



NEPTUNE DISCOVERER
EMERSON 11 200801

FOCUS ON STABILITY



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Our Story

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Jasper Investments Limited is a holding company listed on the Singapore Exchange since 1993. It invests principally in the offshore oil and gas drilling and services sector through its main subsidiary, Neptune Marine Oil & Gas Limited. The latter owns and operates oil rigs for deep sea drilling, serving oil and gas exploration and production companies under medium and long-term contracts.

The major shareholders of Jasper include certain investment funds managed by Ashmore Investment Management Limited. Ashmore is a leading emerging market fund specialist listed on the London Stock Exchange.



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Focused on
Our Goals



Message from Executive Director

The second year of our foray into deep sea oil and gas drilling sector will be remembered as a turbulent one for the global financial markets as well as for crude oil prices. The second half of 2008 saw oil prices hit an all time high of US\$147 per barrel. The rapid growth of the Chinese and Indian economies was one of the key factors responsible for the surge in prices and increased demand for crude oil exploration and development. However, as the pall from the financial crisis spread worldwide, oil prices tumbled, falling by over 70% from its peak to reach lows near US\$32 at the end of 2008.

During the year, the dramatic drop in oil prices coupled with the global credit crunch forced many oil and gas exploration and production companies to scale back their expenditures. This affected companies such as ours that support the industry by providing the infrastructure and services for exploration. Not only was the sector hit by downward pressure on day rates for rigs, there was also the general economic downturn and the tighter credit environment arising from the global financial crisis.

In FY2009, we experienced a headwind when Reliance Industries informed us that they would not require the services of our second drillship. The Neptune Explorer was contracted by the Indian company for three years of drilling service upon the completion of its upgrading in 2009. We are currently working with Reliance for a mutually satisfactory resolution over its termination of the contract. At the same time, we are exploring opportunities to deploy the Neptune Explorer. As for the Neptune Finder, which we acquired in April 2008, we will continue to look for commercial opportunities for this semi-submersible.

Despite the difficult economic climate, Jasper has held up well. In June 2008, our drillship, the Neptune Discoverer arrived in Venezuela and started operations under a four-year contract with Petroleos de Venezuela, S.A., the Venezuelan state-owned oil company. The steady stream of income from the drillship helped the Group increase its revenue by threefold in FY2009 and allowed us to repay nearly a quarter of the US\$120 million bank loan provided against the Neptune Discoverer.

The successful deployment of our drillship in Latin America validates our strategy of staking a foothold in the mid to deep water segment of the industry, which commands higher day rates and enjoys better long-term outlook compared with the shallow water segment. According to the International Energy Agency's projection, world production from current fields is declining at an average

rate of 6.7% annually. As opportunities for onshore and shallow water exploration dry up, the mid to deepwater arena will become increasingly more important.

As the global economy recovers, so will the appetite for energy and with it, the need for oil and gas exploration services. Already we are seeing early indications with oil prices rising again and breaching the US\$70 mark in June 2009. We believe oil price will eventually reach a sustainable level on the back of firmer demand from a rebounding world economy. In addition, as consumption pattern picks up, global supply constraint due to accelerating depletion rates of existing reserves will resurface. Hence, long-term capital investments will still be required to meet future energy demand.

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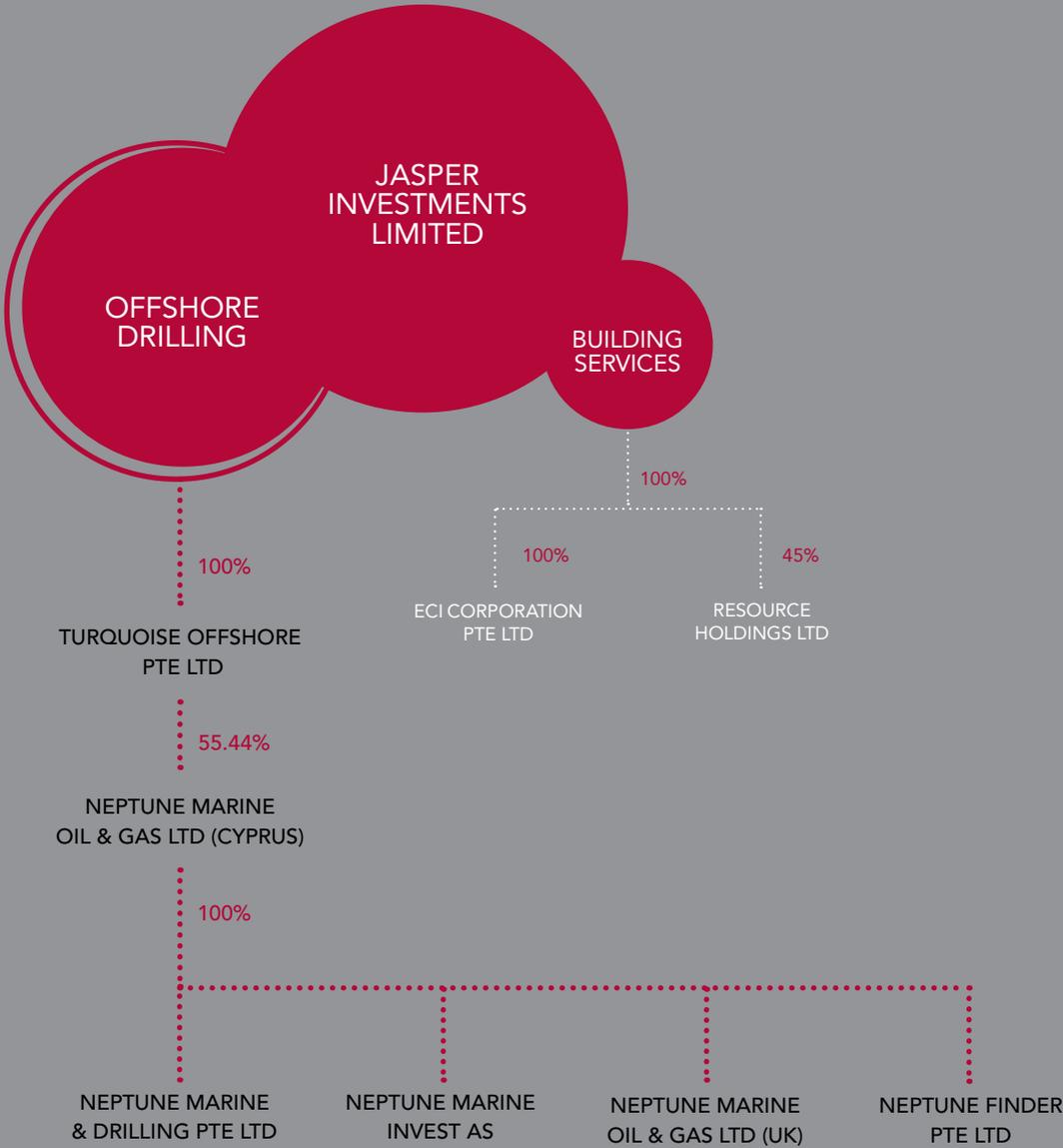
Jasper will benefit from such a rebound. Over the next few years, we will continue to be on the lookout to grow our existing fleet. This may be by way of refurbishing used rigs, acquisition of rigs in service, investments in newbuilds or strategic corporate acquisitions.

