FEG
Falcon Energy Group Limited

EFFICIENCY INNOVATION NETWORKS

Annual Report **2015/2016**

CONTENTS

OUR OBJECTIVE

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

OUR COMPANY

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

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

STRIVING FOR EFFICIENCY

CHAIRMAN'S MESSAGE & BUSINESS REVIEW

"FP2016 has been a very challenging year for the industry as the prolonged slump in crude oil price reduced both the Capex and Opex of the oil companies. I am glad to report that despite the unfavourable business environment the Group delivered a net profit attributable to shareholders of US$39.8 million."

Dear Shareholders,

I am pleased to present to you, the Annual Report of Falcon Energy Group ("the Group", "the Company", or "FEG") for the fifteen months ended 30 June 2016. ("FP2016").

FP2016 has been a very challenging year for the industry as the prolonged slump in crude oil price reduced both the Capex and Opex of the oil companies. Thus exploration and production activities were reduced globally, and companies in the industry competed intensely for fewer jobs with tighter margins.

I am glad to report that despite the unfavourable business environment the Group managed to remain resilient due to our continuous efforts to improve on our operational efficiency and to exercise strict financial discipline thus increasing our productivity. For the financial period ended 30 June 2016, the Group delivered a net profit attributable to shareholder of U$39.8 million. Our earnings per share has increased from 2.77 US cents per ordinary share for the 12 months ended 31 March 2015 to 4.92 US cents for the 15 months ended 30 June 2016.

In addition, our financial position is stable with net asset value per ordinary share of 34.95 US cents per ordinary share as at 30 June 2016 as compared with 31.25 US cents as at 31 March 2015.

FINANCIAL PERFORMANCE

Revenue and Income

The Group's revenue decreased by 11.4% or US $39.1 million from US$342.4 million for the twelve months ended 31 March 2015 ("FY2015") to US$303.3 million for FP2016. Oilfield and Drilling Services Division's revenue decreased by US$56.5 million due to less new projects and amount of recognized progress revenue from contracted construction projects. However, Marine Division's revenue increased from US$70.2 million in FY2015 to US$85.5 million in FP2016 mainly due to a contribution of US$31.4 million from the Group's subsidiary CH Offshore Ltd ("CHO").

The Group's average gross profit margin improved from 15.0% to 19.9% in FP2016 mainly due to an improvement in the Marine Division's gross profit margin as a result of contribution from CHO's higher margin contracts.

Other operating income increased by US$46.8 million due mainly to the one-off settlement income, net of related expenses, of US$53.5 million pertaining to CHO's claim on a third party for outstanding charter-hire fees. This was offset by the absence of gain on disposal of plant and equipment recorded in FY2015 amounting to US$17.5 million.

CHAIRMAN'S MESSAGE & BUSINESS REVIEW

"We have managed to remain resilient due to our continuous efforts to improve on our operational efficiency and to exercise strict financial discipline thus increasing our productivity. Our earnings per share has increased from 2.77 US cents per ordinary share for the 12 months ended 31 March 2015 to 4.92 US cents for the 15 months ended 30 June 2016."

Administrative expenses increased from US$30.4 million in FY2015 to US$58.3 million in FP2016. This was due mainly to provision for allowance for doubtful receivables of US$7.5 million with a full provision of US$6.1 million for the Group's exposure to receivables due from Swiber, a Singapore-listed company now under judicial management.

Finance costs increased by US$7.4 million from US$7.5 million in FY2015 to US$14.9 million in FP2016 due mainly to financing of the bank borrowings made for the purchase of additional equity interest in CH Offshore Ltd in February 2015.

The Group's operations spanned across China, Indonesia, Vietnam, Singapore, the Middle East and Mexico.

Financial Position and Cash Flow

Current assets decreased by US$166.2 million from US$327.7 million as at 31 March 2015 to US$161.5 million as at 30 June 2016. However, the decrease was mainly attributed to a decrease in cash and bank balances of US$108.5 million that was used for the repayment of bank borrowings. Overall, the Group's Current Ratio (Current Assets/Current Liabilities) stands at a healthy 1.1 times.

Non-current assets decreased by approximately US$27.1 million from US$518.0 million as at 31 March 2015 to US$490.9 million as at 30 June 2016. This was mainly due to impairment for property, plant and equipment of US$10.1 million, impairment of goodwill of US$2.5 million, as well as routine depreciation and amortisation.

Both non-current liabilities and current liabilities decreased by US$80.3 million and US$141.4 million respectively as at 30 June 2016 compared to 31 March 2015. This was due mainly to a US$173.9 million decrease in borrowings as a result of the management's actions to reduce financing costs by capital repayment. The Group has reduced its net Debt/ Equity Ratio to 0.53.

The Group generated an operating net cash flow of US$126.8 million including collection of receivables and the one-off settlement income from CHO's claim on outstanding charter-hire fees. Net cash flow used in investing activities amounting to US$12.6 million was mainly for the acquisition of property, plant and equipment and acquisition of the remaining equity interest in an associate. Net cash flow used in financing activities of approximately US$185.6 million was mainly for repayment of existing loans and interest offset against the draw-down of other bank facilities. Cash and cash equivalent at end of period remained positive at US$24.4 million.

OUTLOOK AND PROSPECTS

Despite indications that the crude oil price may have reached the bottom range of the oil and gas cycle, the business environment will continue to be extremely challenging. Prices and margins for new contracts are not expected to rebound from present levels due to intense competition, the oil companies' relentless efforts at cutting costs, and an overhang in supply of offshore support vessels in the market. The Group will therefore have to adjust to this new normal of fewer charter contracts at lower rates by focussing on being efficient and innovative to add value to the services that it provides. The Group will also fine-tune its business development strategies to explore new opportunities and to cater to a wider network of clients.

ACKNOWLEDGEMENTS

This past year has been a challenging one and I am grateful for the unwavering support given by our shareholders, business associates and partners. I am also immensely appreciative of the hard work and dedication of the Management and staff. I also wish to thank Mr Neo Chin Lee, who had retired from the board on 31 October 2015 for his past contribution. Last but not least, I would also like to thank the Board for their guidance and advice in steering the Company through this challenging business environment.

Tan Pong Tyea
Chairman and Chief Executive Officer

FINANCIAL HIGHLIGHTS

INCOME STATEMENT

US$'000	FP2016[3]	FY2015[1]	FY2014[1]	FP2013[2]	FY2011[1]
Revenue	303,293	342,441	350,788	116,195	79,949
Gross Profit	60,199	51,398	117,015	33,005	17,858
Profit/(Loss) Before Tax	59,805	30,860	108,241	(1,701)	7,084
Profit/(Loss) After Tax	55,209	27,830	102,121	(2,395)	5,556
Profit/(Loss) After Tax (after Non-controlling interests)	39,821	22,687	60,768	(2,984)	3,274
Gross Profit Margin	19.9%	15.0%	33.4%	28.4%	22.3%
Profit/(Loss) Before Tax Margin	19.7%	9.0%	30.9%	(1.5)%	8.9%
Profit/(Loss) After Tax Margin	18.2%	8.1%	29.1%	(2.1)%	6.9%
Profit/(Loss) After Tax Margin (after Non-controlling interests)	13.1%	6.6%	17.3%	(2.6)%	4.1%
EPS/(LPS) Basic (US cents)	4.92	2.77	7.45	(0.37)	0.40
EPS/(LPS) Diluted (US cents)	4.92	2.77	7.45	(0.30)	0.40
Weighted Average Number of Shares for EPS ('000)	809,460	820,248	815,581	814,146	814,140
Weighted Average Number of Shares for LPS ('000)	809,460	820,248	815,581	981,521	814,140

Notes:
(1) FY2015, FY2014 and FY2011: 12 months audited
(2) FP2013: 15 months audited (restated)
(3) FP2016: 15 months audited (1 April 2015 to June 30 2016)

STATEMENT OF FINANCIAL POSITION

US$'000 (As at)	30-Jun-16	31-Mar-15	31-Mar-14	31-Mar-13 Restated	31-Dec-11
Current Assets	**161,466**	327,740	216,968	92,853	76,558
Non-Current Assets	**490,905**	518,011	358,232	295,252	291,758
Total Assets	**652,371**	845,751	575,200	388,105	368,316
Current Liabilities	**147,074**	288,447	179,412	74,743	67,909
Non-Current Liabilities	**166,870**	247,176	136,561	118,057	102,969
Total Liabilities	**313,944**	535,623	315,973	192,800	170,878
Net Current Assets	**14,392**	39,293	37,556	18,110	8,649
Net Assets	**338,427**	310,128	259,227	195,305	197,438
Equity attributable to owners of the Company	**282,122**	252,965	241,765	186,222	189,030
NAV Per Share (US Cents)	**34.95**	31.25	29.57	22.87	23.22
Total Debt	**206,215**	380,116	178,170	147,466	131,735
Total Cash and Cash Equivalents	**26,484**	134,947	46,928	15,890	14,512
Total Number of Shares ('000)	**807,442**	809,497	817,596	814,193	814,140

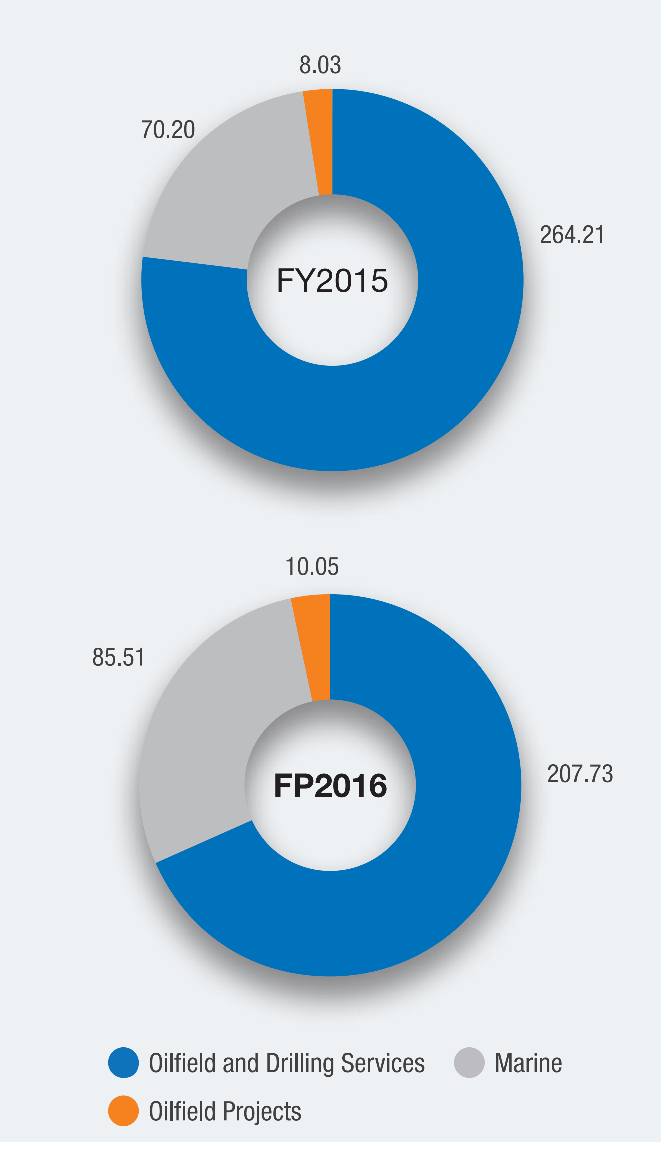
FINANCIAL HIGHLIGHTS

SEGMENTAL REVENUE

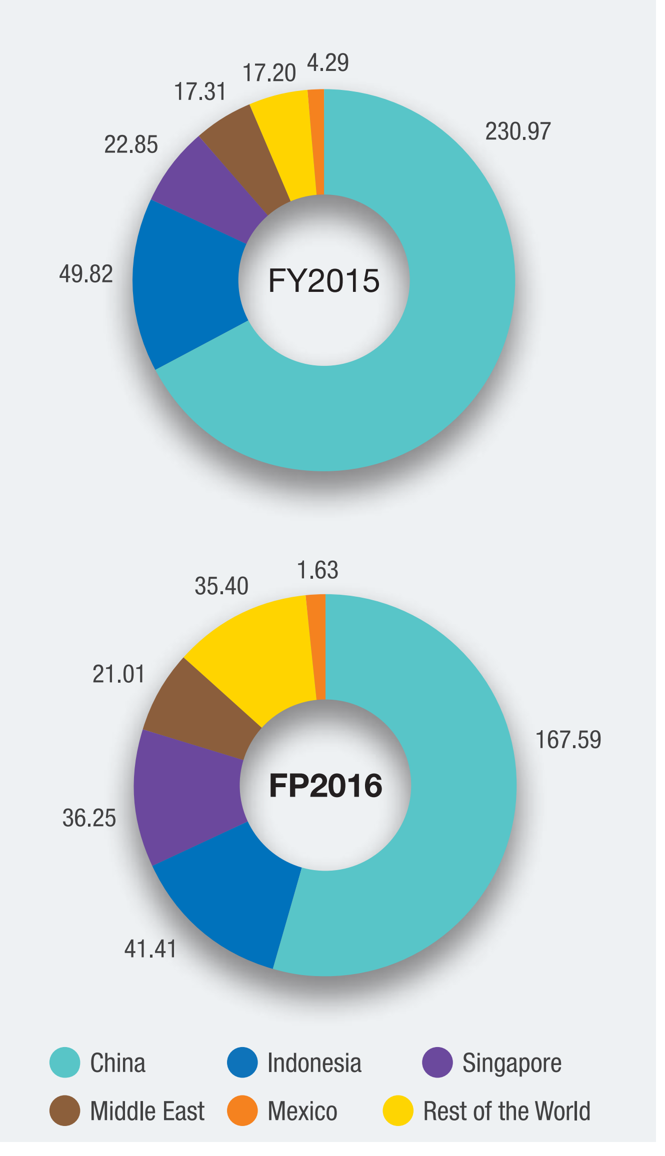
By Business (US$'m)	FP2016	FY2015
Marine	85.51	70.20
Oilfield and Drilling Services	207.73	264.21
Oilfield Projects	10.05	8.03
Total	303.29	342.44

By Geographical (US$'m)	FP2016	FY2015
China	167.59	230.97
Indonesia	41.41	49.82
Singapore	36.25	22.85
Middle East	21.01	17.31
Mexico	1.63	4.29
Rest of the World	35.40	17.20
Total	303.29	342.44

By Business (US$'m)



By Geographical (US$'m)



BOARD OF DIRECTORS

TAN PONG TYEA
Chairman and Chief Executive Officer

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

LIEN KAIT LONG
Non-Executive and Lead Independent Director

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

MAK YEN-CHEN ANDREW
Non-Executive and Independent Director

Mr Mak Yen-Chen Andrew was appointed a Non-Executive and Independent Director of Falcon Energy Group Limited in March 2014. He is a practising lawyer with more than 20 years' experience in legal practice. He is currently a consultant with Fortis Law Corporation. Mr Mak is an independent director of Leader Environmental Technologies Limited (a company listed on the Main Board of the SGX-ST) and Far East Group Limited (a company listed on the Catalist Board of the SGX-ST). In addition, he also volunteers his time in community service. Amongst other appointments, Mr Mak is a member of the Telok Blangah Citizens' Consultative Committee. He was awarded the Public Service Medal (PBM) by the President of Singapore in the 2012 Singapore National Day honours list. Mr Mak graduated from the National University of Singapore in 1994 with a Bachelor of Laws (Second Class Honours Upper Division).

