd..

5 Mr Svein Kjellesvik is deemed interested in 556,921,960 shares held by Rex Commerical Ltd., a wholly-owned subsidiary of Rex Partners Ltd., by virtue of his controlling interest of 20% in Rex Partners Ltd..

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Rex International Holding Limited will be held at STI Auditorium, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Friday, 29 April 2016 at 3.00 p.m. (the "**AGM**") for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$633,790/- for the financial year ending 31 December 2016, payable quarterly in arrears.
   (See Explanatory Note 1) **(Resolution 2)**

3. To re-appoint Mr Dan Broström as a Director of the Company. **(Resolution 3)**

   Mr Dan Broström was re-appointed during the Company's last annual general meeting pursuant to Section 153(6) of the Companies Act, Chapter 50 of the Singapore, which has been repealed since 3 January 2016, and to hold office until the AGM. Accordingly, there is a need to re-appoint him during the AGM to allow him to continue in office. He will, upon re-appointment as a Director of the Company, remain as Executive Chairman of the Board.

4. To re-elect Mr Abderahmane Fodil who is retiring pursuant to Article 93 of the Company's Articles of Association. **(Resolution 4)**

   Mr Abderahmane Fodil will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director and a member of the Audit and Remuneration Committees. The Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Catalist Rules of the Singapore Exchange Securities Limited (the "**SGX-ST**") (the "**Catalist Rules**").

5. To re-elect Mr Sin Boon Ann who is retiring pursuant to Article 93 of the Company's Articles of Association. **(Resolution 5)**

   Mr Sin Boon Ann will, upon re-election as a Director of the Company, remain as the Lead Independent Non-Executive Director, the Chairman of Nominating and Remuneration Committees and a member of the Audit Committee. The Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

6. To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may be properly transacted at the AGM.

SPECIAL BUSINESS

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

8. Authority to allot and issue shares

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

I. (a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, or other instruments convertible into Shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

II. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed one hundred per cent (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Articles of Association for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

(See Explanatory Note 2) **(Resolution 7)**

9. Authority to allot and issue Shares under the Rex International Employee Share Option Scheme ("**Share Option Scheme**")

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to offer and grant options ("**Options**") in accordance with the provisions of the Share Option Scheme and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of Options, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Share Option Scheme, when added to the number of Shares issued and issuable in respect of all Options granted under the Share Option Scheme, and including the Rex PSP (as defined therein), and any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant of an Option."

(See Explanatory Note 3) **(Resolution 8)**

10. Authority to allot and issue Shares under the Rex International Performance Share Plan ("**Rex PSP**")

"That pursuant to Section 161 Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to grant awards ("**Awards**") in accordance with the provisions of the Rex PSP and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the Awards granted under the Rex PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Rex PSP, and where applicable, the total number of existing Shares which may be purchased from the market for delivery pursuant to the Awards granted under the Rex PSP, when added to the number of Shares issued and issuable in respect of all Awards granted under the Rex PSP, and including the Share Option Scheme and any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the total issued Shares (excluding treasury shares) on the day preceding that date of grant of the relevant Awards."

(See Explanatory Note 4) **(Resolution 9)**

By Order of the Board

Cheo Meng Ching
Company Secretary
Singapore

7 April 2016

NOTES:

1. A member of the Company (who is not a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of the member. A proxy need not be a member of the Company.

   A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint more than two proxies to attend and vote at the AGM.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.

3. If the member is a corporation, the instrument appointing the proxy must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

4. The instrument appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time appointed for holding the AGM.

5. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his name appears on the Depository Register not less than seventy-two (72) hours before the time of the AGM.

EXPLANATORY NOTES:

(1) The Resolution 2 in item 2 above, if passed, will facilitate the payment of Directors' fees of S$633,790/- for the financial year ending 31 December 2016 on a quarterly basis in arrears. The amount of Directors' fees is computed based on the anticipated number of Board and Board Committee meetings for the financial year ending 31 December 2016, including attendances and the positions held by the Non-Executive Directors in various board committees, and assuming that all Non-Executive Directors will hold office for the full financial year. In the event the amount of Directors' fees proposed is insufficient, for example, in the event of unscheduled Board meetings or enlarged board sizes, approval will be sought at next year's annual general meeting for additional fees before payments are made to Directors to meet the shortfall.

(2) The Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing of this Resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this Resolution) other than on a pro-rata basis to all shareholders shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution.

(3) The Resolution 8 in item 9 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of Options granted or to be granted under the Share Option Scheme and such other share-based incentive scheme or share plan up to a number not exceeding, in total, fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant.

(4) The Resolution 9 in item 10, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the vesting of Awards under the Rex PSP and such other share-based incentive scheme or share plan (including the total number of existing Shares which may be purchased from the market for delivery pursuant to the Awards granted) up to a number not exceeding, in total, fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant.

REX INTERNATIONAL HOLDING LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201301242M)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT:
1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 of Singapore (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF/SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We, ______________________ (Name) ______________ (NRIC No./Passport No./Company Registration No.) ______________ of ______________________________ (Address)
being a member/members of REX INTERNATIONAL HOLDING LIMITED (the "**Company**"), hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

* and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/they, the Chairman of the Annual General Meeting ("**AGM**"), as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held STI Auditorium, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 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 Ordinary Resolution to be proposed at the AGM as indicated hereunder. If no specified directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the AGM.

No.	Resolutions		
	ORDINARY BUSINESS	**No. of Shares For#**	**No. of Shares Against#**
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon.		
2.	To approve the payment of Directors' fees of S$633,790/- for the financial year ending 31 December 2016, payable quarterly in arrears.		
3.	To re-appoint Mr Dan Broström as a Director of the Company.		
4.	To re-elect Mr Abderahmane Fodil who is retiring pursuant to Article 93 of the Company's Articles of Association.		
5.	To re-elect Mr Sin Boon Ann who is retiring pursuant to Article 93 of the Company's Articles of Association.		
6.	To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
7.	To approve the authority to allot and issue shares.		
8.	To approve the authority to allot and issue shares under the Rex International Employee Share Option Scheme.		
9.	To approve the authority to allot and issue shares under the Rex International Performance Share Plan.		

 # If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ____________ 2016

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

____
Signature of Member(s) or Common Seal

** Delete accordingly*

IMPORTANT: Please Read Notes for This Proxy Form.

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the member must specify the proportion of shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer of the corporation or attorney duly authorised.
5. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time appointed for holding the AGM. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointments of the proxy should be revoked.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.
9. An investor who buys shares using CPF monies ("CPF **Investor**") and/or SRS monies ("SRS **Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

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

DISCLAIMER

REX INTERNATIONAL HOLDING LIMITED

ANNUAL REPORT 2015

REX
change the game

Rex International Holding Limited | Co. Reg. No. 201301242M
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