I wish to thank our shareholders and business partners for their continued vote of confidence and support. I am particularly encouraged by the Ashmore funds, our largest shareholder, for supporting us through this period by contributing US\$56 million to the rights issue in May 2009 and providing loans of over US\$180 million in the same month to facilitate a bridge loan against the Neptune Explorer's outstanding debt of around US\$186 million.

I am also indebted to my fellow board members for their valuable insights and counsel, which were crucial for the Company during the challenging year. Last but not least, I want to thank the management and staff of Jasper for their efforts in FY2009. Their talent, enthusiasm and hard work will continue to deliver value for our Company and shareholders in FY2010 and beyond.

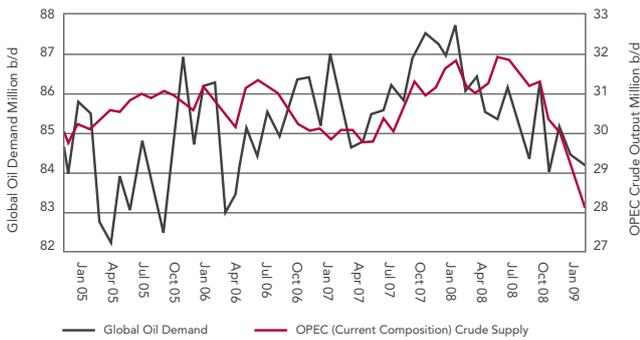
Geoffrey Yeoh

Corporate Structure



Industry Segment

OIL DEMAND VS OPEC PRODUCTION



Source: DnB NOR Markets

FY 2009 was an eventful year for the oil and gas industry. In the aftermath of the credit crunch and the volatile swing in oil price from its peak of US\$147 per barrel to below US\$40 per barrel, the marine and offshore sector has not escaped the unprecedented downturn not unlike the rest of the ailing world economy. While the turmoil continues to have a dampening effect on the upstream capital spending, the long term fundamentals and outlook for the industry remain strong in view of the continued global reliance on oil and gas and the higher depletions of reserves.

Thus far in 2009, offshore drilling has been suffering from a hangover effect following the increase in capital spending during 2005 to 2008. With the tumbling of oil price, oil majors and national oil companies ("NOCs") have reduced exploration and production ("E&P") spending. Coupled with the lending chokehold by banks, the themes for offshore drilling market have been declining demand, falling day rates, cancellations of existing contracts where possible, a halt to newbuild rigs, and financial difficulties for some speculative newbuilders.

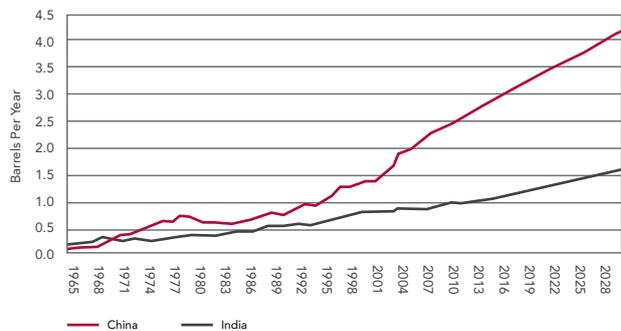
As a result of the supply overhang and falling demand, interim weakness will be felt across all oil rig categories. However, a silver lining can be found in the deepwater rig category. Analysts expect global utilisation of jackup rigs (shallow water) to be around 80% while deepwater rigs (comprising semi-submersibles and drillships) will stay above 90% on the back of limited supply.

Although oil price is making a gradual recovery in light of its recent uptick to above US\$70 per barrel, we believe oil price will eventually reach a sustainable level on the back of firmer demand from a rebounding world economy. In addition, as consumption pattern picks up, global supply constraint due to accelerating depletion rates of existing reserves will resurface. Hence, long term capital investments are still required to meet future energy demand.

Over the longer term, demand for crude oil will remain strong, fuel by increased appetite from developing economies such as China and India. Furthermore, maturing oilfields, which most experts are forecasting to decline at a rate of between 6% - 8% per annum, will lead to a shift in investments to less mature basins in search of meaningful incremental supply. With long term growth horizon that involves systematic E&P to replenish reserves, we believe the oil majors and NOCs will drive increased demand for drilling activities.

In this volatile economic environment, Jasper is determined to ride out the storm and emerge a stronger rig player. Jasper's subsidiary, Neptune Marine Oil & Gas Ltd ("Neptune Marine") currently has two drillships, the Neptune Discoverer and the Neptune Explorer, and one semi-submersible, the Neptune Finder, in its portfolio. The Neptune Discoverer has been working for Petr leos de Venezuela S.A. ("PDVSA"), the Venezuelan State Oil Company, since June 2008 on a programme to drill 21 offshore natural gas wells. The Neptune Explorer, which is expected to complete its refurbishment in mid 2009, has undergone significant upgrade such as replacement of engines and installation of new equipment to increase its drilling depth from 3,500 feet to 5,000 feet. These enhancements will enable the Neptune Explorer to have a higher level of operating performance and to operate in deeper waters, thereby raising its potential earnings and value. Neptune Marine is currently exploring commercial options for the Neptune Explorer. As for the Neptune Finder, Neptune Marine is exploring possibilities for its use but will not proceed with any upgrading plans until it has both drillships deployed.

CHINA / INDIA OIL DEMAND PER CAPITA
(Demand from BP stats and IEA forecasts, Population from UN Globalis)



Source: DnB NOR Markets



Focused on
Our Values

Board of Directors

SEUMAS DAWES CHAIRMAN & NON-EXECUTIVE DIRECTOR

Mr Seumas Dawes was appointed to the board of Jasper Investments Limited in July 2007 and assumed the appointment of Non-Executive Chairman in April 2008.