LIM KUAN MENG
Non-Executive and Independent Director

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

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

BOARD OF DIRECTORS

CAI WENXING
Executive Director

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

TAN SOOH WHYE
Alternate Director

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

CAI WENTING
Alternate Director

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

SENIOR MANAGEMENT

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

CORPORATE OFFICE

Tan Pong Tyea
Chairman and Chief Executive Officer

Cai Wenxing
Executive Director

Tan Sooh Whye
Alternate Director

Cai Wenting
Alternate Director

Gan Wah Kwang
Chief Financial Officer

OILFIELD PROJECT DIVISION

Derek Tan Jit Sin
Director
Falcon Energy Projects Pte Ltd

OILFIELD SERVICES DIVISION

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

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

RESOURCES DIVISION

Steve Lau Tat Hoong
Director
Falcon Resources Management Pte Ltd

Jimmy Wong Cheung Chai
Director
Falcon Resources Management Pte Ltd

OUR SERVICES

EXPLORATION

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

DEVELOPMENT

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

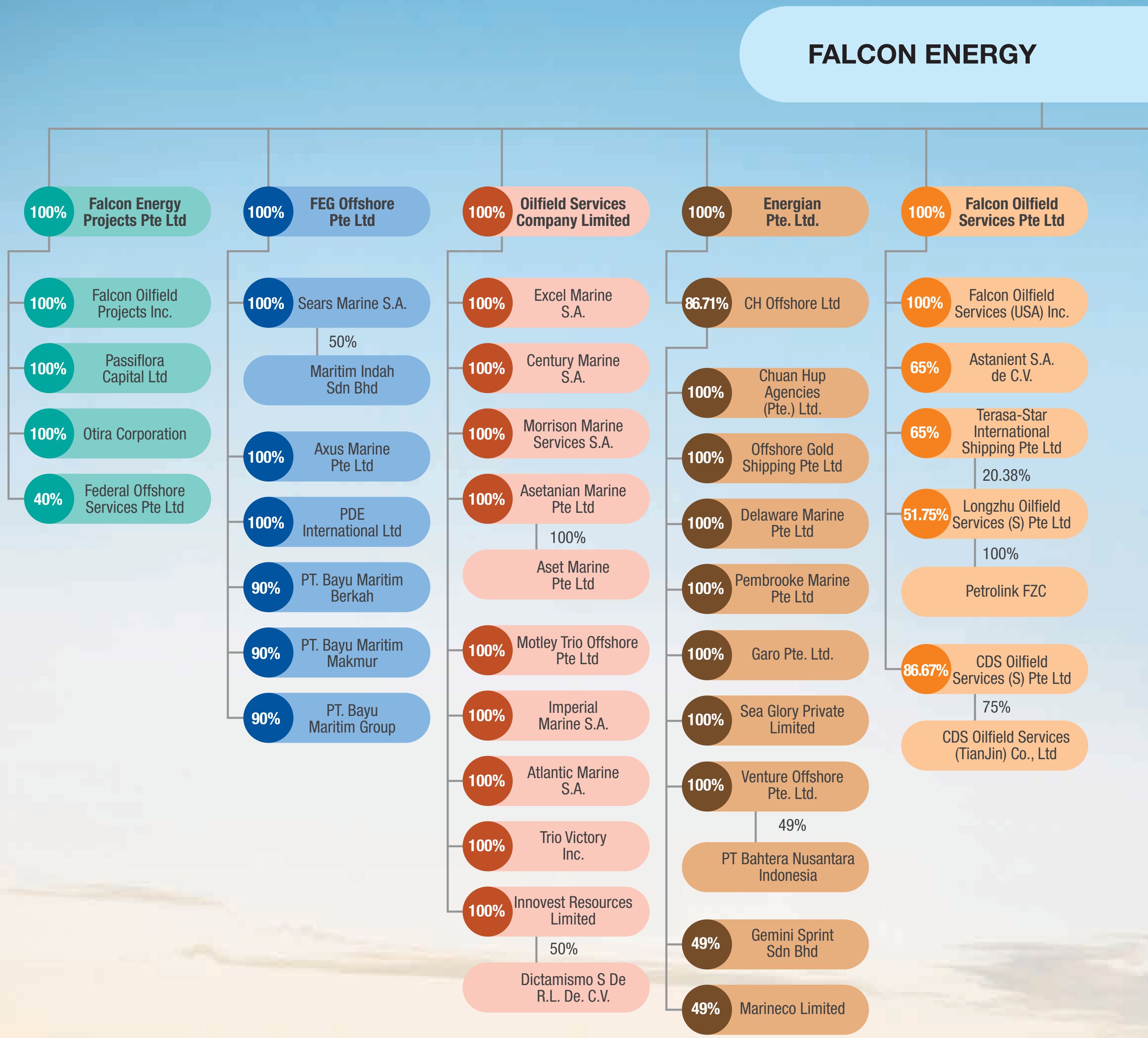
PRODUCTION

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

POST-PRODUCTION

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

CORPORATE STRUCTURE



GROUP LIMITED

FOCUSED AND DETERMINED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Pong Tyea
Chairman and Chief Executive Officer

Cai Wenxing
Executive Director

Lien Kait Long
Non-Executive and
Lead Independent Director

Mak Yen-Chen Andrew
Non-Executive and Independent Director

Lim Kuan Meng
Non-Executive and Independent Director

Tan Sooh Whye
Alternate to Tan Pong Tyea

Cai Wenting
Alternate to Cai Wenxing

AUDIT COMMITTEE

Lien Kait Long
Chairman

Mak Yen-Chen Andrew

Lim Kuan Meng

NOMINATING COMMITTEE

Lim Kuan Meng
Chairman

Tan Pong Tyea

Lien Kait Long

REMUNERATION COMMITTEE

Mak Yen-Chen Andrew
Chairman

Lien Kait Long

Lim Kuan Meng

COMPANY SECRETARIES

Lim Mee Fun

Peh Lei Eng

REGISTERED OFFICE

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Email: admin@feg.com.sg
Website: www.falconenergy.com.sg
Company Registration Number: 200403817G

SHARE REGISTRAR

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50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

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

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

INVESTOR RELATIONS

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Waterbrooks Consultants Pte Ltd
Wayne Koo
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Email: wayne.koo@waterbrooks.com.sg

PRINCIPAL BANKERS

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

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
#02-00 OCBC Centre East
Singapore 049514

CIMB Bank
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

REPORT ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

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

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

The Board of Directors ("Board") is pleased to outline the main corporate governance framework and practices of the Company in this report, with specific reference made to each of the principles set out in the Code. This report describes the Company's corporate governance practices that were in place throughout the financial period ended 30 June 2016. Other than deviations which are explained in this report, the Company has generally adhered to the principles and guidelines set out in the Code.

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Role of the Board of Directors

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

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

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

The Board has delegated the day-to-day management and running of the Company to the management headed by the Chief Executive Officer ("CEO"), Mr Tan Pong Tyea, who is involved in the supervision of the management of the Group's operations.

Board Processes

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

REPORT ON CORPORATE GOVERNANCE

The number of Board and Board Committee meetings held during the financial period ended 30 June 2016 and the attendance of each director where relevant are as follows:

Types of Meetings	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Names of Directors	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Tan Pong Tyea (Alternate - Tan Sooh Whye)	5	5	–	–	1	1	–	–
Neo Chin Lee ^	2	1	–	–	–	–	–	–
Cai Wenxing (Alternate - Cai Wenting)	5	5	–	–	–	–	–	–
Lien Kait Long	5	5	5	5	1	1	1	1
Mak Yen-Chen Andrew	5	5	5	5	1	1	1	1
Lim Kuan Meng	5	5	5	5	1	1	1	1

^ Mr Neo Chin Lee resigned as executive director of the Company on 31 October 2015.

Directors' Meetings Held During the Financial Period

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

Training

The Company recognises the importance of appropriate training for its directors. Newly-appointed directors will be given briefings and orientation on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors. The current directors have been made aware of and are familiar with their duties and obligations. The directors will also be briefed from time to time on regulatory changes which have an important bearing on the Company and the directors' obligations towards the Company.

Principle 2: Board Composition and Guidance

The Board comprises five (5) directors, three (3) of whom are independent, and two (2) alternate directors. The directors of the Company as at the date of this report are as follows:

Executive Directors :
Tan Pong Tyea (Chairman and Chief Executive Officer)
Cai Wenxing (Executive Director)

Non-Executive Directors :
Lien Kait Long (Lead Independent Director)
Lim Kuan Meng (Independent Director)
Mak Yen-Chen Andrew (Independent Director)

Alternate Directors :
Tan Sooh Whye (Alternate Director to Tan Pong Tyea)
Cai Wenting (Alternate Director to Cai Wenxing)

The Board composition was changed in 2015, when Mr Neo Chin Lee resigned as executive director of the Company on 31 October 2015.

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

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

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

Independent Members of the Board of Directors

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

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

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

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

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

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

Principle 3: Chairman and Chief Executive Officer

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

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

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

Principle 4 : Board Membership

Nominating Committee

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

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

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

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

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

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

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

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

The NC has recommended to the Board the nomination of Mr Lien Kait Long and Mr Mak Yen-Chen Andrew for re-election at the forthcoming AGM of the Company. The Board has accepted the NC's recommendation.

Principle 5: Board Performance

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

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

Principle 6: Access to Information

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

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

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

(B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Remuneration Committee

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

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

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

No director is involved in determining his own remuneration.

Principle 8: Level and Mix of Remuneration

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

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

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

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

Employee Share Option Scheme

The Company had a share option scheme known as Falcon Energy Group Employee Share Option Scheme ("tbe Scheme") which was adopted on 28 October 2004 and had lapsed on 27 October 2014. As the Scheme had been discontinued, no further share options may be offered by the Company. The discontinuance of the Scheme however does not affect share options which have been granted an accepted. Such outstanding share options remain exercisable until they lapse and become null and void.

Principle 9: Disclosure on Remuneration

A breakdown, showing the level and mix of each individual director's remuneration paid for the financial period ended 30 June 2016 is as follows:

	Fees	Salary(i)	Bonus	Profit Sharing	Other Benefits(ii)	Share Options	Total
	%	%	%	%	%	%	%
S$500,000 and above							
Tan Pong Tyea	–	86	6	–	8	–	100
Cai Wenxing	–	83	17	–	–	–	100
S$250,000 to S$500,000							
Tan Sooh Whye (1)	–	81	5	–	14	–	100
Cai Wenting(2)	–	88	12	–	–	–	100
Below S$250,000							
Lien Kait Long	100	–	–	–	–	–	100
Mak Yen-Chen Andrew	100	–	–	–	–	–	100
Lim Kuan Meng	100	–	–	–	–	–	100

(1) Alternate to Tan Pong Tyea

(2) Alternate to Cai Wenxing

(i) salary is inclusive of CPF contribution;

(ii) other benefits refer to benefits-in-kind such as car, allowances, club membership, etc. made available to directors as appropriate.

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

The remuneration of independent directors comprises only directors' fees.

Remuneration of Key Management Personnel

The remuneration of the key management personnel of the Group for the financial period ended 30 June 2016 is as follows:

	Fees	Salary[i]	Bonus	Profit Sharing	Other Benefits[ii]	Share Options	Total
	%	%	%	%	%	%	%
S$500,000 and above							
Gan Wah Kwang	–	86	6	–	8	–	100
S$250,000 to S$500,000							
Tan Jit Sin	–	82	5	–	13	–	100
Tang Nee Chiang	–	76	24	–	–	–	100

(i) salary is inclusive of CPF contribution;

(ii) other benefits refer to allowances, club membership, etc. made available to key management personnel as appropriate.

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

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

Remuneration Band	Relationship with director or the CEO
S$150,000 – S$200,000	
Wong Cheung Chai	Spouse of Ms Tan Sooh Whye, the Alternate Director to Mr Tan Pong Tyea Brother-in-law of Mr Tan Pong Tyea, Chairman and CEO of the Company
S$100,000 – S$150,000	
Wong Tshun Wah, Kingsley	Spouse of Ms Cai Wenting, the Alternate Director to Mr Cai Wenxing Brother-in-law of Mr Cai Wenxing, the Executive Director of the Company

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

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

Principle 11: Risk Management and Internal Controls

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

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

The AC will:

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

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

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

Assurance from CEO and CFO

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

(1) the Group's financial records have been properly maintained and the financial statements in respect of financial period ended 30 June 2016 give a true and fair view of the Group's operations and finances;

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

Based on the findings by the external auditors and the various management controls put in place as well as the assurance from the CEO and the CFO, the Board with the concurrence of the AC is of the opinion that there are adequate and effective controls in place within the Group addressing financial, operational, and information technology controls, and risk management policies and systems to meet the needs of the Group, and provide reasonable (though not absolute) assurance against material financial misstatements and loss, and safeguard the Group's assets. The management continues to focus on improving the standard of internal controls and corporate governance.

Principle 12: Audit Committee

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

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

The primary functions of the AC are:

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

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

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

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

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

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

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

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

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

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

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

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

Summary of the AC's activities

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

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

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

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

Whistle-blowing Policy

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

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

Principle 13: Internal Audit

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

The AC has reviewed and discussed internal audit reports in the course of the financial period ended 30 June 2016. Internal audits are conducted based on a rotational internal audit plan that is approved by the AC prior to the commencement of the outsourced internal audits. The AC will be following up with management on the implementation of the internal audit recommendations by the internal auditors.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principles 14: Shareholders rights

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

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

Principles 15: Communication with Shareholders

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

Disclosure of information

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

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

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Act and Singapore Financial Reporting Standards;

- quarterly financial statements containing a summary of the financial information and affairs of the Group for the year that are published through the SGXNET and news releases;

- notices and explanatory memoranda for general meetings;

- press and analyst briefings for the Group's quarterly and full year results as well as other briefings, as appropriate;

- press releases on major developments of the Group; and

- disclosures to the SGX-ST.

Principles 16: Conduct of shareholder meetings

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

To have greater transparency in the voting process, the Company has adopted the voting of all its resolutions by electronic poll at its general meetings. The detailed voting results of each of the resolutions tabled will be announced immediately at the meeting. The total numbers of votes cast for or against the resolutions will be also announced after the meeting via SGXNet.

(E) DEALING IN SECURITIES

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

The Board confirms that for the financial period ended 30 June 2016, the Company has complied with Listing Rule 1207(19).

REPORT ON CORPORATE GOVERNANCE

(F) MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of the CEO, directors or controlling shareholders during the financial period ended 30 June 2016.

(G) INTERESTED PERSON TRANSACTIONS

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

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Listing Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Rule 920 (excluding transactions less than S$100,000)
	US$'000	**US$'000**
Cai Wenxing [(1)]		
Rental of premises	344	–
CDS International Forwarding (TianJin) Co. Ltd [(2)]		
Sale of services	370	–
Purchase of services	3,571	–
Greenland Petroleum Operation Pte Ltd [(3)]		
Sale of services	515	–
Purchase of goods	1,514	–

Notes :

(1) Mr Cai Wenxing is a director of the Company.

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

(3) Greenland Petroleum Operation Pte Ltd is wholly owned by Mr Cai Wenxing and Ms Cai Wenting (Alternate Director to Mr Cai Wenxing).

DISCLOSURE ON COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2012

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

Guideline	Questions	How has the Company complied?
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	(a) Please refer to Principle 1 of the Corporate Governance Report.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	(a) The Board believes in having an appropriate balance and diversity of skills, experience, gender and knowledge.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	(b) The Nominating Committee is of the view that the current Board comprises directors with financial, legal and business management backgrounds. The board comprises six directors, three of whom are independent, and two alternate directors.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(c) The Nominating Committee examines the Board size with a view towards determining the impact of its effectiveness. The composition of the Board is also reviewed on an annual basis to ensure the Board has appropriate mix of expertise and experience.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	(a) The Nominating Committee and the Board share the view that it would not be appropriate to set a maximum number of directorships that a director may hold.
	(b) If a maximum number has not been determined, what are the reasons?	(b) The reason that a maximum number has not been determined is because the contribution of each director would depend on his individual circumstances, including whether he has other principal commitments, full time positions and other additional responsibilities.
	(c) What are the specific considerations in deciding on the capacity of directors?	(c) In considering the re-appointment of directors, the Nominating Committee determines annually whether a director with multiple board representations and other principle commitments is able to and has adequately discharge his duties as a director of the Company.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on as its performance for the financial year?	(a) Please refer to the board evaluation process described under the section entitled "Board Performance" in the Corporate Governance Report.
	(b) Has the Board met its performance objectives?	(b) Yes. The Nominating Committee has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory.

Guideline	Questions	How has the Company complied?
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. As the Executive Chairman and the Chief Executive Officer is the same person, the requirement of the Code that at least half the Board comprises independent directors is satisfied as there are three independent directors on the Board.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No (b) Not applicable
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. Mr Lien Kait Long has served as an independent director of the Company for more than nine years since his initial appointment in 2004. The Board has subjected his independence to a particular rigorous review. Taking into the account the view of the Nominating Committee, the Board concurs that Mr Lien has continued to demonstrate his strong independence in character and judgement in the discharge of his responsibilities as a director of the Company. He has continued to express his individual viewpoints and sought clarifications as he deemed required, including through direct access to the employees. Mr Lien has spent sufficient time as and when is required to attend the company matters. Based on the declaration of independence received from Mr Lien that he has no association with the management that could compromise his independence and after taking into account these factors, the Board has concluded that Mr Lien Kait Long continues to be considered as independent director.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance- related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Company has disclosed a breakdown of each director's and the CEO's remuneration (in percentage terms) into fees, salary, bonus, profit sharing, other benefits, share options, but did not disclose the exact details of their remuneration as it is not the best interest of the Company as such details as sensitive in nature.

REPORT ON CORPORATE GOVERNANCE

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

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to the section entitled "Access to Information" in the Corporate Governance report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	No. Please refer to the explanation set out under the section entitled "Internal Audit" in the Corporate Governance report.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(a) Please refer to the section entitled "Risk Management and Internal Control" in the Corporate Governance Report. (b) Yes. Please refer to the section entitled "Risk Management and Internal Control" in the Corporate Governance Report.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(a) The fees paid to external auditors for audit and non-audit services for the financial period ended 30 June 2016 were US$214,000 and US$55,000 respectively. (b) The Audit Committee has undertaken a review of all the non-audit services provided by external auditors during the year is satisfied that such services would not, in the Audit Committee's opinion, affect the independence and objectivity of the external auditors.

REPORT ON CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attendtotheirquestions?How often does the Company meet with institutional and retail investors?	(a) Please refer to the section entitled "Communications with Shareholders" in the Corporate Governance Report.
	(b) Is this done by a dedicated investor relations team(orequivalent)?If not, who performs this role?	(b) The Group has specifically entrusted an investor relations team comprising the Chairman and CEO, the CFO, the investor relations manager and an external investor relation firm with the responsibility of facilitating communications with shareholders and analysts and attending to their queries and concerns.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(c) Please refer to the section entitled "Communications with Shareholders" in the Corporate Governance Report.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	For the financial period ended 30 June 2016 a tax exempt one-tier interim dividend of S$0.005 per share was paid on 20 January 2016. The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial period ended June 30, 2016. The Group and the Company changed its financial year end from March 31 to June 30. The financial year covers the financial period from April 1, 2015 to June 30, 2016.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 42 to 132 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at June 30, 2016 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial period from April 1, 2015 to June 30, 2016 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Tan Pong Tyea
Cai Wenxing
Lien Kait Long
Mak Yen-Chen Andrew
Lim Kuan Meng
Tan Sooh Whye (Alternate Director to Tan Pong Tyea)
Cai Wenting (Alternate Director to Cai Wenxing)

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

Neither at the end of the financial period nor at any time during the financial period did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options and warrants mentioned in paragraphs 3, 4 and 5 of the directors' statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Direct interest		Indirect interest	
Name of directors and companies in which interest are held	**At April 1, 2015**	**At June 30, 2016**	**At April 1, 2015**	**At June 30, 2016**
The Company				
(Ordinary shares)				
Tan Pong Tyea	417,960,700	417,960,700	88,393,051	88,393,051
Cai Wenxing	–	–	70,933,592	70,933,592
Lien Kait Long	75,000	75,000	–	–
Tan Sooh Whye	10,600,000	10,600,000	4,209,500	4,209,500
Cai Wenting	23,716,216	23,716,216	–	–

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

	Direct interest		Indirect interest	
Name of directors and companies in which interest are held	**At April 1, 2015**	**At June 30, 2016**	**At April 1, 2015**	**At June 30, 2016**
The Company (Shares options)				
Cai Wenxing	250,000	250,000	–	–
Tan Soon Whye	–	–	150,000	150,000
Cai Wenting	150,000	150,000	–	–
The Company (Warrants)				
Tan Pong Tyea	41,796,070	–	8,839,303	–
Cai Wenxing	–	–	7,093,358	–
Lien Kait Long	7,500	–	–	–
Tan Sooh Whye	1,060,000	–	420,950	–
Cai Wenting	2,371,621	–	–	–

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

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

The directors' interest in the shares and options of the Company as at July 21, 2016 were the same at June 30, 2016.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

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

Mak Yen-Chen Andrew	-	Independent non-executive (Chairman)
Lien Kait Long	-	Independent non-executive
Lim Kuan Meng	-	Independent non-executive

The Scheme was adopted on October 28, 2004 and has lapsed on October 27, 2014. As the Scheme has been discontinued, no further share options may be offered by the Company. The discontinuance of the Scheme however does not affect share options which have been granted and accepted. Such outstanding share options remain exercisable until they lapse and become null and void.

4 SHARE OPTIONS (cont'd)

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

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

Number of options to subscribe for ordinary shares of the Company

Date of grant	Balance at 1.4.2015	Exercised	Cancelled/ Lapsed	Balance at 30.06.2016	Exercise price per share	Exercisable period
5.6.2009	4,350,000	–	(2,070,000)	2,280,000	S$0.40	5.6.2011 to 5.6.2019

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

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

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

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

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

5 WARRANTS

On December 19, 2013, the Company issued 81,998,638 bonus warrants, out of which 26,866 warrants were exercised in the previous financial year and 81,971,772 bonus warrants were expired and lapsed on June 17, 2016. Each bonus warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S$0.43 per share.

6 AUDIT COMMITTEE

The members of the Audit Committee are as follows:

Lien Kait Long	-	Independent non-executive (Chairman)
Mak Yen-Chen Andrew	-	Independent non-executive
Lim Kuan Meng	-	Independent non-executive

The Audit Committee has met 5 times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

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

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

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

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

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

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

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

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

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

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Tan Pong Tyea

Cai Wenxing

September 28, 2016

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

Report on the Financial Statements

We have audited the accompanying financial statements of Falcon Energy Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at June 30, 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial period from April 1, 2015 to June 30, 2016, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 132.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at June 30, 2016 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial period from April 1, 2015 to June 30, 2016.

Emphasis of Matter

We draw attention to Note 1 to the financial statements concerning the Group's and Company's exposure to the performance guarantee (Note 38), their ability to fulfil future commitments for the purchase of rigs (Note 37) and to repay or redeem its indebtedness when the notes payable (Note 21) and bank overdraft and borrowings (Note 22) fall due, amidst the present market slow-down in the oil industry, substantial fall in charter rates and increased liquidity risk. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as going concerns.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

September 28, 2016

STATEMENTS OF FINANCIAL POSITION

June 30, 2016

		Group		Company	
	Note	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and bank balances	6	26,484	134,947	3,326	35,528
Trade receivables	7	84,987	105,599	–	–
Other receivables	8	49,602	86,754	271,347	376,623
Inventories	9	393	440	–	–
Total current assets		161,466	327,740	274,673	412,151
Non-current assets					
Other receivables	8	26,374	23,591	25,003	22,183
Property, plant and equipment	10	406,575	436,497	6,316	6,518
Subsidiaries	11	–	–	157,065	179,358
Associates	12	39,576	42,802	*	*
Joint ventures	13	7,944	3,348	*	*
Available-for-sale investments	14	2,098	2,098	2,098	2,098
Other intangible assets	15	2,934	2,937	–	–
Deferred tax assets	16	354	362	–	–
Goodwill	17	5,050	6,376	–	–
Total non-current assets		490,905	518,011	190,482	210,157
Total assets		652,371	845,751	465,155	622,308
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	18	29,175	57,095	–	–
Other payables	19	28,876	50,445	126,257	120,382
Current portion of finance leases	20	264	163	17	17
Current portion of bank overdraft and borrowings	22	85,187	176,934	23,099	124,131
Income tax payable		3,572	3,810	25	55
Total current liabilities		147,074	288,447	149,398	244,585
Non-current liabilities					
Deferred tax liabilities	16	18,791	14,929	–	–
Other payables	19	27,315	29,228	–	–
Finance leases	20	771	285	29	49
Notes payable	21	37,059	36,064	37,059	36,064
Bank overdraft and borrowings	22	82,934	166,670	31,472	50,719
Total non-current liabilities		166,870	247,176	68,560	86,832

See accompanying notes to financial statements.

	Note	Group June 30, 2016 US$'000	Group March 31, 2015 US$'000	Company June 30, 2016 US$'000	Company March 31, 2015 US$'000
Capital, reserves and non-controlling interests					
Share capital	23	229,528	229,528	229,528	229,528
Treasury shares	24	(4,017)	(3,757)	(4,017)	(3,757)
Capital reserve	25	10,173	11,824	11,824	11,824
Share-based payments	26	639	639	639	639
Merger reserve	27	(151,692)	(151,692)	–	–
Foreign currency translation reserve		(372)	(167)	–	–
Accumulated profits		197,863	166,590	9,223	52,657
Equity attributable to owners of the Company		282,122	252,965	247,197	290,891
Non-controlling interests		56,305	57,163	–	–
Total equity		338,427	310,128	247,197	290,891
Total liabilities and equity		652,371	845,751	465,155	622,308

* *Amount less than US$1,000.*

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial period from April 1, 2015 to June 30, 2016

	Note	Group From April 1, 2015 to June 30, 2016	 From April 1, 2014 to March 31, 2015
		US$'000	US$'000
Revenue	28	303,293	342,441
Cost of sales		(243,094)	(291,043)
Gross profit		60,199	51,398
Other operating income	29	67,642	20,852
Administrative expenses		(58,298)	(30,436)
Finance costs	30	(14,914)	(7,518)
Share of net profit of associates and joint ventures	12, 13	5,176	7,693
Loss on deemed disposal of previously held interest in associate	39	–	(10,662)
Loss on deemed disposal of previously held interest in subsidiary	40	–	(467)
Profit before income tax	32	59,805	30,860
Income tax expense	31	(4,596)	(3,030)
Profit for the period/year		55,209	27,830
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation of foreign entities		(396)	75
Total comprehensive income for the period/year		54,813	27,905
Profit for the period/year attributable to:			
Owners of the Company		39,821	22,687
Non-controlling interests		15,388	5,143
Total		55,209	27,830
Total comprehensive income for the period/year attributable to:			
Owners of the Company		39,616	22,847
Non-controlling interests		15,197	5,058
Total		54,813	27,905
Earnings per share (US cents)			
- Basic	33	4.92	2.77
- Diluted	33	4.92	2.77

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial period from April 1, 2015 to June 30, 2016

	Note	Share capital US$'000	Treasury reserve US$'000	Capital reserve US$'000	Share option reserve US$'000	Merger reserve US$'000	Foreign currency translation reserve US$'000	Accumulated profits US$'000	Equity attributable to equity holders of the parent US$'000	Non-controlling interests US$'000	Total US$'000
Group											
Balance at April 1, 2014		229,519	(1,727)	11,824	639	(151,692)	(327)	153,529	241,765	17,462	259,227
Total comprehensive income for the year:											
Profit for the year		–	–	–	–	–	–	22,687	22,687	5,143	27,830
Other comprehensive income for the year		–	–	–	–	–	160	–	160	(85)	75
Total		–	–	–	–	–	160	22,687	22,847	5,058	27,905
Transactions with owners, recognised directly in equity:											
Repurchase of shares	24	–	(2,030)	–	–	–	–	–	(2,030)	–	(2,030)
Exercise of warrants	23	9	–	–	–	–	–	–	9	–	9
Acquisition of subsidiary	39	–	–	–	–	–	–	–	–	37,104	37,104
Disposal of subsidiary	40	–	–	–	–	–	–	–	–	(2,461)	(2,461)
Dividends paid	34	–	–	–	–	–	–	(9,626)	(9,626)	–	(9,626)
Total		9	(2,030)	–	–	–	–	(9,626)	(11,647)	34,643	22,996
Balance at March 31, 2015		229,528	(3,757)	11,824	639	(151,692)	(167)	166,590	252,965	57,163	310,128

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial period from April 1, 2015 to June 30, 2016

	Note	Share capital US$'000	Treasury reserve US$'000	Capital reserve US$'000	Share option reserve US$'000	Merger reserve US$'000	Foreign currency translation reserve US$'000	Accumulated profits US$'000	Equity attributable to equity holders of the parent US$'000	Non-controlling interests US$'000	Total US$'000
Group											
Balance at April 1, 2015		229,528	(3,757)	11,824	639	(151,692)	(167)	166,590	252,965	57,163	310,128
Total comprehensive income for the period:											
Profit for the period		–	–	–	–	–	–	39,821	39,821	15,388	55,209
Other comprehensive income for the period		–	–	–	–	–	(205)	–	(205)	(191)	(396)
Total		–	–	–	–	–	(205)	39,821	39,616	15,197	54,813
Transactions with owners, recognised directly in equity:											
Repurchase of shares	24	–	(260)	–	–	–	–	–	(260)	–	(260)
Dilution of interests in subsidiaries	25	–	–	(1,651)	–	–	–	–	(1,651)	1,651	–
Dividends paid	34	–	–	–	–	–	–	(8,548)	(8,548)	–	(8,548)
Dividends paid to non-controlling shareholders	34	–	–	–	–	–	–	–	–	(17,706)	(17,706)
Total		–	(260)	(1,651)	–	–	–	(8,548)	(10,459)	(16,055)	(26,514)
Balance at June 30, 2016		229,528	(4,017)	10,173	639	(151,692)	(372)	197,863	282,122	56,305	338,427

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial period from April 1, 2015 to June 30, 2016

	Note	Share capital	Treasury shares	Capital reserve	Share option reserve	Accumulated profits	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Company							
Balance at April 1, 2014		229,519	(1,727)	11,824	639	61,522	301,777
Profit for the year, representing total comprehensive income for the year		–	–	–	–	761	761
Transactions with owners, Recognised directly in equity:							
Exercise of warrants	23	9	–	–	–	–	9
Repurchase of shares	24	–	(2,030)	–	–	–	(2,030)
Dividends paid	34	–	–	–	–	(9,626)	(9,626)
Total		9	(2,030)	–	–	(9,626)	(11,647)
Balance at March 31, 2015		229,528	(3,757)	11,824	639	52,657	290,891
Profit for the period, representing total comprehensive income for the period		–	–	–	–	(34,886)	(34,886)
Transactions with owners, Recognised directly in equity:							
Repurchase of shares	24	–	(260)	–	–	–	(260)
Dividends paid	34	–	–	–	–	(8,548)	(8,548)
Total		–	(260)	–	–	(43,434)	(43,694)
Balance at June 30, 2016		229,528	(4,017)	11,824	639	9,223	247,197

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Financial period from April 1, 2015 to June 30, 2016

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Operating activities		
Profit before income tax	59,805	30,860
Adjustments for:		
Depreciation of property, plant and equipment	33,573	13,998
Interest expense	14,914	7,523
Settlement income	(60,000)	–
Allowance for impairment of goodwill	2,527	–
Interest income	(773)	(308)
Allowance for doubtful trade debts	7,514	2,153
Reversal of accrued foreign tax and accrued commission fee	(8,945)	–
Trade debts written off	38	469
Share of net profit of associates and joint ventures	(5,176)	(7,693)
Allowance for impairment of property, plant and equipment	10,110	–
Changes in fair value of derivative financial instrument	–	(5)
Gain on disposal of property, plant and equipment (Note B)	(291)	(17,152)
Loss on deemed disposal of previously held interest in associate	–	10,662
Loss on deemed disposal of previously held interest in subsidiary	–	467
Net foreign exchange losses	1,963	(6,540)
Operating cash flows before movements in working capital	55,259	34,434
Inventories	47	976
Trade receivables	57,011	12,387
Other receivables (Note B)	41,193	(69,192)
Trade payables	(18,975)	(37,981)
Other payables	(22,788)	110,549
Cash generated from operations	111,747	51,173
Settlement income – Other	16,050	–
Income tax paid	(963)	(661)
Net cash from operating activities	126,834	50,512
Investing activities		
Interest received	773	308
Investment in joint ventures	–	(50)
Advances to associates	(2,820)	(6,674)
Purchase of available-for-sale investment	–	(1,049)
Purchase of property, plant and equipment (Note A)	(7,780)	(51,869)
Proceeds from disposal of property, plant and equipment (Note B)	177	1,169
Proceeds from disposal of club membership	3	–
Purchase of intangible assets	–	(677)
Dividends received from associates	–	6,391
Net cash outflow from acquisition of a subsidiary (Note 39)	(3,000)	(96,176)
Net cash outflow from disposal of a subsidiary (Note 40)	–	(2,794)
Net cash used in investing activities	(12,647)	(151,421)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Financial period from April 1, 2015 to June 30, 2016

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Financing activities		
Interest paid	(13,095)	(7,258)
Share buy-back	(260)	(2,030)
Proceeds from exercise of warrants	–	9
Dividends paid	(26,254)	(9,626)
Fixed deposits and bank balances pledged	35,960	(31,157)
Proceeds of borrowings	15,799	267,163
Proceeds from issuance of notes payable, net of transaction costs	–	39,469
Repayment of borrowings	(197,477)	(97,280)
Repayment to finance leases obligations	(253)	(224)
Repayment to directors	–	(4,999)
Advance from related parties	–	4,502
Net cash (used in) from financing activities	(185,580)	158,569
Net (decrease) increase in cash and cash equivalents	(71,393)	57,660
Cash and cash equivalents at beginning of period/year	97,119	40,600
Effect of exchange rate changes on the balance of cash held in foreign currencies	(1,365)	(1,141)
Cash and cash equivalents at end of period/year (Note 6)	24,361	97,119

Notes to statement of cash flows:

A) During the financial period, the Group purchased property, plant and equipment with an aggregate cost of US$8,621,000 (March 31, 2015 : US$52,640,000) out of which US$Nil (March 31, 2015 : US$686,000) was made up of deposits for property, plant and equipment paid in the prior financial year. Of the total purchase, US$841,000 (March 31, 2015 : US$85,000) was acquired under finance lease arrangement.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

1 GENERAL

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

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial period from April 1, 2015 to June 30, 2016 were authorised for issue by the Board of Directors on September 28, 2016.

Amidst the present market slow-down in the oil industry and substantial fall in charter rates, the cash flows and financial position of the Group and the Company have been impacted adversely. The Group and the Company are exposed to an increased liquidity risk, in relation to their exposure to the performance guarantee (Note 38), their ability to fulfil future commitments for the purchase of rigs (Note 37) and to repay or redeem their indebtedness when the notes payable (Note 21) and bank overdraft and borrowings (Note 22) fall due. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern.

The Group's associate, FTS Derricks Pte Ltd ("FTS"), is in discussion with a third party shipyard to defer the delivery of a completed rig to a further 12 months from the date of this report. In addition, FTS is in the midst of negotiation, initiated by another third party shipyard, on certain terms and conditions of the existing contract to purchase four rigs, which are still under construction as at the date of this report. FTS is currently reviewing the request made by the shipyard to defer the delivery of these four rigs as a result of a delay in construction.

Management has explored the options available with respect to their financial affairs. A dialogue has commenced with the Group's and Company's key stakeholders, including the senior lenders, and the management is currently working with key stakeholders and advisors to evaluate alternatives to improve the financial situation of the Group and the Company. Amendments to certain bank and bond agreements, and the cash proceeds from refinancing plans will determine the Group's and Company's ability to service their borrowings when they fall due.

The financial statements have been prepared on a going concern basis as the directors have evaluated the Group's and Company's ability to reach a solution in the ongoing dialogue with the key stakeholders including the two third party shipyards, senior lenders and advisors, and believed that it is likely to achieve a favourable outcome of this process. In addition, the lenders have not sought to enforce their security and legal rights to call on the outstanding debts as at the date of this report and the directors have a reasonable expectation that the Group will have adequate cash flows which would allow them to continue to operate as a going concern. The financial statements did not include any adjustments relating to the realisation and classification of asset and liability amounts that may be necessary if the Group was unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to (i) reflect the situation that assets may need to be realised other than their carrying amounts; (ii) provide for further liabilities that might arise; and (iii) reclassify non-current assets and non-current liabilities as current. No adjustments have been made in the financial statements in respect of these.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On April 1, 2015, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in significant changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

- FRS 109 *Financial Instruments*

- FRS 115 *Revenue from Contracts with Customers*

- FRS 116 *Leases*

- Amendments to FRS 115 *Clarifications* to FRS 115 *Revenue from Contracts with Customers*

- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS 109 *Financial Instruments*

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

Key requirements for FRS 109:

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 115 *Revenue from Contracts with Customers*

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

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

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

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

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

FRS 115 will take effect from financial years beginning on or after January 1, 2018. The Group is currently evaluating the impact of the changes in the period of initial adoption.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

FRS 116 will take effect from financial years beginning on or after January 1, 2019. The Group is currently evaluating the impact of the changes in the period of initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* will take effect from financial years beginning on or after January 1, 2019. The Group is currently evaluating the impact of the changes in the period of initial adoption.