Mr Dawes is a senior portfolio manager of Ashmore Group Plc (Ashmore) and heads the special situations division of Ashmore. He is responsible for Ashmore's private equity investments, which include AEI and Rubicon Offshore Limited.

Previously, Mr Dawes was with Paribas Limited. Before Paribas, he was the Head of Local Markets Proprietary Trading at ANZ Investment Bank and a Director at Merrill Lynch's International Credit Trading group. He has also worked in the Australian public sector, including three years as a senior adviser to the then Treasurer of Australia (later, Prime Minister) Paul Keating.

GEOFFREY YEOH EXECUTIVE DIRECTOR

Mr Geoffrey Yeoh joined the Group as an Executive Director in 1996. He has an oversight role on the operations of the Group.

Mr Yeoh brings with him extensive experience in the banking and financial sectors. Prior to joining the Group, Mr Yeoh was a Senior Vice President with United Overseas Bank Limited, overseeing the Corporate Banking and Corporate Finance Divisions. He was also a Vice President with Chase Manhattan Bank NA from 1980 to 1990 with assignments in Singapore, New York, Hong Kong and Jakarta.

Mr Yeoh sits on the boards of ASJ Holdings Ltd, Global Testing Corporation Ltd and PCA Technology Ltd. He holds a Bachelor of Science in Economics, First Class Honours, from the London School of Economics and is a Fellow of the Association of Chartered Certified Accountants, UK.

OSCAR SPIELER NON-EXECUTIVE DIRECTOR

Mr Oscar Spieler was appointed to the board of Jasper Investments Limited in April 2008.

Mr Spieler was the Chief Executive Officer of Sea Production Management AS from 2007 to 2008, a company which develops floating production storage and off-loading, and floating storage and offloading units for the oil and gas sector.

Mr Spieler was previously CEO of Frontline Management AS from October 2003, and from 1999 to 2003, was its Technical Director. He worked as a fleet manager for Bergesen, a major Norwegian gas tanker and very large crude carrier owner from 1995 to 1999. Mr Spieler was also with the Norwegian classification society DNV from 1986 to 1995, and handled both shipping and offshore assets.

HENG CHIANG MENG INDEPENDENT DIRECTOR

Mr Heng Chiang Meng has been a Director with the Group since 1996. He has wide experience in the corporate world including being Managing Director and Group CEO of Lim Kah Ngam Ltd, Executive Director of Far East Organization Group, and Managing Director of First Capital Corporation Ltd.

He also worked for 20 years in the banking and financial sectors and held senior positions in Overseas Union Bank Group, Monetary Authority of Singapore and Citibank NA.

Mr Heng currently sits on the board of several listed companies; Garratt's Ltd (listed on the Australian Stock Exchange), Keppel Land Ltd, Macquarie International Infrastructure Fund Ltd and Orchard Parade Holdings Ltd.

He was a Member of Parliament from 1985 to 2001. He is currently a board member of the National Environment Agency.

STEVEN SIMPSON INDEPENDENT DIRECTOR

Mr Steven Simpson was appointed as an Independent Director in September 2005. Mr Simpson is the Principal of Triton Advisory Group, a mergers and acquisitions, fixed income trading, asset management and corporate advisory group located in Singapore. He has successfully advised many private and public sector transactions including privatisations, mergers, acquisitions and debt and equity capital market activities. He has over 20 years of hands-on experience in the Asia Pacific region.

Previously, Mr Simpson was a Managing Partner of Price Waterhouse Consulting in Indonesia and Australia. He was also the Partner in Charge of manufacturing sector consulting for the Australian and Asian practices and a member of the firm's Resources sector specialty team. He is a member of the board of directors of several public and private sector companies and is a Certified Public Accountant, a Chartered Secretary and a member of the Institute of Chartered Directors. He is a Commerce graduate from the University of New South Wales.

DAVID CHIA INDEPENDENT DIRECTOR

Mr David Chia was appointed as an Independent Director in May 2008. He is currently a director of AXIA Equity Pte. Ltd., a firm which provides business and financial advisory services to companies in Singapore and the region.

Since 1990, he has been actively involved in the private equity and venture capital industry in Asia as a director of an investment advisory firm engaged in direct investments in the region. From 1980 to 1990, Mr Chia was engaged in providing audit and financial consulting services in Singapore and Hong Kong with an international accounting firm.

Mr Chia is also an independent director on the boards of Avaplas Limited and BH Global Marine Limited. He holds a Bachelor of Accountancy (Honours) from the National University of Singapore and is a Fellow of the Institute of Certified Public Accountants of Singapore.

Senior Management

LEE MEE KIUM
GENERAL MANAGER,
CORPORATE DEVELOPMENT
JASPER INVESTMENTS LIMITED

Ms Lee Mee Kium joined the Group in 1996, and manages the Group's corporate finance activities and corporate secretarial department. She has been involved in the Group's investment/divestment as well as financing activities. Prior to joining the Group, she was with United Overseas Bank Limited, holding various positions in the Corporate Banking and Corporate Finance Divisions. Her last held position was Vice President, Corporate Finance.

She holds a Bachelor of Arts degree from the National University of Singapore. She is currently a Joint Secretary of the Company.

SHIRLEY TENG
GROUP CONTROLLER
JASPER INVESTMENTS LIMITED

Ms Shirley Teng joined the Group in 1996 as Accounting Manager, and is in charge of several subsidiaries' accounts in the Building Materials Division.

She is currently the Group Controller responsible for the overall accounting functions, tax and financial reporting of the Group. Prior to joining the Group, she had extensive accounting experience at management level. She is a Fellow of the Association of International Accountants, UK.

PAULINE SIM, PBM
GROUP SENIOR MANAGER,
HUMAN RESOURCES & ADMINISTRATION
JASPER INVESTMENTS LIMITED

Ms Pauline Sim joined the Group in 1995 and oversees all operational aspects of human resources, people development policies and practices, and administration. She has over 21 years of experience in human resources management with multi-national corporations in construction and service sectors.

She is a Professional Member of Singapore Human Resources Institute. She was awarded the Public Service Medal in 2002 for services to the community. She is a Family Life Champion in the community and has been a Deputy Registrar of Marriages since 2005.