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payments transaction of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment award transactions of the acquirer in accordance with FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

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

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

<u>Effective interest method</u>

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

Financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loans and receivables

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

Available-for-sale financial assets

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

Impairment of financial assets

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Offsetting arrangements

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

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

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

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

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

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

The Group as lessor

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

The Group as lessee

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

Buildings	-	20 years
Leasehold office premises	-	Over the remaining lease period of 53 years
Vessels	-	15 to 20 years
Dry-docking	-	3 to 5 years
Plant and machinery	-	3 to 10 years
Furniture and fittings	-	3 to 10 years
Renovation	-	3 years
Motor vehicles	-	4 to 10 years

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

INTANGIBLE ASSETS

Intangible assets acquired separately

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

Club membership

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

Mining concession

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

Pre-mining expenses

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

- Exploration and evaluation activities in the area of interest have not at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or in relation to the area are continuing; or

- Such costs are expected to be recovered through successful development and exploration of the area of interest or through its sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

Rendering of services

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of goods

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

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

Management fee income

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

Dividend income

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

Interest income

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

Government grant

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

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

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

(i) Control over an associate, FTS Derricks Pte Ltd

The Group has 50% gross ownership interest in FTS as at June 30, 2016. Determining whether the Group has control over FTS requires management to exercise its judgement. In exercising its judgement, management considers the proportion of its voting rights and whether it can control the relevant activities of FTS. Management concluded that the Group does not have sufficient dominant vesting interest to exert control over FTS and therefore the Group only has significant influence over FTS. The carrying amount of the Group's investment in FTS is disclosed in Note 12 to the financial statements.

(ii) Revenue from construction contract

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

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

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

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

(iii) Deferred taxation

No Singapore income tax is payable on the taxable profits if the group's income is derived from shipping operations from Singapore registered vessels under Section 13A of the Singapore Income Tax Act, Cap. 134. In the prior years, 4 vessels held by the Group's subsidiaries changed their flags from Singapore to foreign flags. Consequently, income derived from shipping operations from such vessels is no longer exempted from tax under Section 13A. Accordingly, the Group will be subject to both current and deferred taxes.

In prior years, management did not intend to sell the vessels and will continue to derive economic benefits from the use of these vessels except for one vessel, Langery, whereby the customer has an option to buy the vessel at the end of the charter contract. In the event of expiry or early termination of charter agreements in the near future, the vessels will be registered in Singapore. Accordingly, no deferred tax liabilities had been recognised in prior year relating to these vessels as the exposure has been assessed as immaterial.

Management has reassessed their previous intent in prior year as the above vessels are still operating under foreign flags at the end of the reporting period, and as a result, a provision for deferred tax liabilities was recognised amounting to US$4,589,000 (March 31, 2015 : US$Nil) arising from the vessels with foreign flags held by the Group as at June 30, 2016.

The carrying amount of the Group's deferred tax liabilities and tax expense are disclosed in Notes 16 and 31 to the financial statements respectively.

(iv) Commission fee payable

During the financial period, the Group entered into an on-going arbitration with 3 of the ship brokers that are claiming for some unpaid commission fee against the Group. Management has assessed and is of the view that the settlement income (Note 29) received in the current financial period represents the full and final settlement to the Group and is net of all commissions paid to brokers and therefore, the ship brokers' claim of unpaid commission fee is unenforceable against the Group.

As at June 30, 2016, management have considered the facts surrounding the arbitration and is of the view that the payment of commission fee is not probable in the foreseeable future based on available information provided by their legal counsel. Accordingly, management has reversed the commission fee payable to the ship brokers amounting to US$3,737,000.

The reversal of the commission fee payable is disclosed in Note 18 to the financial statements.

(v) Going concern

As disclosed in Note 4(c)(v), the Group has exercised significant judgement in the preparation of projected net cash flows for the next financial year ending June 30, 2017. The areas of judgement include key assumptions and estimates of the net cash flows from operations, the successful deferment of the delivery of rigs and implementation of the refinancing plan. The Group is confident that the continuing support from the key stakeholders, including senior lenders, will be forthcoming and it will be able to discharge its obligations as and when they fall due within the next financial year. Accordingly, the Group considers that the use of going concern basis of preparing financial statements remains appropriate.

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

(b) Key sources of estimation uncertainty

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

(i) Allowances for bad and doubtful debts

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

(ii) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. In view of the continuing depressed market conditions which has adversely impacted the charter rates, management has estimated the recoverable amount of the vessels to determine whether there is any impairment loss. For this purpose, the recoverable amounts of the vessels are the discounted present values of estimated future net cash flows.

The calculation of value in use is most sensitive to the following assumptions:

- Discount rate

- Forecasted charter rate

The future cash flows are discounted to the value in used based on the discount rates ranging from 6.2% to 7.6% which reflects the current market assessment of the time value of money and the risks specific to the asset.

The recoverable amounts of vessels of similar classification are aggregated as one cash-generating unit for comparison with the aggregate carrying amounts of the vessels in contrast with the comparison on an individual marine vessel basis. In adopting this basis, management took into account the interchangeability of the pool of vessels of similar classification when deploying vessels. The pool of vessels of similar classification is determined by management as the Cash Generating Units ("CGU") as defined in FRS 36 *Impairment of Assets*.

Based on the above assessment of value in use of vessels, management has determined that the respective aggregate carrying amounts at June 30, 2016 exceed the estimated aggregate recoverable amounts of the pool of vessels.

Accordingly, an impairment amounting to US$10,110,000 (March 31, 2015 : US$Nil) is charged to profit or loss for the Group in the current financial period. The carrying amounts of the Group's property, plant and equipment are disclosed in Note 10 to the financial statements.

A sensitivity analysis is performed with a possible 5% favourable/unfavourable change to the projected charter rate per day used on the basis that each of the other key assumptions remained unchanged, the impairment loss to be recognised will be reduced/increased by US$12,234,000 for the Group.

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

(b) Key sources of estimation uncertainty (cont'd)

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

Determining whether investments in subsidiaries, associates and joint ventures are impaired requires an estimation of the value in use of those investments for investments with indication of impairment. The value in use calculation requires the Group and the Company to estimate the future cash-flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

Management has evaluated the recoverability of those investments based on such estimates. The discount rate applied to the cash flows projection is 7.0% (March 31, 2015 : 8.0%).

This assessment has led to recognition of allowance for impairment of investment in subsidiaries of US$23,089,000 (March 31, 2015 : US$Nil). The carrying amounts of the investments in subsidiaries, associates and joint ventures are disclosed in Notes 11, 12 and 13 to the financial statements respectively.

(iv) Income tax provision

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

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

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

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

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

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

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

(b) Key sources of estimation uncertainty (cont'd)

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

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

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

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

(vii) Acquisition of subsidiary

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

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

The fair value of the identifiable assets and liabilities at the acquisition date is disclosed in Note 39 to the financial statements.

(viii) Carrying amount of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was US$5,050,000 (March 31, 2015 : US$6,376,000) after an impairment loss of US$2,527,000 (March 31, 2015 : US$Nil) was recognised during the financial period. Details of the impairment loss calculation are provided in Note 17 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Loans and receivables (including cash and bank balances)	183,307	347,621	299,606	434,281
Available-for-sale financial assets	2,098	2,098	2,098	2,098
Financial liabilities				
Borrowings and payables at amortised cost	262,947	486,173	217,933	331,362

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

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

(c) Financial risk management policies and objectives

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

(i) *Market risk*

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

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

(ii) *Foreign currency risk management*

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

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

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

(ii) *Foreign currency risk management (cont'd)*

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

	June 30, 2016						March 31, 2015					
Group (US$'000)	RMB	S$	IDR	UAE	Euro	Others	RMB	S$	IDR	UAE	Euro	Others
Cash and cash equivalents	129	5,778	973	2	2,554	172	1	39,547	38	199	10,198	147
Trade receivables	788	162	–	3	33,133	162	–	911	–	1,990	28,728	75
Other receivables	56	703	2,233	201	–	568	10	1,622	5,052	161	5,141	17
Trade payables	(380)	(1,955)	(784)	(65)	(6,319)	(101)	–	(10,554)	(571)	(786)	–	(139)
Other payables	(26)	(702)	(1,296)	(83)	–	(814)	–	(3,431)	(2,885)	(132)	–	–
Finance leases	–	(449)	(596)	–	–	–	–	(382)	–	–	–	–
Notes payable	–	(37,237)	–	–	–	–	–	(36,064)	–	–	–	–
Bank overdraft and borrowings	–	(74,329)	–	–	–	–	–	(186,260)	–	–	–	–

Company (US$'000)	June 30, 2016 S$	March 31, 2015 S$
Cash and cash equivalents	2,078	35,147
Other receivables	929	1,104
Other payables	(1,258)	(1,191)
Finance leases	(46)	(66)
Notes payable	(37,237)	(36,064)
Bank overdraft and borrowings	(56,432)	(174,854)

Foreign currency sensitivity

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

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

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

(ii) *Foreign currency risk management (cont'd)*

Foreign currency sensitivity (cont'd)

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

	RMB Impact		S$ Impact		IDR Impact		UAE Impact		Euro Impact		Others Impact	
Profit or loss (US$'000)	**June 30, 2016**	**March 31, 2015**	**June 30, 2016**	**March 31, 2015**	**June 30, 2016**	**March 31, 2015**	**June 30, 2016**	**March 31, 2015**	**June 30, 2016**	**March 31, 2015**	**June 30, 2016**	**March 31, 2015**
Group	57	1	(10,803)	(19,461)	53	163	6	143	2,937	4,407	(1)	10
Company	–	–	(9,197)	(17,592)	–	–	–	–	–	–	–	–

* *Amount less than US$1,000*

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

(iii) *Interest rate risk management*

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

Interest rate sensitivity

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

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the financial period would decrease/increase by US$801,000 (March 31, 2015 : US$1,196,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Company's profit for the financial period would decrease/increase by US$263,000 (March 31, 2015 : US$709,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

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

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

(iv) *Credit risk management*

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

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

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

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

	Group	
	June 30, 2016	**March 31, 2015**
	US$'000	**US$'000**
Not past due and not impaired	39,667	54,172
Past due but not impaired		
91 days to 180 days	28,612	43,300
≥ 180 days to 1 year	11,446	5,259
≥ 1 year and < 2 years	4,879	2,454
≥ 2 years and < 3 years	383	79
≥ 3 years	–	335
	84,987	105,599
Impaired receivables – individually assessed	14,332	6,818
Less: Allowance for doubtful debts	(14,332)	(6,818)
Total trade receivables, net	84,987	105,599

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

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

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

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

(iv) *Credit risk management (cont'd)*

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

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

The maximum amount the Group could be forced to settle under the financial guarantee contract in Note 38, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$1,624,000 (March 31, 2015 : US$7,415,000). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

As at June 30, 2016, approximately 55% (March 31, 2015 : 67%) of the Group's revenue are derived from customers in China which represent concentration risk within this geographical location. There is concentration of credit risk as 66% (March 31, 2015 : 64%) of the Group's trade receivables at the end of the reporting period relate to one (March 31, 2015 : one) customer.

(v) *Liquidity risk management*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management manages liquidity risk by maintaining adequate reserve and actual cash flows and matching the maturity profiles of financial assets and liabilities, and monitoring the utilisation of bank borrowings and ensure compliance with loan covenants. Management's going concern assessment is disclosed in Note 1 to the financial statements.

Management has exercised significant judgement in preparation of projected net cash flows for the next financial year ending June 30, 2017 [Note 3(a)(v)]. The areas of judgement include key assumptions and estimates of the net cash flows from operations, the successful deferment of the delivery of rigs and implementation of the refinancing plan. Management is confident that the continuing support from the key stakeholders, including senior lenders, will be forthcoming and the Group will be able to discharge its obligations as and when they fall due within the next financial year.

Liquidity and interest risk analyses

Non-derivative financial assets

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

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

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

(v) *Liquidity risk management (cont'd)*

Liquidity and interest risk analyses (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate	On demand or less than 1 year	Between 1 to 5 years	Adjustments	Total
	%	US$'000	US$'000	US$'000	US$'000
Group					
June 30, 2016					
Non-interest bearing	–	150,289	25,003	–	175,292
Variable interest rate	0.78	8,078	–	(63)	8,015
Total		158,367	25,003	(63)	183,307
March 31, 2015					
Non-interest bearing	–	220,976	22,183	–	243,159
Variable interest rate	0.75	105,245	–	(783)	104,462
Total		326,221	22,183	(783)	347,621
Company					
June 30, 2016					
Non-interest bearing	–	272,731	25,003	–	297,734
Variable interest rate	0.63	1,884	–	(12)	1,872
Total		274,615	25,003	(12)	299,606
March 31, 2015					
Non-interest bearing	–	379,057	22,183	–	401,240
Variable interest rate	0.83	33,315	–	(274)	33,041
Total		412,372	22,183	(274)	434,281

Non-derivative financial liabilities

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

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

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

(v) *Liquidity risk management (cont'd)*

Liquidity and interest risk analyses (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	On demand or less than 1 year	Between 1 to 5 years	After 5 years	Adjustments	Total
	%	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
June 30, 2016						
Non-interest bearing	–	56,732	–	–	–	56,732
Fixed interest rate	5.95	281	40,480	–	(2,667)	38,094
Variable interest rate	3.26	90,366	81,055	10,317	(13,617)	168,121
Total		147,379	121,535	10,317	(16,284)	262,947
March 31, 2015						
Non-interest bearing	–	106,056	–	–	–	106,056
Fixed interest rate	6.27	174	38,353	–	(2,015)	36,512
Variable interest rate	3.02	182,952	169,885	18,640	(27,872)	343,605
Total		289,182	208,238	18,640	(29,887)	486,173
Company						
June 30, 2016						
Non-interest bearing	–	126,257	–	–	–	126,257
Fixed interest rate	4.87	18	39,638	–	(2,551)	37,105
Variable interest rate	3.92	24,199	35,030	–	(4,658)	54,571
Total		150,474	74,668	–	(7,209)	217,933
March 31, 2015						
Non-interest bearing	–	120,382	–	–	–	120,382
Fixed interest rate	4.87	70	38,048	–	(1,988)	36,130
Variable interest rate	2.84	128,394	58,631	325	(12,500)	174,850
Total		248,846	96,679	325	(14,488)	331,362

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

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

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

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

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

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

There were no significant transfers between the levels of the fair value hierarchy in March 31, 2015 and June 30, 2016.

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

(d) Capital risk management policies and objectives

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

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

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

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed financial covenants requirements, except for bank XV as disclosed in Note 22 to the financial statements. As at the end of the reporting period and the date of this report, the lenders have not sought to enforce their security and legal rights to call on the outstanding debts.

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

(d) Capital risk management policies and objectives (cont'd)

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

	Group	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Total debt	206,215	380,116
Cash and bank balances	(26,484)	(134,947)
Net debt	179,731	245,169
Total equity	338,427	310,128
Net debt to equity ratio	0.53	0.79

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

5A RELATED COMPANY TRANSACTIONS

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

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

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

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Associates		
Management fee income	(915)	(54)
Rendering of services	(793)	(255)
Sale of goods	–	(771)
Bareboat charges	548	4,436
Joint-ventures		
Management fee income	(864)	(285)
Sale of vessels	–	(57,929)

5B RELATED PARTY TRANSACTIONS

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

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

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Entities controlled by common directors and shareholders of the Company:		
Rendering of services	(885)	(395)
Purchase of services	5,085	2,320
Directors and shareholders of the Company:		
Rental expense	344	294

Compensation of directors and key management personnel

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

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Short-term benefits	2,797	2,735
Post-employment benefits	80	74
Total	2,877	2,809

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

6 CASH AND BANK BALANCES

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Cash on hand and bank balances	18,469	30,485	1,454	2,487
Fixed deposits	8,015	104,462	1,872	33,041
Total	26,484	134,947	3,326	35,528
Less: Fixed deposits and bank balances pledged	(1,868)	(37,485)		
Less: Bank overdraft (Note 22)	(255)	(343)		
Cash and cash equivalents in statement of cash flows	24,361	97,119		

Fixed deposits bear interests at effective interest rates ranging from 0.25% to 2.15% (March 31, 2015 : 0.25% to 1.30%) per annum and for a tenure of 30 days (March 31, 2015 : 30 days to a year). The following are pledged to financial institution in respect of banking facilities provided to the Group and the Company (Note 22):

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Pledged fixed deposits	1,868	33,596	1,868	33,041
Bank balances	–	3,889	–	–
Total	1,868	37,485	1,868	33,041

7 TRADE RECEIVABLES

	Group	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Outside parties	98,936	112,034
Less: Allowance for doubtful debts	(14,332)	(6,818)
Net	84,604	105,216
Related parties (Note 5B)	383	383
Total	84,987	105,599
Movement in the above allowance:		
Balance at beginning of the period/year	6,818	4,665
Increase in allowance recognised in profit or loss (Note 32)	7,514	2,153
Balance at end of the period/year	14,332	6,818

The average credit period on sales of goods is 90 days (March 31, 2015 : 90 days). No interest is charged on the outstanding trade receivable balance.

7 TRADE RECEIVABLES (cont'd)

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

Subsequent to the June 30, 2016, the High Court of Singapore granted an application to place Swiber Holdings Limited ("Swiber"), one of the major customers of the Group, into judicial management. Accordingly, management have assessed and made an allowance for doubtful debts on the Group's net trade receivables due from Swiber Offshore (India) Pvt Ltd, a subsidiary of Swiber, amounting to US$6,054,000 (March 31, 2015 : US$Nil).

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

	Group	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Costs incurred to date plus recognised profits	466,565	302,300
Accumulated billings	(410,533)	(235,055)
Net amount due from contract customers included in outside parties	56,032	67,245

8 OTHER RECEIVABLES

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Deposits for property, plant and equipment	118	118	–	–
Prepayments	4,022	3,152	70	53
Sundry deposits	1,286	2,629	110	92
Sundry receivables	10,753	13,275	3,094	1,008
Due from joint ventures (Note 5A and 13)	22,577	61,483	–	–
Due from related parties (Note 5B)	553	30	–	–
Due from associates (Note 5A and 12)	36,667	29,658	25,783	22,952
Due from subsidiaries (Note 5A and 11)	–	–	267,293	374,701
Total	75,976	110,345	296,350	398,806
Less: Non-current portion	(26,374)	(23,591)	(25,003)	(22,183)
Current portion	49,602	86,754	271,347	376,623
Non-current portion is made up of:				
Deposits for property, plant and equipment	118	118	–	–
Due from associate [i]	25,003	22,183	25,003	22,183
Prepayments	1,253	1,290	–	–
Total	26,374	23,591	25,003	22,183

[i] The amount due from associate is for the advance made to FTS for the purchase of the five rigs (Note 37).

8 OTHER RECEIVABLES (cont'd)

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

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

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

9 INVENTORIES

	Group	
	June 30, 2016	**March 31, 2015**
	US$'000	**US$'000**
Equipment components, at cost	393	440

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Freehold land	Leasehold office premises	Vessels	Dry-docking	Plant and machinery	Furniture and fittings	Renovation	Motor vehicles	Construction work-in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group											
Cost:											
At April 1, 2014	1,609	58	20,115	254,099	12,333	906	432	1,076	1,951	929	293,508
Translation adjustment	(130)	(8)	–	–	–	13	(5)	–	5	–	(125)
Additions	–	–	4,086	43,475	1,602	133	4	631	427	2,282	52,640
Acquired on acquisition of subsidiary (Note 39)	–	–	–	186,880	5,620	–	48	–	–	322	192,870
Written off	–	–	–	–	(1,206)	(1)	(9)	(69)	–	–	(1,285)
Disposal of a subsidiary (Note 40)	–	–	–	–	–	(5)	–	–	–	–	(5)
Disposal	–	–	–	(20,851)	–	(10)	–	–	(68)	(2,316)	(23,245)
At March 31, 2015	1,479	50	24,201	463,603	18,349	1,036	470	1,638	2,315	1,217	514,358
Translation adjustment	(193)	(10)	–	–	–	(28)	(12)	(29)	(267)	–	(539)
Additions	–	–	–	2,986	3,393	137	140	171	628	1,166	8,621
Acquired on acquisition of subsidiary (Note 39)	–	–	–	6,270	–	–	–	–	–	–	6,270
Written off	–	–	–	(695)	(617)	(111)	(305)	(30)	(3)	–	(1,761)
Transfer	–	–	–	571	725	–	–	–	–	(1,296)	–
Disposal	–	–	–	–	–	(39)	–	–	(568)	–	(607)
At June 30, 2016	1,286	40	24,201	472,735	21,850	995	293	1,750	2,105	1,087	526,342

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Buildings	Freehold land	Leasehold office premises	Vessels	Dry-docking	Plant and machinery	Furniture and fittings	Renovation	Motor vehicles	Construction work-in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group											
Accumulated depreciation:											
At April 1, 2014	435	–	539	57,382	3,941	690	345	1,000	1,223	–	65,555
Translation adjustment	(48)	–	–	–	–	5	4	59	(23)	–	(3)
Depreciation	72	–	405	11,933	1,093	86	31	123	255	–	13,998
Written off	–	–	–	–	(1,206)	(1)	(9)	(69)	–	–	(1,285)
Eliminated on disposal of a subsidiary (Note 40)	–	–	–	–	–	(3)	–	–	–	–	(3)
Eliminated on disposal	–	–	–	(341)	–	(8)	–	–	(52)	–	(401)
At March 31, 2015	459	–	944	68,974	3,828	769	371	1,113	1,403	–	77,861
Translation adjustment	(69)	–	–	–	–	(10)	(6)	(15)	(37)	–	(137)
Depreciation	79	–	537	27,805	4,452	126	85	176	313	–	33,573
Written off	–	–	–	–	(617)	(111)	(305)	(30)	(3)	–	(1,066)
Eliminated on disposal	–	–	–	–	–	(33)	–	–	(541)	–	(574)
At June 30, 2016	469	–	1,481	96,779	7,663	741	145	1,244	1,135	–	109,657
Impairment loss recognised during the period and balance at June 30, 2016 (Note 32)	–	–	–	10,110	–	–	–	–	–	–	10,110
Carrying amount:											
At March 31, 2015	1,020	50	23,257	394,629	14,521	267	99	525	912	1,217	436,497
At June 30, 2016	817	40	22,720	365,846	14,187	254	148	506	970	1,087	406,575

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold office premises	Furniture and fittings	Plant and machinery	Renovation	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:						
At April 1, 2014	6,579	93	221	530	184	7,607
Additions	–	–	22	–	175	197
At March 31, 2015	6,579	93	243	530	359	7,804
Additions	–	3	38	47	–	88
At June 30, 2016	6,579	96	281	577	359	7,892
Accumulated depreciation:						
At April 1, 2014	298	53	196	474	3	1,024
Depreciation	114	14	12	56	66	262
At March 31, 2015	412	67	208	530	69	1,286
Depreciation	142	17	29	12	90	290
At June 30, 2016	554	84	237	542	159	1,576
Carrying amount:						
At March 31, 2015	6,167	26	35	–	290	6,518
At June 30, 2016	6,025	12	44	35	200	6,316

The carrying amounts of the Group's certain properties, plant and equipment includes an amount of US$851,000 (March 31, 2015 : US$382,000) secured in respect of assets held under finance leases (Note 20).

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

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Leasehold office premises	22,720	23,257	6,025	6,167
Vessels and dry-docking	175,061	197,351	–	–
Total	197,781	220,608	6,025	6,167

11 SUBSIDIARIES

	Company	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Unquoted equity shares, at cost	166,684	166,684
Less: Allowance for impairment charged to profit or loss during the period/year	(23,089)	–
	143,595	166,684
Deemed investment in subsidiaries	13,470	12,674
Total	157,065	179,358

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

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

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of entity	Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	June 30, 2016	March 31, 2015		
	%	%		
Held by the Company:				
Capital Guardian Limited (6)	100	100	Hong Kong	Investment holding
Energian Pte Ltd (2)	100	100	Singapore	Investment holding
Falcon Energy Projects Pte Ltd (2)	100	100	Singapore	Investment holding
Falcon Oilfield Services Pte Ltd (2)	100	100	Singapore	Investment holding
FEG Offshore Pte Ltd (2)	100	100	Singapore	Investment holding
Petro Asset Pte Ltd (2)	100	100	Singapore	Providing services to oilfield companies
Oilfield Services Company Limited (3) (6)	100	100	Hong Kong	Investment holding
Radford Holdings Limited (6)	100	100	Hong Kong	Investment holding

11 SUBSIDIARIES (cont'd)

Name of entity	Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	June 30, 2016	March 31, 2015		
	%	%		
Held by Capital Guardian Limited:				
CGL Resources Limited (6)	100	100	Labuan	Coal trading and related activities
FLZ Oil & Gas Limited (6)	65	65	Labuan	Crude oil trading and related activities
Held by Energian Pte Ltd:				
CH Offshore Ltd (12)	86.71	86.71	Singapore	Vessel owner and Charterer
Held by CH Offshore Ltd:				
Chuan Hup Agencies Pte Ltd (2) (9)	86.71	86.71	Singapore	Ship manager
Delaware Marine Pte Ltd (2) (9)	86.71	86.71	Singapore	Dormant
Garo Pte Ltd (2) (9)	86.71	86.71	Singapore	Dormant
JN Offshore Services Pte Ltd (10)	–	86.71	Singapore	Dormant
Offshore Gold Shipping Pte Ltd (2) (9)	86.71	86.71	Singapore	Ship owning and chartering
Pembrooke Marine Pte Ltd (2) (9)	86.71	86.71	Singapore	Ship owning and chartering
Sea Glory Private Limited (2) (9)	86.71	86.71	Singapore	Vessel owner and charterer
Venture Offshore Pte Ltd (2) (9)	86.71	86.71	Singapore	Investment holding
Held by Falcon Energy Projects Pte Ltd:				
Falcon Oilfield Projects Inc (1) (6)	100	100	British Virgin Islands	Project management
Falcon Energy FZC (10)	–	100	United Arab Emirates	Marketing and business development
Passiflora Capital Limited (1) (6)	100	100	British Virgin Islands	Bareboat charterer
Otira Corporation (1) (5)	100	–	British Virgin Islands	Bareboat charterer

11 SUBSIDIARIES (cont'd)

Name of entity	Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	June 30, 2016	March 31, 2015		
	%	%		
Held by Falcon Oilfield Services Pte Ltd:				
Astanient S.A. de C.V. (8)	65	65	Republic of Mexico	Providing services to oil field companies
CDS Oilfield Service (S) Pte Ltd (2)	86.67	86.67	Singapore	Shipping agent
CDS Oilfield Service (Tianjin) Co., Ltd (3) (6)	65	65	People's Republic of China	International trade logistics and oilfield services of engineering technical and consultation
Falcon Oilfield Services (USA) Inc. (6)	100	100	United States of America	Providing services to oilfield companies
Longzhu Oilfield Services (S) Pte Ltd (2)	65	65	Singapore	Shipping agencies for offshore oilfields, explorations, construction and marine transportations
Petrolink FZC (6)	100	100	United Arab Emirates	Import, export and trading in oil and gas field equipment and marine equipment related accessories
Terasa-Star International Shipping Pte Ltd (2)	65	65	Singapore	Provision of shipping and transportation services and sales of demulsifies
Held by FEG Offshore Pte Ltd:				
Axus Marine Pte Ltd (2)	100	100	Singapore	Vessel owner and charterer
PDE International Ltd (3)	100	100	Labuan	Vessel owner and charterer
PT Bayu Maritim Makmur (4) (11)	90	100	Indonesia	Vessel owner and charterer
PT Bayu Maritim Berkah (4) (11)	90	100	Indonesia	Vessel owner and charterer
PT Bayu Maritim Group (6)	90	90	Indonesia	Investment holding
Sears Marine S.A. (1) (6)	100	100	Republic of Panama	Vessel owner and charterer

11 SUBSIDIARIES (cont'd)

Name of entity	Effective equity interest and voting power held June 30, 2016 %	Effective equity interest and voting power held March 31, 2015 %	Place of incorporation/ operation	Principal activities
Held by Oilfield Services Company Limited:				
Asetanian Marine Pte Ltd (2)	100	100	Singapore	Ship manager
Atlantic Marine S.A. (1) (7)	100	100	Republic of Panama	Vessel owner and charterer
Century Marine S.A. (1) (7)	100	100	Republic of Panama	Vessel owner and charterer
Excel Marine S.A. (1) (7)	100	100	Republic of Panama	Vessel owner and charterer
Imel Assets Corporation (10)	–	100	Republic of Panama	Vessel owner and charterer
Imperial Marine S.A. (1) (7)	100	100	Republic of Panama	Vessel owner and charterer
Innovest Resources Ltd (1) (7)	100	100	British Virgin Islands	Vessel owner and charterer
Morrison Marine Services S.A. (1) (7)	100	100	Republic of Panama	Vessel owner and charterer
Motley Trio Offshore Pte Ltd (1) (7)	100	100	British Virgin Islands	Vessel owner and charterer
Aset Marine Pte Ltd (3) (6)	100	100	Singapore	Ship manager
Trio Victory Inc (1) (7)	100	100	British Virgin Islands	Vessel owner and charterer
Held by Radford Holdings Limited:				
Falcon Resource Management Pte Ltd (2)	100	100	Singapore	Mining management and other related services, and investment holding
Krameria Limited (6)	100	100	Hong Kong	Investment holding
PT Ganindo Sentosa Makmur (6)	100	100	Indonesia	Dormant
PT Falindo Sukses Abadi (6)	100	100	Indonesia	Dormant

11 SUBSIDIARIES (cont'd)

Name of entity	Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	June 30, 2016	March 31, 2015		
	%	%		
Held by Radford Holdings Limited: (cont'd)				
PT Majujasa Sumber [4]	100	100	Indonesia	Coal trading and mining activities
PT Majujasa Tenaga [6]	100	100	Indonesia	Coal trading and mining activities
Quick Link Holdings Limited [6]	100	100	Hong Kong	Investment holding

Notes:

(1) Not required to be audited by law in the country of incorporation.

(2) Audited by Deloitte & Touche LLP, Singapore.

(3) Audited by other firms of auditors.

(4) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(5) During the financial period, the Group acquired an additional 51% of equity interest in Otira Corporation ("Otira"), previously an associate of the Group. As a result of the additional equity interest, the investment in Otira has been reclassified from associate (Note 12) to subsidiary and it is not considered to be a material subsidiary of the Group.

(6) Not considered to be a material subsidiary of the Group.

(7) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.

(8) Audited by DFK Lopez Novelo, S.C.P.

(9) Subsidiary is part of the CH Offshore Ltd Group.

(10) Subsidiary was struck off during the financial period.

(11) During the financial period, new additional shares were issued by the subsidiary. Consequent to the issue of new shares, the interests of the Group in both PT Bayu Maritim Berkah and PT Bayu Maritim Makmur have been diluted from 100% to 90%.

(12) A public listed Company on SGX with June 30 financial year end and audited by Deloitte & Touche LLP, Singapore. As at June 30, 2016, the market value of the quoted equity shares held by the Group was approximately US$174,493,000 (equivalent to S$235,391,000) [March 31, 2015 : US$202,320,000 (equivalent to S$278,190,000)].

11 SUBSIDIARIES (cont'd)

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		June 30, 2016	March 31, 2015
Investment holding	Singapore	4	4
Investment holding	Hong Kong	5	5
Ship manager	Singapore	2	2
Vessel owner and charterer	Singapore	1	1
Vessel owner and charterer	Republic of Panama	6	7
Vessel owner and charterer	British Virgin Islands	3	3
Vessel owner and charterer	Indonesia	2	2
Vessel owner and charterer	Labuan	1	1
Coal trading and mining activities	Indonesia	2	2
Coal trading and related activities	Labuan	1	1
Project management	British Virgin Islands	1	1
Providing services to oilfield companies	United States of America	1	1
Mining management and other related services; and investment holding	Singapore	1	1
Marketing and business development	United Arab Emirates	–	1
Import, export and trading in oil and gas field equipment and marine equipment related accessories	United Arab Emirates	1	1
Bareboat charterer	British Virgin Islands	2	1
Dormant	Indonesia	2	2
Providing services to oilfield companies	Singapore	1	1
		36	37

11 SUBSIDIARIES (cont'd)

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		June 30, 2016	March 31, 2015
Investment holding	Singapore	1	1
Investment holding	Indonesia	1	1
Ship manager	Singapore	1	1
Providing services to oilfield companies	Republic of Mexico	1	1
Vessel owner and charterer	Singapore	4	4
Shipping agent	Singapore	1	1
International trade logistics and oilfield services of engineering technical and consultation	People's Republic of China	1	1
Dormant	Singapore	2	3
Shipping agencies for offshore oilfields, explorations, construction and marine transportations	Singapore	1	1
Provision of shipping and transportation services and sales of demulsifies	Singapore	1	1
Crude oil trading and related activities	Labuan	1	1
		15	16

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

Name of subsidiary	Place of incorporation/ operation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
		%	%	US$'000	US$'000	US$'000	US$'000
CH Offshore Ltd	Singapore	13.29	13.29	8,341	155	27,818	37,259
Longzhu Oilfield Services (S) Pte Ltd	Singapore	35.00	35.00	8,806	4,688	23,616	14,810
Individually immaterial subsidiaries with non-controlling interests		–	–	(1,759)	300	4,871	5,094
		–	–	15,388	5,143	56,305	57,163

11 SUBSIDIARIES (cont'd)

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

Statement of financial position	**CH Offshore Ltd**		**Longzhu Oilfield Services (S) Pte Ltd**	
	June 30, 2016	**March 31, 2015**	**June 30, 2016**	**March 31, 2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Current assets	18,823	79,606	89,081	94,927
Non-current assets	168,838	170,794	23,798	24,449
Current liabilities	(20,871)	(12,065)	(35,004)	(66,120)
Non-current liabilities	(5,446)	(5,949)	(10,366)	(10,907)
Equity attributable to owners of the Company	133,526	195,127	43,893	27,539
Non-controlling interests	27,818	37,259	23,616	14,810
Statement of profit or loss and other comprehensive income				
Revenue	31,404	2,621	200,071	246,433
Expenses	(26,986)	(1,511)	(174,912)	(233,038)
Other income	62,929	57	–	–
Profit for the period/year	67,347	1,167	25,159	13,395
Profit attributable to owners of the Company	59,006	1,012	16,353	8,707
Profit attributable to non-controlling interests	8,341	155	8,806	4,688
Profit for the period/year, representing total comprehensive income for the period/year	67,347	1,167	25,159	13,395
Dividends declared to non-controlling interests	17,782	–	–	–
Cash flows information				
Net cash (outflow) inflow from operating activities	5,550	5,602	(1,577)	7,697
Net cash outflow from investing activities	(8,812)	(917)	(5,222)	(1,277)
Net cash outflow from financing activities	(125,712)	–	(1,326)	(2,921)
Net cash (outflow) inflow	(128,974)	4,685	(8,125)	3,499

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

12 ASSOCIATES

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Unquoted equity shares, at cost	8,998	9,003	*	*
Amount receivables – non-trade [i]	12,677	12,677	–	–
Share of post-acquisition profit, net of dividend received and amortisation of deferred gain	17,901	21,122	–	–
Total	39,576	42,802	*	*

* *Amount less than US$1,000*

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

Details of the Group's associates as at the end of the reporting period are as follows:

Name of entity	Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	June 30, 2016	March 31, 2015		
	%	%		
Held by company:				
FTS Derricks Pte Ltd [1]	50	50	Singapore	Investment holding, rigs owner and operators
Held by Falcon Energy Projects Pte Ltd:				
Federal Offshore Services Pte Ltd [2]	40	40	Singapore	Vessel owner and charterer
Otira Corporation [3]	–	49	British Virgin Islands	Bareboat charterer
Held by CH Offshore Ltd:				
Gemini Sprint Sdn Bhd [4]	42.49	42.49	Malaysia	Vessel chartering
Marineco Limited [4]	42.49	42.49	Malaysia	Vessel owner and charterer
Held by Venture Offshore Pte. Ltd:				
PT Bahtera Nusantara Indonesia [5]	42.49	42.49	Indonesia	Vessel owner and charterer

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

12 ASSOCIATES (cont'd)

Notes:

(1) Audited by Deloitte and Touche LLP, Singapore.