HELMUT ERNST VAN ROIJEN
PRESIDENT
NEPTUNE MARINE OIL & GAS LIMITED

Mr Helmut van Roijen joined Neptune Marine in July 2009 as President overseeing the operations of the Group. Prior to joining the Group, he held senior management positions at Seadrill Management, Northern Offshore and Shell, among other prospecting and drilling companies.

He holds a Bachelor of Science degree in Mechanical Engineering from Delft University of Technology, Holland and has over 40 years of experience in the oil & gas industry.

TAN CHOON SZE
CHIEF FINANCIAL OFFICER
NEPTUNE MARINE OIL & GAS LIMITED

Mr Tan Choon Sze joined Neptune Marine in April 2008 as Chief Financial Officer. He has over 17 years of financial experience, many of which were in the oil & gas industry. He was previously the Financial Controller of FMC Technologies Singapore Pte Ltd, and also held key financial management positions in Pfizer Asia Pacific, Chevron Oronite and Hewlett-Packard.

He holds a Bachelor of Accountancy (Honours) from the National University of Singapore and a Master of Business Administration from Macquarie University, Australia. He is a Certified Public Accountant registered with the Institute of Certified Public Accountants in Singapore.

JONNY KLEPSVIK

VICE PRESIDENT – OPERATIONS
NEPTUNE MARINE OIL & GAS LIMITED

Mr Jonny Klepsvik joined Neptune Marine in September 2005. He has 13 years of experience in the offshore industry. He was a Project Engineer with Jurong Shipyard Limited in Singapore from 1995 to 1997. He joined Frontier Drilling ASA in February 1999 as a Business Development Manager and was its VP Market & Technology from 2001 to 2003. Thereafter, he worked with Tanker Pacific (Singapore), until September 2005, when he joined Neptune Marine as Vice President.

He holds a Master of Science in Ocean Engineering from Massachusetts Institute of Technology, a Bachelor of Science in Ocean Engineering from Texas A&M University, US and an MBA from u21Global.

DALJIT SINGH PANDHER

VICE PRESIDENT – PROJECTS & TECHNICAL
NEPTUNE MARINE OIL & GAS LIMITED

Mr Daljit Singh Pandher joined Neptune Marine in August 2008. He has more than 15 years of experience in managing projects and operations in the marine and offshore oil & gas industry. He has successfully managed projects varying in complexity and value. He served as the Project Manager in a major shipyard in Dubai and thereafter joined Tanker Pacific (Singapore) as a Technical Superintendent and subsequently as Engineering Manager (FPSO) in their offshore division.

He holds a Degree in Marine Engineering from University of Northumbria (New Castle), and Class 1 Certificate of Competency from U.K.

FOO HEE KANG

MANAGING DIRECTOR
RESOURCE HOLDINGS LTD

Mr Foo Hee Kang co-founded Resource Piling Pte Ltd in 1989. Prior to this, he was an Engineering Service Officer in PWD for five years and a Project Manager with Bored Piling Pte Ltd for seven years.

He holds a Bachelor of Civil Engineering from the University of Singapore and is a registered Professional Engineer in Singapore. He is also a senior member of the Institute of Engineers in Singapore (MIES).

JESSIE ONG

GENERAL MANAGER
ECI CORPORATION PTE LTD

Ms Jessie Ong joined the Group in 1979 and has held various appointments within the Group. She took over the management and day-to-day operation of ECI Corporation Pte Ltd in 2004. She has over 30 years of experience in civil engineering and foundation work.

She holds a Bachelor of Engineering (Honours) in Civil Engineering from Glasgow University, UK.

Operational and Financial Review

OVERVIEW

The Group made a strategic decision to enter the deep water oil drilling business when it acquired a controlling stake in Neptune Marine in November 2007. Since then, the operating environment has turned challenging as a result of the global economic slowdown. Notwithstanding this, Neptune Marine's drillship, the Neptune Discoverer arrived in Venezuela on 10 June 2008 and commenced operations under a four-year contract with PDVSA. This contract with the state oil company of Venezuela involves the drilling of 21 natural gas production wells. The drillship has begun contributing a regular stream of income, which boosted the Group's revenue in the financial year under review. Our turnover in FY2009 saw a three-fold jump, the second consecutive year that we registered a triple-digit increase in revenue. This growth validates our strategy to transform Jasper into a serious contender in the offshore oil and gas drilling and services sector.

GENERAL DEVELOPMENTS

The Company issued 19,158,834,830 new ordinary shares as part of a rights issue, which was completed on 22 April 2008. The exercise raised US\$280.4 million, of which US\$115 million was used to repay a bridging loan provided by the Company's controlling shareholder, Morton Bay (Holdings) Pte Ltd (Morton Bay). The balance of the proceeds was used to fund the Group's investments, acquisitions and working capital requirements including reducing the Group's borrowings.

Following the rights issue, the Company undertook a share consolidation whereby every 25 shares held by shareholders of the Company after the rights issue was consolidated into one share. The exercise was completed on 25 April 2008.

As part of its expansion plans, the Group acquired a semi-submersible Sedco 708 for US\$67 million on 24 April 2008. Renamed the Neptune Finder, the vessel was acquired using proceeds from the rights issue.

In March 2009, the Company and its wholly owned subsidiary Turquoise Offshore Pte Ltd (Turquoise) had entered into a supplemental share purchase agreement under which a further 514,500 shares in Neptune Marine were acquired by Turquoise.

The Company issued 36,641,871 new ordinary shares in exchange for this acquisition. With the share purchase, the Company's shareholding interest in Neptune Marine increased to 55.44%. As per Financial Reporting Standard 103, the Company had made adjustments to the provisional values of the identifiable assets, liabilities and contingent liabilities of Neptune Marine in FY2009.

FINANCIAL PERFORMANCE

For FY2009, the Group reported a 223% increase in revenue, which rose to US\$146.2 million from US\$45.3 million in FY2008. This was attributed to the inclusion of a full year's revenue of US\$127.2 million from the Neptune Marine group compared with only three and half months' revenue of US\$37.9 million in FY2008 as Neptune Marine was acquired on 12 December 2007.

Operationally, the Group made a marginal profit (before minority interests) of US\$1.0 million for FY2009, after deducting tax of US\$42.4 million, of which US\$39.5 million was for withholding tax expense deducted on gross revenue as a result of the Neptune Discoverer operating in Venezuela. The Group made an impairment loss of US\$39.6 million for its fixed assets, which resulted in a net loss of US\$38.5 million. After minority interests, the net loss attributable to shareholders amounted to US\$19.1 million.

Offshore Drilling

Neptune Marine saw its revenue rose to US\$127.2 million in FY2009 from US\$37.9 million in FY2008. The higher contribution came mainly from the Neptune Discoverer, which commenced operations in June 2008. The revenue included a mobilisation fee of US\$15.6 million and drilling income of US\$111.6 million compared with only US\$37.9 million of mobilisation fee in the previous financial year.

For the period June 2008 to March 2009, the Neptune Discoverer achieved the following operating performance rates:-

Month	Operating Rates (%)
Jun 08	98.70
Jul 08	80.50
Aug 08	98.70
Sep 08	97.90
Oct 08	98.86
Nov 08	85.00
Dec 08	31.80
Jan 09	50.90
Feb 09	93.20
Mar 09	26.10

The lower operating rates in December 2008 and January 2009 were the result of a mooring line incident which Neptune Marine was not responsible for. In March 2009, the Neptune Discoverer incurred downtime due to the replacement of critical parts in subsea equipment.

Neptune Marine's other drillship, the Neptune Explorer is undergoing upgrading works, which are expected to be completed in the second half of 2009. The Group is evaluating opportunities for long-term contracts for this drillship as well as for the semi-submersible, the Neptune Finder.

Neptune Marine generated earnings before interest, impairment, depreciation and amortisation of US\$32.9 million in FY2009. It posted an operating loss of US\$2.3 million after deducting depreciation of US\$20.5 million, amortisation of intangible asset of US\$6.3 million, bank interest of US\$10.2 million and taxation of US\$41.2 million.

Neptune Marine recorded a loss of US\$24.2 million after deducting impairment provided for its drillships amounting to US\$39.6 million. Minority shareholders' share of Neptune Marine's loss amounted to US\$19.5 million in FY2009.

Building Services

ECI Corporation Pte Ltd, a wholly-owned subsidiary of company, is involved in the manufacture of precast building components. Revenue for precast operations enjoyed a 157% growth as revenue increased to US\$19 million in FY2009 from US\$7.4 million in FY2008. Together with its subsidiary ECI Berjaya Sdn. Bhd., ECI contributed net profit before tax of US\$0.42 million in FY2009 compared with US\$0.14 million in the previous financial year. The earnings included an allowance for obsolete stocks of US\$0.41 million.

The share of associate's results after tax increased by 210% to US\$5.9 million in FY2009 from US\$1.9 million in FY2008 due mainly to improved performance of Resource Holdings Ltd, a bored piling specialist that is an associate of the Company.

BALANCE SHEET

Non-current assets

The Group's fixed assets rose to US\$760.8 million in FY2009 from US\$581.3 million in FY2008. This was attributed mainly to the acquisition of the Neptune Finder and related equipment of US\$99 million. In addition, Neptune Explorer's capital expenditure rose by US\$128 million. These increases were, however, pared by the impairment loss of US\$39.6 million.

Intangible assets as at 31 March 2008 had been restated to include an adjustment of fair value as a result of adopting a higher rate of 20% (instead of 18%) contributory assets charge on plant and equipment. Amortisation charges had also been restated from December 2007.

The increase in associate's non-current assets was due mainly to the Company's share of profit less dividend received.

Current assets

The Group's current assets increased to US\$65 million in FY2009 from \$63.4 million in FY2008 as a result of a rise in trade receivables from the Neptune Discoverer commencing operations in Venezuela.

Operational and Financial Review (cont'd)

Equity attributable to equity holders of the Group

Equity attributable to shareholders of the Group increased to US\$296.3 million in FY2009 from US\$34.4 million in FY2008. Share capital increased to US\$310.2 million from US\$24.7 million because of the rights issue, which was completed on 22 April 2008, and new ordinary shares issued under a supplemental share purchase agreement. Reserves decreased to negative US\$16.1 million from positive US\$3 million as a result of the current year loss of US\$19.1 million.

Non-current liabilities

The Group's non-current liabilities declined to US\$115.2 million in FY2009 from US\$199.7 million in FY2008. This was attributed mainly to a decrease in bank borrowings and a repayment of the interest free bridging loan from Morton Bay. These were offset by interest rate swap liability of US\$1.8 million arising from mark-to-market loss. The interest rate swaps were entered into for hedging bank borrowings.

Current liabilities

The Group's current liabilities rose to US\$303.3 million in FY2009 from US\$281.3 million in FY2008. Borrowings increased because of an additional US\$35 million in bank loans used to fund equipment purchases.

SUBSEQUENT EVENTS

Turquoise, on 11 May 2009, acquired US\$150 million of the outstanding principal sum of a bridging loan provided by Standard Bank Asia Limited ("Bridging Loan"), together with accrued interest of about US\$16 million from Standard Bank Asia Limited. The remaining principal sum of US\$20 million was acquired on 2 June 2009.

To finance the acquisition of the Bridging Loan, the Company entered into an agreement dated 11 May 2009 with its controlling shareholder, Morton Bay to provide an unsecured shareholder's loan of up to US\$186 million to the Company. The proceeds is to be on-lent to Turquoise for it to acquire the Bridging Loan.

The Company had issued 659,530,330 new ordinary shares at an issue price S\$0.13 on 29 May 2009 under a rights issue exercise to raise US\$59.34 million. Of the proceeds raised, US\$50 million was used to repay a bridge loan from Morton Bay and a further US\$6.45 million was used on 2 June 2009 to partially finance the acquisition of the remaining principal sum of Standard Bank Bridging Loan. The remaining balance of the proceeds of the rights issue (after deducting issue expenses) of US\$1.9 million was used for working capital of Neptune Marine.

To finance the acquisition of the US\$20 million portion of the Standard Bank Bridging Loan, the Company drew a further US\$13.55 million under the unsecured shareholder's loan facility provided by Morton Bay in an agreement dated 11 May 2009. The remaining sum of US\$6.45 million was funded by the proceeds of the Company's rights issue.

Corporate Governance

INTRODUCTION

This report describes the Company's main corporate governance practices and activities for the financial year ended 31 March 2009, with specific reference to the Code of Corporate Governance 2005 ("Code").

BOARD'S CONDUCT OF AFFAIRS (Principle 1)

The Board is elected by the shareholders to supervise the management of the business and affairs of the Company. Its main responsibility is to ensure the viability of the Company and to ensure that it is managed in the best interest of the shareholders as a whole while taking into account the interests of other stakeholders.