(2) Audited by Ernst & Young LLP, Singapore.

(3) During the financial period, the Group acquired an additional 51% of equity interest in Otira Corporation ("Otira"), previously an associate of the Group. As a result of the additional equity interest, the investment in Otira has been reclassified from associate to subsidiary (Note 11).

(4) The audited financial statements of the associates held by the company are for the financial year ended March 31, 2016. Accordingly, unaudited management accounts for the financial period from April 1, 2016 to June 30, 2016 were used for determining the full financial period's profit for the purpose of equity accounting for Marineco Limited and Gemini Sprint Sdn. Bhd.

(5) Audited by Deloitte & Touche LLP, Singapore for consolidation purpose.

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

	June 30, 2016	March 31, 2015
	US$'000	US$'000
PT Bahtera Nusantara Indonesia	25,219	25,620
Other associates	14,357	17,182
Total	39,576	42,802

Summarised financial information in respect of each of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements:

	PT Bahtera Nusantara Indonesia	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Current assets	4,483	9,888
Non-current assets	50,727	53,897
Current liabilities	(3,743)	(22,982)
Non-current liabilities	(16,264)	(4,780)
Net assets of the associate	35,203	36,023
Group's share of net assets in the associate	17,250	17,651
Amount receivables – non-trade	7,969	7,969
Carrying amount of the Group's interest in the associate	25,219	25,620

12 ASSOCIATES (cont'd)

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Revenue	10,927	190,437
(Loss) Profit for the period/year, representing total comprehensive income for the period/year	(819)	134
Group's share of associates' (loss) profit for the period/year	(402)	66

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

Aggregate information of associates that are not individually material:

	Group	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
The Group's share of (loss) profit from continuing operations	(591)	3,524
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive (loss) income	(591)	3,524
Aggregate carrying amount of the Group's interests in these associates	14,357	17,182

13 JOINT VENTURES

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Unquoted equity shares, at cost	57	57	*	*
Share of post-acquisition profit, net of dividend received and amortisation of deferred gain	7,887	3,291	*	*
Total	7,944	3,348	*	*

* *Amount less than US$1,000*

13 JOINT VENTURES (cont'd)

Name of entity	Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	June 30, 2016	March 31, 2015		
	%	%		
Held by the Company:				
FTSG Co. Limited (1) (2)	50	50	British Virgin Islands	Investment holding
Held by FTSG Co Limited:				
TS Drilling Holdings Limited (1) (2)	25	25	British Virgin Islands	Investment holding
TS Coral Limited (1) (2)	25	25	British Virgin Islands	Rig owner and operator
TS Opal Limited (1) (2)	25	25	British Virgin Islands	Rig owner and operator
TS Emerald Limited (1) (2)	25	25	British Virgin Islands	Rig owner and operator
TS Jade Limited (1) (2)	25	25	British Virgin Islands	Rig owner and operator
TS Topaz Limited (1) (2)	25	25	British Virgin Islands	Rig owner and operator
Held by Oilfield Services Company Limited:				
Dictamismo S De R.L. De C.V. (2) (3)	50	50	Mexico	Vessel owner and charter
Held by FEG Offshore Pte Ltd:				
Maritim Indah Sdn Bhd (2) (3)	50	50	Brunei	Vessel owner and charter

Notes:

(1) Not required to be audited by law in the country of incorporation.

(2) Not considered to be a material joint venture of the Group.

(3) Audited by other firms of auditors.

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

13 JOINT VENTURES (cont'd)

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

	June 30, 2016 US$'000	March 31, 2015 US$'000
Dictamismo S De R.L. De C.V ("Dictamismo")	5,296	2,698
Maritim Indah Sdn Bhd ("Maritim Indah")	2,648	650
Other joint ventures	*	*
Total	7,944	3,348

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements:

	Dictamismo		Maritim Indah	
	June 30, 2016 US$'000	March 31, 2015 US$'000	June 30, 2016 US$'000	March 31, 2015 US$'000
Current assets	12,949	9,717	19,049	3,643
Non-current assets	36,500	37,833	15,917	53,050
Current liabilities	(3,232)	(2,314)	(329)	–
Non-current liabilities	(35,687)	(39,886)	(30,027)	(55,587)
Net assets of the joint ventures	10,530	5,350	4,610	1,106
Group's share of net assets in the joint ventures	5,265	2,675	2,305	553
Other adjustments	31	23	343	97
Carrying amount of the Group's interest in the joint ventures	5,296	2,698	2,648	650

13 JOINT VENTURES (cont'd)

	From April 1, 2015 to June 30, 2016 US$'000	From April 1, 2014 to March 31, 2015 US$'000	From April 1, 2015 to June 30, 2016 US$'000	From April 1, 2014 to March 31, 2015 US$'000
Revenue	7,140	9,925	14,663	6,070
Profit for the period/year	5,195	5,182	3,998	1,075
Other comprehensive income for the period/year	–	200	–	–
Total comprehensive income for the period/year	5,195	5,382	3,998	1,075
Group's share of total comprehensive income for the period/year	2,598	2,691	1,999	538
Deferred gain charged to profit or loss during the period/year	489	392	1,083	422
Other adjustments	–	–	–	60
Group's share of joint ventures' profit for the period/year	3,087	3,083	3,082	1,020

14 AVAILABLE-FOR-SALE INVESTMENT

	Group and Company	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Unquoted equity shares, at cost	2,098	2,098

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

15 OTHER INTANGIBLE ASSETS

Group	Club membership	Mining concession	Pre-mining expenses	Total
	US$'000	US$'000	US$'000	US$'000
At April 1, 2014	187	633	1,437	2,257
Additions	2	–	678	680
At March 31, 2015	189	633	2,115	2,937
Disposals	(3)	–	–	(3)
At June 30, 2016	186	633	2,115	2,934

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

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

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

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

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

16 DEFERRED TAXATION

	Group	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Deferred tax assets	354	362
Deferred tax liabilities	(18,791)	(14,929)
Total	(18,437)	(14,567)

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

Deferred tax assets/(liabilities)

Group	Accelerated tax depreciation	Unutilised capital allowance	Fair value adjustments	Unabsorbed tax losses	Other temporary differences	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at April 1, 2014	–	–	–	325	(5,128)	(4,803)
Arising on acquisition of a subsidiary (Note 39)	–	–	(9,825)	–	–	(9,825)
Credited to profit or loss (Note 31)	–	–	–	37	24	61
Balance at March 31, 2015	–	–	(9,825)	362	(5,104)	(14,567)
(Charged) Credited to profit or loss (Note 31)	(6,255)	1,666	723	(8)	4	(3,870)
Balance at June 30, 2016	(6,255)	1,666	(9,102)	354	(5,100)	(18,437)

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

At the end of the reporting period, deferred tax liabilities amounting to US$2,424,000 (March 31, 2015 : US$2,048,000) have not been recognised on the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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

Subject to agreement with the Comptroller of Income Tax and tax authorities in the relevant foreign tax jurisdictions in which the Group operates and conditions imposed by law, the Group has tax loss carryforwards available for offsetting against future taxable income amounting to US$6,489,000 (March 31, 2015 : US$3,301,000).

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

17 GOODWILL

	Group	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Cost:		
At beginning of period/year	6,376	–
Arising from acquisition of a subsidiary (Note 39)	1,201	6,376
At end of period/year	7,577	6,376
Impairment:		
Impairment loss recognised during the period/year and balance at end of period/year	(2,527)	–
Carrying amount at end of period/year	5,050	6,376

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

		Carrying amount of goodwill before recognition of impairment loss	
Name of subsidiary	CGU	June 30, 2016	March 31, 2015
		US$'000	US$'000
CH Offshore Ltd ("CHO")	Marine	6,376	6,376
Otira Corporation ("Otira")	Marine	1,201	–

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

Goodwill allocated to CHO and Otira amounted to US$3,849,000 (March 31, 2015 : US$6,376,000) and US$1,201,000 (March 31, 2015 : US$Nil) respectively. The recoverable amount is determined based on the value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates and forecasted charter rate. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. Order book secured and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts for Otira and CHO derived from the most recent financial forecasts approved by management using a discount rate of 3.6% and 7.0% (March 31, 2015 : 8.0%) respectively.

Based on the above assessment, management is of the view that the impairment loss of goodwill allocated to CHO amounting to US$2,527,000 (March 31, 2015 : US$Nil) is adequate and no impairment is required for the goodwill allocated to Otira.

Management estimates that a 5% favourable/unfavourable change to the projected utilisation rate per year used on the basis that each of the other key assumptions remained unchanged, the impairment loss of goodwill allocated to CHO to be recognised will be decreased/increased by US$783,000.

18 TRADE PAYABLES

	Group	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Outside parties	29,175	57,095

The average credit period on purchases of goods is 30 days (March 31, 2015 : 30 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Included in trade payables are:

(a) foreign tax payable in 2015 amounted to US$5,209,000. Management has assessed on the foreign tax payable at the end of reporting period and is of the view that it is not probable that the foreign tax will be paid to the relevant tax authorities. Accordingly, the foreign tax payable has been reversed out in current financial period; and

(b) commission fee payable in 2015 amounted to US$3,737,000. As disclosed in Note 3 to the financial statements, the commission fee payable to its ship brokers has been reversed in accordance with management's judgement. Management is of the view that it is not probable that these commission fee will be paid to the ship brokers. In deriving at their assessment, management has assessed based on their understanding of the facts surrounding the on-going arbitration and the available evidence as at the end of the reporting period.

19 OTHER PAYABLES

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Deferred gain	28,634	30,711	–	–
Due to directors of the Company (Note 5B)	165	1	–	–
Accrued expenses	1,627	7,449	917	697
Sundry payables	18,474	29,616	379	494
Due to associates (Notes 5A and 12)	5,940	7,095	–	–
Due to related parties (Note 5B)	1,351	4,801	–	–
Due to subsidiaries (Notes 5A and 11)	–	–	124,961	119,191
Total	56,191	79,673	126,257	120,382
Less: Non-current	(27,315)	(29,228)	–	–
Current	28,876	50,445	126,257	120,382

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

19 OTHER PAYABLES (cont'd)

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

	Group	
	June 30, 2016	**March 31, 2015**
	US$'000	**US$'000**
Movement in the above deferred gain:		
Balance at beginning of the period/year	30,711	7,836
Addition during the period/year	–	17,337
Arising from acquisition of subsidiary	–	6,387
Amortisation during the period/year, net against the share of results of:		
- associates (Note 12)	(504)	(34)
- joint ventures (Note 13)	(1,573)	(815)
Balance at end of the period/year	28,634	30,711
Less: Non-current portion	(26,973)	(29,049)
Total	1,661	1,662

20 FINANCE LEASES

Group	**Minimum lease payments**		**Present value of minimum lease payments**	
	June 30, 2016	**March 31, 2015**	**June 30, 2016**	**March 31, 2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Within one year	345	182	264	163
In the second to fifth years inclusive	953	305	771	285
Total	1,298	487	1,035	448
Less: Future finance charges	(263)	(39)	NA	NA
Present value of lease obligations	1,035	448	1,035	448
Less: Due within 12 months			(264)	(163)
Due after 12 months			771	285

20 FINANCE LEASES (cont'd)

Company	Minimum lease payments		Present value of minimum lease payments	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Within one year	20	19	17	17
In the second to fifth years inclusive	32	56	29	49
Total	52	75	46	66
Less: Future finance charges	(6)	(9)	NA	NA
Present value of lease obligations	46	66	46	66
Less: Due within 12 months			(17)	(17)
Due after 12 months			29	49

It is the Group's and Company's policy to lease certain of its plant and equipment under finance leases. The remaining lease terms as at the end of the reporting period were for approximately 3 years (March 31, 2015 : 4 years). The effective borrowing rate was 4.24% to 8.55% (March 31, 2015 : 4.24% to 9.85%) per annum. Interest rates are fixed at the contract date and thus expose the Group and the Company to fair value interest rate risk. All leases are on fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

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

21 NOTES PAYABLE

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

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

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

	Group and Company	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Nominal value of notes payable issued	40,064	40,064
Less: Transaction costs	(595)	(595)
At date of issue	39,469	39,469
Cumulative amortisation of transaction costs (Note 30)	411	117
Exchange difference	(2,821)	(3,522)
Liability (non-current) at end of period/year	37,059	36,064

21 NOTES PAYABLE (cont'd)

Management has estimated the fair value of the notes payable at June 30, 2016 to be approximately US$36,972,000 (March 31, 2015 : US$35,568,000). The fair value is based on the bid price extracted from Bloomberg as at June 30, 2016 and March 31, 2015 and management determined the Notes to be under Level 2 fair value hierarchy.

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

22 BANK OVERDRAFT AND BORROWINGS

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Bank overdraft	255	343	255	343
Bank loan I	424	880	424	880
Bank loan II	–	1,453	–	1,453
Bank loan III	980	3,430	–	–
Bank loan IV	3,405	5,295	–	–
Bank loan V	9,775	14,270	–	–
Bank loan VI	9,940	14,560	–	–
Bank loan VII	2,979	5,688	–	–
Bank loan VIII	1,146	2,188	–	–
Bank loan IX	802	1,531	–	–
Bank loan X	16,000	16,000	–	–
Bank loan XI	–	975	–	–
Bank loan XII	8,121	8,632	–	–
Bank loan XIII	–	17,862	–	–
Bank loan XIV	–	20,318	–	–
Bank loan XV	8,385	11,420	–	–
Bank loan XVI	11,037	14,373	–	–
Bank loan XVII	3,238	4,550	–	–
Bank loan XVIII	3,238	4,550	–	–
Bank loan XIX	7,437	9,975	–	–
Bank loan XX	7,680	10,260	–	–
Bank loan XXI	2,620	2,778	–	–
Bank loan XXII	–	99	–	–
Bank loan XXIII	741	582	741	582
Bank loan XXIV	50,272	142,501	50,272	142,501
Bank loan XXV	–	29,091	–	29,091
Bank loan XXVI	5,650	–	–	–
Bank loan XXVII	2,879	–	2,879	–
Bank loan XXVIII	7,411	–	–	–
Bank loan XXIX	3,706	–	–	–
Total	168,121	343,604	54,571	174,850
Less: Current portion	(85,187)	(176,934)	(23,099)	(124,131)
Non-current portion	82,934	166,670	31,472	50,719

22 BANK OVERDRAFT AND BORROWINGS (cont'd)

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Within one year	85,187	176,934	23,099	124,131
Within two to five years	75,417	151,212	31,472	50,719
After five years	7,517	15,458	–	–
Total	168,121	343,604	54,571	174,850

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

Bank overdraft is payable at the bank's prevailing prime rate of 5.50% (March 31, 2015 : 5.50%) per annum.

Loan I — An outstanding loan amount of US$424,000 (March 31, 2015 : US$880,000). The loan is repayable in 72 monthly instalments of approximately S$41,600 each commencing from August 20, 2011. The loan is secured over leasehold office premises with a carrying amount of US$2,888,000 (March 31, 2015 : US$2,960,000) (Note 10). As at June 30, 2016, the effective interest rate for the loan is 2.78% (March 31, 2015 : 2.09%) per annum.

Loan II — An outstanding loan amount of US$1,453,000 as at March 31, 2015. The loan was repayable within 10 years commencing in September 2011, with a first and second year monthly payment of approximately S$28,200 and S$28,400 respectively with the remaining balance in equal instalment of approximately S$28,700 for the remaining years. The loan was secured over leasehold office premises with a carrying value of US$3,210,000 (Note 10) with the effective interest rate for the loan at 2.25% per annum. The loan was fully repaid during the financial period.

Loan III — An outstanding loan amount of US$980,000 (March 31, 2015 : US$3,430,000). The loan is repayable in 20 quarterly instalments of US$490,000 each commencing from February 2012. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at June 30, 2016, the effective interest rate for the loan is 2.66% (March 31, 2015 : 2.50%) per annum.

Loan IV — An outstanding loan amount of US$3,405,000 (March 31, 2015 : US$5,295,000). The loan is repayable in 59 monthly instalments of US$135,000 each commencing from July 2012 and one final instalment of US$1,790,000. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at June 30, 2016, the effective interest rate for the loan is 2.89% (March 31, 2015 : 2.74%) per annum.

Loan V — An outstanding loan amount of US$9,775,000 (March 31, 2015 : US$14,270,000). The loan is repayable in 59 monthly instalments of US$330,000 each commencing from September 2012 and one final instalment of US$5,030,000. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at June 30, 2016, the effective interest rate for the loan is 2.91% (March 31, 2015 : 2.76%) per annum.

Loan VI — An outstanding loan amount of US$9,940,000 (March 31, 2015 : US$14,560,000). The loan is repayable in 59 monthly instalments of US$330,000 each commencing from December 2012 and one final instalment of US$4,330,000. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at June 30, 2016, the effective interest rate for the loan is 2.91% (March 31, 2015 : 2.75%) per annum.

22 BANK OVERDRAFT AND BORROWINGS (cont'd)

Loan VII An outstanding loan amount of US$2,979,000 (March 31, 2015 : US$5,688,000). The loan is repayable in 48 monthly instalments of US$270,833 each commencing from January 2013. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at June 30, 2016, the effective interest rate for the loan is 3.66% (March 31, 2015 : 3.46%) per annum.

Loan VIII An outstanding loan amount of US$1,146,000 (March 31, 2015 : US$2,188,000). The loan is repayable in 48 monthly instalments of US$104,167 each commencing from January 2013. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at June 30, 2016, the effective interest rate for the loan is 3.66% (March 31, 2015 : 3.46%) per annum.

Loan IX An outstanding loan amount of US$802,000 (March 31, 2015 : US$1,531,000). The loan is repayable in 48 monthly instalments of US$72,917 each commencing from January 2013. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at June 30, 2016, the effective interest rate for the loan is 3.66% (March 31, 2015 : 3.46%) per annum.