The Board is responsible for setting the overall strategy, direction and long-term goals of the Group. It reviews major investment and divestment proposals, risk management policies and practices, financial objectives and key business initiatives. Through committees, it also reviews the financial performance of the Group and recommends the framework of remuneration for the Board and key executives, approves nomination of Directors and appointments to the various Board committees. In addition, the Board also assumes the responsibility for the Company's compliance with the guidelines on corporate governance.

Matters which are specifically reserved for the Board's approval are significant acquisitions and disposals of assets, corporate or financial restructuring, share issuance, dividend payments or other returns to shareholders, approval of accounts and results announcements, matters involving conflicts of interest for a substantial shareholder or a director and any major decision which may have an impact on the Group. Other matters are delegated to Board committees and the Executive Director for review and decision making.

The Board delegates specific responsibilities to the Audit Committee, the Nominating Committee, the Remuneration Committee and the Executive Committee. These Committees operate within specified terms of reference and have the authority to examine particular issues and report to the Board with their recommendations. Specific descriptions of the Audit, Nominating and Remuneration Committees are set out further in this Report.

The Board meets at least quarterly to review the Group's policies and procedures, acquisitions and disposals, performance of business and to approve the release of results to the Singapore Exchange Securities Trading Limited ("SGX-ST"). In addition to the scheduled meetings, ad-hoc meetings are convened as and when required for particular purposes. Board members may participate in meetings by telephone or video conference which is permitted under the Company's Articles of Association. All Board meetings are attended by at least one of the Company Secretaries who is responsible for ensuring that Board procedures are followed.

The number of Board and Board committee meetings held during the financial year and the attendance of Directors at these meetings is tabulated below:

	Board		Audit		Remuneration		Nominating	
	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended
Directors								
1. Seumas Dawes	4	2	-	-	2	1	1	1
2. Geoffrey Yeoh	4	4	-	-	-	-	-	-
3. Oscar Spieler	4	4	-	4	-	-	-	-
4. Heng Chiang Meng	4	4	4	4	2	2	1	1
5. Steven Simpson	4	4	4	4	-	-	1	1
6. David Chia	3	3	3	3	-	-	-	-

Note:

⁽¹⁾ Reflects the number of meetings held which are applicable to the Director during the time he held office.

Directors are briefed by the Executive Director on the Group's operations on their appointment. Directors are also encouraged to update or train themselves and information on relevant courses and seminars are forwarded to directors. Periodically, the Board is updated on the relevant laws, continuing listing obligations and standards requiring compliance and their implications for the Group.

Corporate Governance (cont'd)

BOARD COMPOSITION AND BALANCE (Principle 2)

The present Board comprises six members, three of whom are independent non-executive directors; two are non-independent non-executive directors and an executive director.

The criterion for independence is based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgement of the conduct of the Group's affairs.

The Board is of the view that the current size and members, which comprise persons whose diverse skills, experience and attributes, is adequate and appropriate to provide for effective direction for the Group. The size and composition of the Board will be reviewed periodically by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Non-executive directors exercise no management functions in the Company or any of the Group companies. While all members of the Board have equal responsibility for the performance of the Group, non-executive directors ensure that the performance of Management in meeting agreed goals and objectives is reviewed and that proposals on strategies presented by Management are discussed and reviewed after considering the interests of all stakeholders.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER (Principle 3)

The roles of the Chairman and the Chief Executive Officer ("CEO") are separate and distinct, each having their own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure that the working of the Board and the executive responsibility of the Group's business are kept distinct, thereby increasing accountability and greater capacity of the Board for independent decision-making. The posts of Chairman and CEO are held by Mr Seumas Dawes and Mr Geoffrey Yeoh respectively.

The Chairman leads the Board in overseeing Management and ensures that matters brought to the Board are comprehensively discussed. In consultation with the CEO, the Chairman is responsible for all corporate governance procedures to be implemented by the Group and together with the CEO, ensures that Management conforms to such procedures. The Chairman is accountable to the Board and facilitates constructive relations among Board members and also between the Board and Management.

The CEO has full executive powers in the business and operations of the Company and its wholly owned subsidiaries and is accountable to the Board.

The Chairman and the CEO are not related to each other.

BOARD MEMBERSHIP (Principle 4) BOARD PERFORMANCE (Principle 5)

The Nominating Committee ("NC") comprises the following Directors, the majority of whom, including the Chairman, are independent.

Mr Steven Simpson (Chairman)
Mr Heng Chiang Meng
Mr Seumas Dawes

The NC serves to ensure a transparent process for the nomination of Directors to the Board and determines how the Board's performance may be evaluated.

The functions of the NC include administering nominations and re-nominations to the Board and reviewing the structure, size and composition of the Board. It is also responsible for determining the independence of Board members in accordance to guidelines set out in the Code.

The NC is responsible for ensuring that the Board comprises individuals who are able to discharge their responsibilities as Directors. The NC identifies suitable candidates for appointment to the Board. It reviews the capabilities of the nominated candidates, taking into account his qualifications and experience, before its recommendations to the Board.

The Articles of Association of the Company require one-third of the Board to retire from office at each Annual General Meeting ("AGM"). Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. In recommending to the Board any re-nomination and re-election of existing Directors, the NC takes into consideration factors such as participation at Board and Board committee meetings, the value of the individual to the Board and the Company, and his continued contribution to the needs of the Company and its business.

The NC is also responsible for evaluating the effectiveness and performance of the Board as a whole, taking into account the complementary nature and collective nature of the Directors' contribution and of each individual Director.

During the year, the NC has reviewed and affirmed the independence of the Company's Independent Directors and reviewed the composition of the Board and profile of Board members in relation to the needs of the Company.

ACCESS TO INFORMATION (Principle 6)

Board members are provided with detailed papers in advance of Board and Board committee meetings. In addition, relevant information on material events and transactions are circulated to Directors as and when they arise. Non-executive Directors have separate, independent and unrestricted access to the Management of the Company and may also consult with other employees and seek additional information if required.

Members of the Board also have unrestricted access to the Company Secretaries. All Board meetings are attended by at least one of the Company Secretaries who ensures that Board procedures are followed and applicable laws and regulations are complied with. The Company Secretaries also ensure good information flow within the Board and its committees and between Management and the Board. The appointment of the Company Secretary is a matter for the Board as a whole.

Changes to regulations are closely monitored by Management. Where these changes have an important bearing on the Company or Directors' disclosure obligations, Directors are briefed either during Board meetings or through the Company Secretaries.