Loan X An outstanding revolving credit loan amount of US$16,000,000 (March 31, 2015 : US$16,000,000). The loan is secured by mortgage over three vessels of the Group. The loan is rolled over on a monthly basis and is repayable on demand. As at June 30, 2016, the effective interest rate for the loan is 3.51% (March 31, 2015 : 3.28%) per annum.

Loan XI An outstanding loan amount of US$975,000 as at March 31, 2015. The loan was repayable in 48 monthly instalments of US$81,250 each commencing from April 2012. The loan was secured by mortgage over a vessel of the Group and its related insurance and charter earnings with the effective interest rate for the loan at 2.74% per annum. The loan was fully repaid during the financial period.

Loan XII An outstanding loan amount of US$8,121,000 (March 31, 2015 : US$8,632,000). The loan is denominated in Singapore dollars and is repayable monthly at US$81,109, commencing from July 2013 over 15 years. The loan is secured over leasehold office premises with a carrying amount of US$12,751,000 (March 31, 2015 : US$13,050,000) (Note 10). As at June 30, 2016, the effective interest rate for the loan is 2.76% (March 31, 2015 : 1.43%) per annum.

Loan XIII An outstanding loan amount of US$17,862,000 as at March 31, 2015. The loan was repayable in 84 monthly instalments of US$266,616 each commencing from June 2014. The loan was secured by mortgage over a vessel of a joint venture and its related insurance and charter earnings with the effective interest rate for the loan at 3.33% per annum. The loan was transferred to the joint venture during the financial period.

Loan XIV An outstanding loan amount of US$20,318,000 as at March 31, 2015. The loan was repayable in 84 monthly instalments of US$303,276 each commencing from June 2014. The loan was secured by mortgage over a vessel of a joint venture with the effective interest rate for the loan at 3.33% per annum. The loan was transferred to the joint venture during the financial period.

Loan XV An outstanding loan amount of US$8,385,000 (March 31, 2015 : US$11,420,000). The loan is repayable in 60 monthly instalments of US$215,000 each commencing from September 2014. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at June 30, 2016, the effective interest rate for the loan is 3.49% (March 31, 2015 : 3.33%) per annum. An Indonesian subsidiary of the Group has breached a certain financial covenant in respect of this loan. This resulted in borrowings amounting to US$5,590,000 to be classified as current liabilities, whereby the lender could demand the borrowing to be immediately due and payable.

22 BANK OVERDRAFT AND BORROWINGS (cont'd)

Loan XVI	An outstanding loan amount of US$11,037,000 (March 31, 2015 : US$14,373,000). The loan is repayable in 60 monthly instalments of US$256,667 each commencing from December 2014. The loan is secured by mortgage over a vessel of the Group and its related insurance and charter earnings. As at June 30, 2016, the effective interest rate for the loan is 3.70% (March 31, 2015 : 3.33%) per annum.
Loan XVII	An outstanding loan amount of US$3,238,000 (March 31, 2015 : US$4,550,000). The loan is repayable in 60 monthly instalments of US$87,500 each commencing from August 2014. The loan is secured by mortgage over a vessel of the Group. As at June 30, 2016, the effective interest rate for the loan is 2.82% (March 31, 2015 : 2.66%) per annum.
Loan XVIII	An outstanding loan amount of US$3,238,000 (March 31, 2015 : US$4,550,000). The loan is repayable in 60 monthly instalments of US$87,500 each commencing from August 2014. The loan is secured by mortgage over a vessel of the Group. As at June 30, 2016, the effective interest rate for the loan is 2.82% (March 31, 2015 : 2.66%) per annum.
Loan XIX	An outstanding loan amount of US$7,437,000 (March 31, 2015 : US$9,975,000). The loan is repayable in 60 monthly instalments of US$175,000 each commencing from January 2015. The loan is secured by mortgage over a vessel of the Group. As at June 30, 2016, the effective interest rate for the loan is 3.06% (March 31, 2015 : 2.92%) per annum.
Loan XX	An outstanding loan amount of US$7,680,000 (March 31, 2015 : US$10,260,000). The loan is repayable in 60 monthly instalments of US$180,000 each commencing from January 2015. The loan is secured by mortgage over a vessel of the Group. As at June 30, 2016, the effective interest rate for the loan is 3.06% (March 31, 2015 : 2.92%) per annum.
Loan XXI	An outstanding loan amount of US$2,620,000 (March 31, 2015 : US$2,778,000). The loan is denominated in Singapore dollars and is repayable monthly at S$20,000 commencing from August 2015 over 15 years. The loan is secured over leasehold office premises with a carrying amount of US$3,943,000 (March 31, 2015 : US$4,040,000) (Note 10). As at June 30, 2016, the effective interest rate for the loan is 2.61% (March 31, 2015 : 1.28%) per annum.
Loan XXII	An outstanding loan amount of US$99,000 as at March 31, 2015. The loan was rolled over on a monthly basis and was repayable on demand with the effective interest rate for the loan at 7.84% per annum. The loan was fully repaid during the financial period.
Loan XXIII	An outstanding loan amount of US$741,000 (March 31, 2015 : US$582,000). The loan is rolled over on a monthly basis and is repayable on demand. As at June 30, 2016, the effective interest rate for the loan is 3.63% (March 31, 2015 : 3.40%) per annum.
Loan XXIV	An outstanding loan amount of US$50,272,000 (March 31, 2015 : US$142,51,000). The loan is secured over the shares of a subsidiary of the Group out of which 15% is repayable after 6, 12, 18 and 24 months from the drawdown date and 20% is repayable after 30 and 36 months from the drawdown date. As at June 30, 2016, the effective interest rate for the loan is 4.88% (March 31, 2015 : 4.16%) per annum. The net carrying amount of the loan was stated net of issue expenses totalling US$1,861,000. Such expenses were amortised over the life of the loan by charging the expenses to profit or loss and increasing the net carrying amount of the loan with the corresponding amount. As of June 30, 2016, accumulated amortisation amounted to US$1,670,000 (March 31, 2015 : US$143,000) (Note 30).

22 BANK OVERDRAFT AND BORROWINGS (cont'd)

Loan XXV An outstanding revolving credit loan amount of US$29,091,000 as at March 31, 2015. The loan was secured over the shares of a subsidiary of the Group. The loan was rolled over on a monthly basis and was repayable on demand with the effective interest rate for the loan at 0.96% per annum. The loan was fully repaid during the financial period.

Loan XXVI An outstanding loan amount of US$5,650,000 as at June 30, 2016. The loan is repayable in 30 monthly instalments of US$150,000 each commencing from August 2015, followed by 29 monthly instalments of US$83,000 each and one final settlement of US$93,000. The loan is secured by mortgage over a vessel of the Group. As at June 30, 2016, the effective interest rate for the loan is 2.82% per annum.

Loan XXVII An outstanding loan amount of US$2,879,000 as at June 30, 2016. The loan is repayable in 60 monthly instalments of US$76,000 each commencing from May 27, 2016. The loan is secured over leasehold office premises with a carrying amount of US$3,138,000 (March 31, 2015 : US$3,210,000). As at June 30, 2016, the effective interest rate for the loan is 2.80% per annum.

Loan XXVIII An outstanding loan amount of US$7,411,000 as at June 30, 2016. The loan is rolled over on a monthly basis with a tenure of 6 months. As at June 30, 2016, the effective interest rate for the loan is 4.73% per annum.

Loan XXIX An outstanding loan amount of US$3,706,000 as at June 30, 2016. The loan is repayable in 5 quarterly instalments of US$411,939 each commencing from May 2016 and one final instalment of US$2,400,000. The loan is secured by mortgage over a vessel of the Group. As at June 30, 2016, the effective interest rate for the loan is 3.37% per annum.

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

At the end of the financial period, the Group and the Company have available US$11,439,000 and US$486,000 (March 31, 2015 : US$5,294,000 and US$1,397,000) of undrawn facilities respectively, in respect of which all conditions precedent had been met.

Management is in a dialogue with the lenders to revise bank agreements and explore other refinancing plans to improve the financial situation of the Group and the Company as disclosed in Note 1. Successful establishment of the refinancing plans will determine the Group's and Company's ability to service their borrowings when they fall due.

23 SHARE CAPITAL

	Group and Company			
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	Number of ordinary shares		US$'000	US$'000
Issued and paid up:				
At beginning of period/year	823,442,375	823,415,509	229,528	229,519
Issue of shares on exercise of bonus warrants	–	26,866	–	9
At end of period/year	823,442,375	823,442,375	229,528	229,528

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

24 TREASURY SHARES

	Group and Company			
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	Number of ordinary shares		US$'000	US$'000
At beginning of period/year	13,945,600	5,820,000	3,757	1,727
Repurchased during the period/year	2,055,200	8,125,600	260	2,030
At end of period/year	16,000,800	13,945,600	4,017	3,757

During the financial period, the Company repurchased 2,055,200 (March 31, 2015 : 8,125,600) shares in connection with a share buy-back exercise. The total amount paid to acquire the shares amounted to US$260,000 (March 31, 2015 : US$2,030,000) and has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

25 CAPITAL RESERVE

The capital reserve represents:

(i) The reserves of unexercised warrants which have expired in November 2013.

(ii) Effects of changes in ownership interests in subsidiaries when there is no change in control (Note 11).

26 SHARE-BASED PAYMENTS

Equity-settled share option scheme

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

Details of the share options outstanding as at the end of the reporting are as follows:

	Group and Company			
	June 30, 2016		March 31,2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		S$		S$
Outstanding at beginning of period/year	4,350,000	0.40	4,550,000	0.40
Lapsed during the period/year	(2,070,000)		(200,000)	
Outstanding at end of period/year	2,280,000		4,350,000	
Exercisable at end of period/year	2,280,000		4,350,000	

In 2009, the weighted average exercise price at the date of grant for share options granted was S$0.40. The options outstanding at the end of the reporting period have a weighted average remaining contractual life of approximately 3 years (March 31, 2015 : 4.25 years).

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

27 MERGER RESERVE

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

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

28 REVENUE

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Revenue from construction contracts	164,265	224,605
Charter hire income	93,783	85,315
Sales of goods	38,174	25,082
Services rendered	5,292	7,100
Management fee from associate (Note 5A)	915	54
Management fee from joint ventures (Note 5A)	864	285
Total	303,293	342,441

29 OTHER OPERATING INCOME

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Net settlement income [i]	53,581	–
Reversal of accrued foreign tax and accrued commission fee	8,945	–
Other vessel operation income	2,832	2,998
Gain on disposal of property, plant and equipment	291	17,152
Interest income	773	308
Government grant - Jobs credit scheme	87	76
Sundry income	1,133	318
Total	67,642	20,852

[i] The settlement income is net of the commission and tax expenses amounting to US$6,419,000.

30 FINANCE COSTS

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Amortisation of notes payable transaction costs (Note 21)	294	117
Amortisation of term loan issuing costs (Note 22)	1,527	143
Interest expenses to non-related companies:		
- Bank loans	2,987	3,369
- Notes payable	2,489	1,189
- Finance leases	97	24
- Bank overdraft	19	2
Bank facility fees	7,501	2,424
Commitment fees	–	207
Fair value changes on derivative financial liability charged to profit or loss	–	(5)
Others	–	48
Total	14,914	7,518

31 INCOME TAX EXPENSE

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Current tax	243	3,143
Under/(Over) provision of current tax in prior years	483	(52)
Deferred tax (Note 16)	3,870	(61)
Net	4,596	3,030

Domestic income tax is calculated at 17% (March 31, 2015 : 17%) of the estimated assessable profit for the financial period. Taxation for other jurisdictions is calculated at the rate prevailing in the relevant jurisdiction.

31 INCOME TAX EXPENSE (cont'd)

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

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Profit before income tax	59,805	30,860
Income tax expenses at Singapore's statutory tax rate of 17%	10,167	5,246
Exempt income	(16,683)	(359)
Tax effect of non-taxable income	(10,761)	(5,856)
Tax effect of non-deductible expenses	17,459	4,940
Under/(Over) provision of current tax in prior years	483	(52)
Effect of different tax rates of subsidiaries operating in other tax jurisdiction	(222)	(1,290)
Deferred tax liability recognised	6,255	–
Effect of deferred tax assets not recognised	542	414
Effect of utilisation of previously unrecognised deferred tax assets	(1,666)	–
Others	(978)	(13)
Income tax expense	4,596	3,030

32 PROFIT FOR THE PERIOD/YEAR

Profit for the period has been arrived at after charging:

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Allowance for doubtful trade receivables	7,514	2,153
Allowance for impairment of goodwill	2,527	–
Allowance for impairment of property, plant and equipment	10,110	–
Property, plant and equipment written off	695	–
Trade debts written off	38	469
Audit fees:		
- auditors of the Company	196	245
- auditors of the subsidiaries	38	86
Non-audit fees:		
- auditors of the Company	38	57
- auditors of the subsidiaries	17	–
Cost of defined contribution plans included in employee benefits expense	977	547
Cost of inventories recognised as an expense	162,649	204,425

32 PROFIT FOR THE PERIOD/YEAR (cont'd)

Profit for the period has been arrived at after charging: (cont'd)

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Directors' remuneration:		
- of the Company	885	565
- of the subsidiaries	3,515	2,303
Directors' fee	338	151
Depreciation of property, plant and equipment	33,573	13,998
Employee benefits expense (including directors' remuneration)	21,756	14,399
Net foreign exchange loss	1,175	1,358

33 EARNINGS PER SHARE

	Group	
	From April 1, 2015 to June 30, 2016	From April 1, 2014 to March 31, 2015
	US$'000	US$'000
Earnings:		
Profit attributable to owners of the Company (US$'000)	39,821	22,687
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic earnings per share [i]	809,460	820,248
Effect of dilutive potential ordinary shares [ii]	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	809,460	820,248
Earnings per share (US cents):		
Basic	4.92	2.77
Diluted	4.92	2.77

[i] *excluding treasury shares*

[ii] *the options (March 31, 2015 : options and warrants) are out-of-the money*

34 DIVIDENDS

During the financial period, the Company:

(a) paid a final dividend of S$0.01 (March 31, 2015 : S$0.01) per ordinary share totalling S$8,095,000 (equivalent to US$5,685,000) for the financial year ended March 31, 2015 [March 31, 2015 : S$8,176,000 (equivalent to US$6,551,000) for the financial year ended March 31, 2014];

(b) declared and paid an interim dividend of S$0.005 (March 31, 2015 : S$0.005) per ordinary share totalling S$4,047,000 (equivalent to US$2,863,000) for the financial period ended June 30, 2016 [March 31, 2015 : S$4,062,000 (equivalent to US$3,075,000) for the financial year ended March 31, 2015].

35 OPERATING LEASES

	Group	
	From April 1, 2015 to June 30, 2016	**From April 1, 2014 to March 31, 2015**
	US$'000	**US$'000**
The Group as lessee		
Minimum lease payments paid under operating leases recognised as expense in the financial period/year	730	4,935

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

	Group	
	June 30, 2016	**March 31, 2015**
	US$'000	**US$'000**
Within one year	361	5,379
In the second to fifth year inclusive	80	8,820
Total	441	14,199

Operating lease payments represent rentals payable to the Group for certain of its office properties and vessel. Leases are negotiated for term for 1 to 2 years (March 31, 2015 : 1 to 4 years) and rentals are fixed.

35 OPERATING LEASES (cont'd)

The Group as lessor

The Group rents out vessels under operating leases.

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

	Group	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Charter hire income	93,783	85,315
Within one year	38,705	39,261
Within two to five years	9,633	46,551
Total	48,338	85,812

Certain vessels held have committed customers for 1 to 2 years (March 31, 2015 : 1 to 4 years).