Where necessary, the Directors may, in order to fulfil their roles and responsibilities, seek independent professional advice, at the expense of the Company.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (Principle 7)

The Remuneration Committee ("RC") comprises the following Directors, all of whom are independent from Management.

Mr Seumas Dawes (Chairman)
Mr David Chia
Mr Heng Chiang Meng

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and senior Management. The RC recommends to the Board a framework of remuneration for the Directors serving on the Board and Board committees and also senior executives. It also administers the Jasper Executive Share Option Scheme ("ESOS") and the Jasper Executive Performance Plan ("Performance Plan").

Although the Code recommends that the RC Chairman should be an independent Director, the Board feels that Mr Dawes' experience and knowledge would contribute positively to the formulation of remuneration policies and strategies for the Group. In addition, as Mr Dawes does not receive any fee as a Director, there is minimal risk of potential conflict of interest.

Corporate Governance (cont'd)

LEVEL AND MIX OF REMUNERATION (Principle 8) DISCLOSURE ON REMUNERATION (Principle 9)

The Group's remuneration policy aims to provide competitive compensation packages to reward performance and attract, retain and motivate Directors and employees.

In reviewing the remuneration of Directors, the Board considers the Company's performance, the responsibilities and performance of Directors as well as pay conditions within the industry. The fees payable to non-executive Directors reflect the scope and extent of a Director's responsibilities and obligations, based on a remuneration framework comprising of basic fees and additional fees for serving on the various Board committees. Such fees are recommended as a lump sum payment for approval by shareholders at the AGM of the Company.

Remuneration for the CEO is formulated and reviewed by the RC. The remuneration package is intended to be competitive and to motivate the CEO to achieve Company's goals which should be aligned with shareholders' interests. The CEO has a fixed term service contract in which performance-related elements form a substantial part of total remuneration.

The remuneration of senior executives takes into consideration their performance and value-add to the Group, giving due regard to the financial health and business needs of the Group. The Company adopts an overall remuneration policy for staff comprising of a fixed component and a variable component. The fixed component is in the form of a basic salary. The variable component is in the form of a bonus that is linked to the performance of the Company and the respective entity in which the staff is employed, as well as the performance of the individual.

Currently the Company has two share-based incentive schemes, the ESOS and the Performance Plan which allows employees to share in the growth and success of the Company. No share options and grants were granted under the two schemes during the financial year under review.

Details of the remuneration paid/payable to the Directors of the Company for financial year ended 31 March 2009 are set out below:-

	Number of Directors		
	Executive	Non-Executive	Total
Below US\$250,000	-	5	5
US\$250,000 to below US\$500,000	-	-	-
US\$500,000 and above	1	-	1
Total	1	5	6

The following table shows a breakdown of the remuneration of the directors in percentage terms.

Director	Fixed	Variable	Directors' Fees	Allowances and Other Benefits	Total
Seumas Dawes	-	-	-	-	-
Geoffrey Yeoh	51	48	-	1	100
Oscar Spieler	85 ⁽¹⁾	-	15	-	100
Heng Chiang Meng	-	-	100	-	100
Steven Simpson	-	-	100	-	100
David Chia	-	-	100	-	100

Note:

⁽¹⁾ Fixed remuneration for Mr Oscar Spieler refers to consultancy fees paid to him by the Neptune Marine Group.

Key Executives Remuneration Table

The table below sets out the remuneration of the top key executives of the Group.

US\$250,000 to below \$500,000	Rickey Gunnels Stein Giljarhus* Daljit Pandher
US\$500,000 and above	Jonny Klepsvik

*Mr Stein Giljarhus left the Company before the end of the financial year.

There is no employee of the Company and its subsidiaries who is an immediate family member of any Director whose remuneration exceeds US\$150,000 during the current financial year. In addition, as matters have been made in this Report, the Board is of the opinion that a separate remuneration report is not necessary.

Accountability (Principle 10)

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

The Board strives to provide shareholders with a balance and understandable assessment of the Company's and Group's performance, position and prospects when presenting the annual financial statements, announcement of the Group's financial results, material transactions and other matters relating to the Group. This responsibility extends to interim and price sensitive public reports and reports to regulators, where required.

Management is accountable to the Board. Management currently provides periodic financial and operational reports to the Board.

AUDIT COMMITTEE (Principle 11)

The Audit Committee ("AC") comprises the following non-executive Directors, all of whom including the Chairman are independent.

Mr Heng Chiang Meng (Chairman)
Mr Steven Simpson
Mr David Chia

The Board is of the view that the AC members have the appropriate experience and qualifications to discharge their responsibilities. The AC's scope of authority are formalized in its terms of reference, which include the statutory functions of an audit committee as prescribed under the Companies Act of Singapore and applicable listing rules of the SGX-ST.

The responsibilities of the AC include reviewing with the external auditors their annual audit plan, findings and recommendation to Management as well as Management's response; their evaluation of the system of internal accounting controls; and their audit report. The AC also reviews the scope and results of the internal audit procedures; the assistance given by Management to the external and internal auditors; and any formal announcements relating to the financial performance of the Company and the Group prior to their submission to the Board. The AC also recommends the appointment or re-appointment of the external and internal auditors, taking into account the scope and results of the audit and its cost effectiveness and the independence of the external and internal auditors. The AC has full authority to investigate matters within its terms of reference.

Since 2006 and on the recommendation of the AC which was approved by the Board, the Company has put in place arrangements whereby concerns of possible improprieties in matters of financial reporting or other matters may be raised in confidence to the AC. These arrangements were effected to ensure independent investigation of such matters and appropriate follow-up.

Corporate Governance (cont'd)

The AC met 4 times during the year, with 100% attendance record by its members. The AC has full access to both the internal and external auditors and vice versa. During the year, the AC has met with the internal and external auditors without the presence of Management and reviewed the overall scope of both the internal and external audits and the assistance given by Management to the auditors.

The AC also has unrestricted access to and co-operation by Management and has full discretion to invite other Directors, the CEO or any executives to attend its meetings. It also has access to adequate resources to enable it to discharge its responsibilities properly.

The AC reviews the independence of the external auditor annually. The AC, having reviewed the range and value of non-audit services performed by the external auditor, Foo Kon Tan Grant Thornton during the financial year is satisfied with the independence and objectivity of the external auditor.

INTERNAL CONTROLS (Principle 12)

The Board is responsible for ensuring that Management maintains a sound system of internal controls to safeguard shareholders' interests and the Company's assets.