36 SEGMENT INFORMATION

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

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

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

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

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

36 SEGMENT INFORMATION (cont'd)

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

	Marine	Oilfield and drilling services	Oilfield projects	Resources	Corporate	Elimination	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
From April 1, 2015 to June 30, 2016							
Revenue							
External sales	85,507	207,732	10,054	–	–	–	303,293
Inter-segment sales	748	–	–	–	–	(748)	–
Total revenue	86,255	207,732	10,054	–	–	(748)	303,293
Result							
Segment result	51,274	24,417	1,541	(1,050)	(7,412)		68,770
Share of net profit of associates and joint ventures							5,176
Interest income	363	8	–	–	402	–	773
Finance costs	(4,524)	(433)	(48)	–	(9,909)	–	(14,914)
Profit before income tax							
Income tax expense							59,805
Profit for the period							(4,596)
							55,209
From April 1, 2014 to March 31, 2015							
Revenue							
External sales	70,196	264,215	8,030	–	–	–	342,441
Inter-segment sales	4,362	4,048	–	–	–	(8,410)	–
Total revenue	74,558	268,263	8,030	–	–	(8,410)	342,441
Result							
Segment result	11,851	18,170	2,189	(1,701)	(132)	–	30,377
Share of net profit of associates and joint ventures							7,693
Interest income	66	15	–	1	226	–	308
Finance costs	(4,908)	(374)	–	–	(2,236)	–	(7,518)
Profit before income tax							30,860
Income tax expense							(3,030)
Profit for the year							27,830

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

36 SEGMENT INFORMATION (cont'd)

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

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

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

	Marine	Oilfield and drilling services	Oilfield projects	Resources	Corporate	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Assets and Liabilities						
June 30, 2016						
Segment assets	471,403	115,454	15,979	7,457	42,078	652,371
Segment liabilities	162,130	46,475	12,120	214	93,005	313,944
March 31, 2015						
Segment assets	628,557	129,406	10,183	7,045	70,560	845,751
Segment liabilities	230,151	78,158	9,755	232	217,327	535,623
Other Information						
From April 1, 2015 to June 30, 2016						
Allowance for doubtful trade receivables	7,737	(223)	–	–	–	7,514
Capital additions	7,849	721	50	1	–	8,621
Depreciation	31,725	1,488	47	23	290	33,573
Gain on disposal of property, plant and equipment	–	(291)	–	–	–	(291)
Property, plant and equipment written off	–	696	–	–	–	696
Trade debts written off	38	–	–	–	–	38
Amortisation of notes payable transaction costs	–	–	–	–	293	293
Amortisation of term loan issuing costs	–	–	–	–	1,527	1,527
Reversal of accrued foreign tax and accrued commission fee	(8,945)	–	–	–	–	(8,945)
Net settlement income	(53,581)	–	–	–	–	(53,581)
Allowance for impairment of goodwill	–	–	–	–	2,527	2,527
Allowance for impairment of property, plant and equipment	10,110	–	–	–	–	10,110

36 SEGMENT INFORMATION (cont'd)

	Marine	Oilfield and drilling services	Oilfield projects	Resources	Corporate	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
From April 1, 2014 to March 31, 2015						
Allowance for doubtful trade receivables	–	–	2,153	–	–	2,153
Capital additions	46,378	4,672	1	1,392	197	52,640
Depreciation	12,620	1,088	2	27	261	13,998
Gain on disposal of property, plant and equipment	(17,152)	–	–	–	–	(17,152)
Trade debts written off	–	469	–	–	–	469
Amortisation of notes payable transaction costs	–	–	–	–	117	117
Amortisation of term loan issuing costs	–	–	–	–	143	143
Loss on deemed disposal of previously held interest in subsidiary	467	–	–	–	–	467
Loss on deemed disposal of previously held interest in associate	10,662	–	–	–	–	10,662

Geographical information

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

	Revenue	Non-current assets *
	US$'000	US$'000
From April 1, 2015 to June 30, 2016		
Malaysia	1,951	–
China	167,592	1,356
Myanmar	329	–
Indonesia	41,410	136,255
India	5,040	–
Mexico	1,628	477
United Arab Emirates	7,144	–
Singapore	36,247	293,094
Dubai	13,866	506
Vietnam	10,244	–
Brazil	16,853	6,425
Africa	989	–
Total	303,293	438,113

36 SEGMENT INFORMATION (cont'd)

Geographical information (cont'd)

	Revenue	Non-current assets *
	US$'000	US$'000
From April 1, 2014 to March 31, 2015		
Malaysia	1,699	–
China	230,967	105
Myanmar	5,875	–
British Virgin Islands	–	48,753
Panama	–	12,498
Indonesia	49,823	143,946
Mexico	4,285	700
United Arab Emirates	4,966	4
Singapore	22,846	263,395
Dubai	12,348	–
Vietnam	2,458	–
Brunei	6,686	–
Africa	155	–
Russia	333	–
Total	342,441	469,401

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

Information about major customers

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

	Marine		Oilfield and drilling services		Oilfield projects		Resources	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Customer 1	–	–	164,265	224,753	–	–	–	–

37 COMMITMENTS

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

	Group	
	June 30, 2016	March 31, 2015
	US$'000	US$'000
Contracted but not provided for:		
- purchase of a rig (completed) [i]	86,939	86,939
- purchase of four rigs (under construction) [ii]	414,200	414,200
	501,139	501,139

The above relates to the Group's share of the future commitment of its associate, FTS, for the purchase of five rigs from two third party shipyards.

(i) FTS is in discussion with a third party shipyard to defer the delivery of a completed rig to a further 12 months from the date of this report.

(ii) In March 2015, the Group entered into a Memorandum of Agreement with a third party and a joint venture of the Group, FTSG Co. Limited ("FTSG") to distribute the four rigs contracted by FTS equally between FTSG and the third party ("Distribution of Rigs"). In addition, the party taking over the rigs shall procure the release of the guarantee given to the shipyard by the Group and provide such replacement guarantee as may be required by the said shipyard. As at the end of the reporting period, certain conditions in relation to the Distribution of Rigs has not been fulfilled as the performance guarantee given by the Group to the shipyard has not been discharged by the third party taking over the rigs.

FTS is in the midst of negotiation, initiated by the third party shipyard, on certain terms and conditions of the existing contract to purchase four rigs, which are still under construction as at the date of this report. FTS is currently reviewing the request made by the shipyard to defer the delivery of these four rigs as a result of a delay in construction.

38 CONTINGENT LIABILITIES

	Group		Company	
	June 30, 2016	March 31, 2015	June 30, 2016	March 31, 2015
	US$'000	US$'000	US$'000	US$'000
Guarantees given to bank in respect of bank facilities granted to an associate [i]	1,624	7,415	–	7,415
Performance guarantee [ii]	1,002,278	1,002,278	1,002,278	1,002,278
Banker guarantees	263	1,212	233	1,212

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

(ii) This represents the performance guarantee given by the Group and the Company in relation to the contracts for the purchase of the five rigs contracted by FTS (Note 37). As at the end of the reporting period, the Group and the Company obtained a personal guarantee from the other shareholder of FTS, who is also a director of the Company, amounting to US$501,139,000 (March 31, 2015 : US$501,139,000). Had the personal guarantee from the related party been taken into consideration, the Group's and Company's net financial exposure to the performance guarantees would be reduced to US$501,139,000 (March 31, 2015 : US$501,139,000).

39 ACQUISITION OF SUBSIDIARY

During the financial period, the Company's subsidiary acquired an additional 51% of the issued share capital of its associate company, Otira Corporation ("Otira"), for cash consideration of US$3,000,000. Upon the acquisition, Otira became a subsidiary of the Group. Management considered the effective date of the acquisition to be March 1, 2016. This transaction has been accounted for by the acquisition method of accounting.

Otira is an entity incorporated in the British Virgin Islands and its principal activities being the bareboat charterer. The Group acquired the above subsidiary primarily to increase its market share in the marine operations.

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

	Total US$'000
Cash consideration	3,000

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

	Total US$'000
Current assets	
Trade receivables	2,722
Non-current assets	
Property, plant and equipment	6,270
Current liabilities	
Other payables and accrual	(1,346)
Trade payables	(4,119)
Net assets acquired	3,527

(c) Goodwill arising on acquisition

	Total US$'000
Consideration transferred	3,000
Add: Carrying amount of previously held interest in associate	1,728
Less: Fair value of identifiable net assets acquired	(3,527)
Goodwill (Note 17)	1,201

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

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

39 ACQUISITION OF SUBSIDIARY (cont'd)

(d) Net cash outflow on acquisition of subsidiary

	Total
	US$'000
Consideration paid, representing net cash outflow on acquisition of a subsidiary	3,000

(e) Previously held interest

The previously held equity interest of 49% in Otira was previously recorded as an associate and the carrying amount of 49% equity interest approximates its fair value at the date of acquisition.

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

During the financial period, the acquisition of the subsidiary resulted in inclusion of post-acquisition revenue of US$1,390,000 and profit of US$233,000 in the Group's financial statements.

Had the business combination during the financial period been effected at April 1, 2015, the revenue of the Group would have been US$307,113,000, and the profit for the period would have been US$55,757,000.

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

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

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

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

	Total
	US$'000
Cash consideration	248,460

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

39 ACQUISITION OF SUBSIDIARY (cont'd)

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

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

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

During the financial period, the provisional valuation of the CHO acquisition for the purpose of accounting for the business combination has been completed and it has been determined that there is no significant nor material adjustments required. The carrying amounts of the acquired assets and liabilities therefore remain unchanged as at the date of acquisition.

(c) Non-controlling interests

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

39 ACQUISITION OF SUBSIDIARY (cont'd)

(d) Goodwill arising on acquisition

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

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

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

(e) Net cash outflow on acquisition of subsidiary

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

(f) Previously held interest

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

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

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

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

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

40 DISPOSAL OF SUBSIDIARY

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

Details of the disposal are as follows:

Carrying values of net assets over which control was lost

	Group	
	June 30, 2016	**March 31, 2015**
	US$'000	**US$'000**
Current asset		
Cash and bank balances	–	2,794
Other receivables	–	9,131
Non-current asset		
Other receivables	–	93,567
Property, plant and equipment	–	2
Current liabilities		
Trade payables	–	(3,737)
Other payables	–	(97,157)
Net assets derecognised	–	4,600
Loss on deemed disposal:		
Consideration received	–	–
Net assets derecognised	–	(4,600)
Non-controlling interest derecognised	–	2,461
Fair value of retained interest	–	1,672
Loss on deemed disposal of previously held interest in subsidiary	–	(467)

40 DISPOSAL OF SUBSIDIARY (cont'd)

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

	Group	
	June 30, 2016	**March 31, 2015**
	US$'000	**US$'000**
Net cash outflow arising on disposal:		
Cash consideration received	–	–
Cash and bank balances disposed of	–	(2,794)
	–	(2,794)

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

41 COMPARATIVE FIGURES

During the financial period, the Group and the Company changed its financial year end from March 31 to June 30.

The financial statements for the period ended June 30, 2016 cover the period from April 1, 2015 to June 30, 2016.

The comparative figures cover the period from April 1, 2014 to March 31, 2015.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 23 September 2016:-

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Ruben Capital Ventures Ltd[1]	48,338,997	5.99	–	–
Tan Pong Tyea[2]	417,960,700	51.79	88,393,051	10.95
Cai Wenxing[3]	–	–	70,933,592	8.79

Notes:

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

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

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

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

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

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

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

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

Free Float

Based on the information available to the Company as at 23 September 2016 and to the best knowledge of the Directors and the substantial shareholders of the Company, approximately 31.36% of the issued ordinary shares of the Company (excluding treasury shares) was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

STATISTICS OF SHAREHOLDINGS

As at 23 September 2016

Number of issued shares	-	823,442,375
Number of issued shares (excluding treasury shares)	-	806,958,075
Class of shares	-	ordinary shares
Voting rights (excluding treasury shares)	-	one vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	200	7.19	2,990	0.00
100 – 1,000	77	2.77	58,014	0.01
1,001 – 10,000	870	31.26	6,641,512	0.82
10,001 – 1,000,000	1,597	57.38	122,070,773	15.13
1,000,001 AND ABOVE	39	1.40	678,184,786	84.04
TOTAL	**2,783**	**100.00**	**806,958,075**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE) LIMITED	215,032,296	26.65
2	KGI FRASER SECURITIES PTE. LTD.	100,594,000	12.47
3	HONG LEONG FINANCE NOMINEES PTE LTD	77,100,000	9.55
4	CITIBANK NOMINEES SINGAPORE PTE LTD	72,807,697	9.02
5	TAN PONG TYEA	32,360,700	4.01
6	CAI WENTING	23,716,216	2.94
7	LONGZHU OILFIELD SERVICES LIMITED	22,594,595	2.80
8	CAMELOT CAPITAL CONSULTANTS LTD	17,459,459	2.16
9	NEO CHIN LEE	13,000,000	1.61
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	11,131,690	1.38
11	TAN SOOH WHYE	10,600,000	1.31
12	DBS NOMINEES (PRIVATE) LIMITED	7,596,335	0.94
13	UOB KAY HIAN PRIVATE LIMITED	7,127,620	0.88
14	OCBC SECURITIES PRIVATE LIMITED	6,393,950	0.79
15	PEH KWEE CHIM	6,380,000	0.79
16	TAN CHWEE HUAT	6,232,000	0.77
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,265,150	0.65
18	PHILLIP SECURITIES PTE LTD	4,531,032	0.56
19	CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,904,588	0.48
20	HSBC (SINGAPORE) NOMINEES PTE LTD	2,800,000	0.35
	TOTAL	**646,627,328**	**80.11**

NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING

FALCON ENERGY GROUP LIMITED
(Registration No. 200403817G)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at 7 Shenton Way, Singapore Conference Hall, Singapore 068810 on Thursday, 27 October 2016 at 2.30 p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial period ended 30 June 2016, together with the Auditors' Report thereon. (Resolution 1)

2. To approve the payment of Directors' fees of S$41,250 for the financial period ended 30 June 2016. (Resolution 2)

3. To approve the payment of Directors' fees of S$165,000 for the financial year ending 30 June 2017, to be paid half yearly in arrears. (Resolution 3)

4. To re-elect Mr. Lien Kait Long, being a Director who retires by rotation pursuant to Article 119 of the Constitution of the Company. (Resolution 4)

5. To re-elect Mr. Mak Yen-Chen Andrew being a Director who retires by rotation pursuant to Article 119 of the Constitution of the Company. (Resolution 5)

6. To re-appoint Messrs. Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 6)

7. To transact any other business that may be transacted at an Annual General Meeting.

As Special Business:

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

8. **"Share Issue Mandate** (Resolution 7)

   That pursuant to the Company's Constitution and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

   (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the share capital of the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities."

9. **"Renewal of Shares Buyback Mandate** (Resolution 8)

That

(a) for the purposes of the Companies Act (Chapter 50) of Singapore ("Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases ("Market Purchases"), transacted on the Singapore Exchange Securities Trading Limited ("SGX-ST") through the SGX-ST's trading system or through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the rules of the Listing Rules ("Off-Market Purchase"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the SGX-ST Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Buyback Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on:

(i) the date on which the next annual general meeting of the Company ("AGM") is held or required by law to be held;

(ii) the date on which the Share buybacks are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest;

(c) in this Resolution:

"Prescribed Limit" means 10% of the total number of Shares in the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"Relevant Period" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding applicable brokerage, stamp duties, goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price,

where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five market days;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and "day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient, incidental, necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

10. **"Falcon Energy Group Employee Share Option Scheme** (Resolution 9)

That the Directors of the Company be and are hereby authorised to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options previously granted under the Falcon Energy Group Share Option Scheme ("Scheme") provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of shares of the Company from time to time."

By Order of the Board

Peh Lei Eng
Company Secretary

Singapore
11 October 2016

Explanatory Notes

Resolution 2 – The Ordinary Resolution 2 proposed under item 2 is to approve the Directors' fees for the period from 1 April 2016 to 30 June 2016 following the change of financial year end from 31 March to 30 June.

Resolution 4 – Mr. Lien Kait Long, upon re-election as a Director of the Company, will remain as the Chairman of Audit Committee and member of Nominating and Remuneration Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 5 – Mr. Mak Yen-Chen Andrew, upon re-election as a Director of the Company, will remain as the Chairman of Remuneration Committee and member of Audit Committee.

Resolution 7 – The Ordinary Resolution 7 proposed in item 8, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis. For the purpose of this resolution, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 8 – The Ordinary Resolution 8 under item 9 above, if passed, will renew the Share Buyback Mandate and will authorize the Directors to purchase or otherwise acquire Shares on the terms and subject to the conditions of the resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial period ended 30 June 2016 are set out in greater detail in the Shareholders' Circular enclosed together with the Annual Report.

Resolution 9 – The Ordinary Resolution 9 proposed under item 10 is to allot and issue shares in the capital of the Company pursuant to the exercise of outstanding share options previously granted under the Scheme. No further share options will be granted under the Scheme since the Scheme had expired on 27 October 2014.

NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING

Notes :-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

2. Where a member (other than a Relevant Intermediary*) appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the Proxy Form, failing which, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

4. The Proxy Form is attached and must be deposited at the registered office of the Company at 10 Anson Road #33-15, International Plaza, Singapore 079903 not less than 48 hours before the time fixed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

5. A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

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

PROXY FORM

TWELFTH ANNUAL GENERAL MEETING
FALCON ENERGY GROUP LIMITED

(Registration No. 200403817G)

IMPORTANT:

1. For investors who have used their CPF monies ("CPF Investors") and/or their SRS monies ("SRS Investors") to buy the Company's shares, this Annual Report 2016 is sent to them at the request of their CPF and/or SRS Approved Nominees (as the case may be) solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as the case may be) to appoint the Chairman of the AGM to act as their proxy, in which case, the respective CPF Investors and/or SRS Investors shall be precluded from attending the AGM.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 October 2016.

I/We, ______________________________ (Name)

______________________________ NRIC/Passport No.

of ______________________________ (Address)

being a member/members of the Falcon Energy Group Limited (the "**Company**") hereby appoint:

Name	**NRIC/ Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/ Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to the above, the Chairman of the Twelfth Annual General Meeting of the Company ("**Annual General Meeting**"), as *my/our proxy/proxies to attend and to vote for *me/us and on *my/our behalf at the AGM to be held at 7 Shenton Way, Singapore Conference Hall, Singapore 068810 on Thursday, 27 October 2016 at 2.30 p.m. and at any adjournment thereof.

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

(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.)

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	To adopt Financial Statements and Directors Statement.		
2.	To approve Directors' Fees of S$41,250 from 1 April 2016 to 30 June 2016.		
3.	To approve Directors' Fees of S$165,000 for the financial year ending 30 June 2017, to be paid half yearly in arrears.		
4.	To re-elect Mr. Lien Kait Long as Director.		
5.	To re-elect Mr. Mak Yen-Chen Andrew as Director.		
6.	To re-appoint Messrs Deloitte & Touche LLP as auditors and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
7.	To approve the Share Issue Mandate.		
8.	To renew the Share Buyback Mandate.		
9.	To authorize the Directors to issue shares pursuant to the exercise of the options previously granted under the Falcon Energy Group Employee Share Option Scheme.		

Dated this ________ day of ________________ 2016

Total Number of Ordinary Shares Held	
CDP Registers	
Register of Members	

____

Signature(s) of *member(s) or Common Seal of Corporate Shareholder(s)

* Please delete accordingly

Notes :-

1. Please insert in the box at the bottom right hand corner of this form, the number of Shares registered in your name in the Register of Members in respect of share certificates held by you and the number of Shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"). 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. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member.

3. Where a member (other than a Relevant Intermediary*) appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Anson Road #33-15, International Plaza, Singapore 079903 not later than 48 hours before the time fixed for holding the Annual General Meeting.

7. This instrument appointing a proxy or proxies must be under the hand of the appointer or 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 seal or under the hand of any officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may also authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

10. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, not properly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the Annual General Meeting as certified by the CDP to the Company.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 October 2016.

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www.falconenergy.com.sg

Company Registration Number: 200403817G

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