During the year, the Company's external auditor has carried out, in the course of their annual statutory audit, a review of the Company's material internal controls, including financial, operational and compliance controls and risk management to the extent of the scope of audit as laid out in their audit plan. In addition, the Company's Internal Auditors ("IA") has carried out a review of the internal control systems on an on-going basis to provide assurances to the Board as to the adequacy of the internal control system. Material non-compliance and internal control weakness noted during by the external and internal auditors, and the auditors' recommendations to address such non-compliance and weakness are reported to the AC.

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. The Board has set out approval limits for expenditure, investments and divestments and cheque signatory arrangements for the Group.

During the year, the AC, on behalf of the Board, has reviewed the effectiveness of the Group's internal controls in the light of key business and financial risks affecting it. The Board is of the opinion that based on the results of the internal and external audits, the system of internal controls in certain key subsidiaries is currently undergoing changes due to turnover in management personnel in the subsidiaries. The AC noted that certain controls may need to be enhanced and will work closely with Management to carry this out.

INTERNAL AUDIT (Principle 13)

The function of the IA is to provide objective opinion and assurances to the AC and Management as to the adequacy of the internal control processes, identify business, financial and operational risks and to recommend the formulation of policies and plans for effective compliance control.

The Company has outsourced its internal audit function to a qualified public accounting firm. The IA is expected to meet or exceed the standards set by nationally or internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The IA has unrestricted direct access to the AC. The IA plans its scope of internal audit work each year in consultation with the AC and submits its annual audit plan to the AC for approval. The AC also meets with the IA at least once a year without the presence of Management to review Management's level of cooperation and other matters that warrants AC's attention.

The AC has reviewed the effectiveness during the year and is satisfied that the IA is adequately resourced to fulfil its obligations.

COMMUNICATION WITH SHAREHOLDERS (Principles 14 & 15)

In line with the continuing disclosure obligations pursuant to the SGX-ST Listing Manual and the Companies Act, the Company ensures that shareholders are informed of all major developments of the Group.

The Company communicates information to shareholders through announcements released to the SGX-ST via SGXNET. Such announcements include the quarterly and full-year results, material transactions and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST. In addition, the Company maintains a website www.jasperinvests.com where the public can access information on the Group.

All shareholders of the Company are sent the Annual Report with notice of the AGM. The notice of AGM which sets out the items of business to be transacted at the AGM is also advertised in the newspapers.

Resolutions requiring shareholders' approval are tabled separately for adoption at general meetings unless the matters for consideration are closely related and would more appropriately be considered together. Items of special business to be transacted at general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. The Company's main forum for dialogue with shareholders takes place at its AGM, where members of the Board, senior Management and the external auditor are in attendance. The Company welcomes questions from shareholders who have an opportunity to raise issues and ask questions about the Company either formally or informally. Minutes of all shareholders meetings are prepared and filed and may be made available to shareholders upon their requests.

The Articles of Association allow a shareholder to appoint one or two proxies to attend and vote at general meetings in his/her stead.

ADDITIONAL INFORMATION

Dealing in Securities

The Company has in place a policy prohibiting share dealings by Directors and employees during the periods commencing one month before and up to the date of the announcement of the Company's full-year results and two weeks before and up to the date of the announcement of its quarterly results, or while in possession of price sensitive non-public information. They are also encouraged not to deal on consideration of a short term nature.

Interested Person Transactions

In December 2008, shareholders had approved a general mandate covering transactions involving the provision of financial assistance by the Company's controlling shareholder and companies/entities associated with it to the Group.

No interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST) were entered into during the financial year under review. Accordingly, there is no disclosure to be made under Rule 907 of the Listing Manual.

Financial Statements

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Directors' Report

The Directors submit this annual report to the members together with the audited financial statements of the Group and balance sheet of the Company for the financial year ended 31 March 2009.

1. DIRECTORS

The Directors in office at the date of this report are:

Seumas Dawes - Chairman
Geoffrey Yeoh
Heng Chiang Meng
Steven Simpson
Oscar Spieler
David Chia

2. ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed under "Share Option Scheme" in this report.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the Directors who held office at the end of the financial year had any interests in shares or debentures of the Company and its related corporations except as follows:

Name of Director	Direct Interest		Deemed Interest	
	At beginning of year	At end of year ⁽¹⁾	At beginning of year	At end of year ⁽¹⁾
<u>The Company - Ordinary shares</u>				
Seumas Dawes	-	-	-	-
Oscar Spieler	-	-	-	-
Geoffrey Yeoh	8,000,000	320,000	-	5,002,500
Heng Chiang Meng	12,000,000	480,000	-	-
Steven Simpson	3,550,000	142,000	-	-
David Chia	-	100,000	-	-

Note:

⁽¹⁾ The number of shares held at the end of year is calculated after a 25 to 1 share consolidation exercise undertaken by the Company which was completed in April 2008.

Save as disclosed, no Director who held office at the end of the financial year has an interest in shares or debentures of the Company or its subsidiaries. There was no change in any of the abovementioned interests between the end of the financial year and 21 April 2009.

Directors' Report (cont'd)

4. DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, and this report, since the end of the previous financial year, no Director has received or has become entitled to receive a benefit under contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50.

5. SHARE OPTION SCHEME

The Jasper Share Option Scheme 1999 ("1999 Scheme") was approved by the members of the Company at an Extraordinary General Meeting on 25 August 1999 ("EGM").

The 1999 Scheme provides the Company with a means whereby (a) employees of all ranks in the Group; and (b) certain categories of persons who, while not employed within the Group, work closely with the Group and/or the Company, are given an opportunity to share in the success and achievements of the Group to which they have contributed, through participation in the equity of the Company.

As at 31 March 2009, the aggregate number of share options granted under the 1999 Scheme was 14,014,000, out of which none remain outstanding. No options were granted with a discount to the market price of the shares at the time of the grant. No options were granted during the financial year to take up unissued shares of the Company.

6. UNISSUED SHARES UNDER OPTION

There were no unissued shares of the Company or any subsidiaries under option as at 31 March 2009.

7. JASPER PERFORMANCE PLAN

At the EGM, the members of the Company also approved a performance-cum-incentive scheme known as the Jasper Performance Plan ("Performance Plan") for selected managers of the Company and its subsidiaries (including Directors of the Company performing executive functions) (collectively, "Participants"). The Performance Plan includes a share component (up to 90%) in the performance bonus pay out (the "Awards") of the Participants and is intended to complement the 1999 Scheme for this core group of executives. Awards represent the contingent right of the Participants to receive performance bonuses in cash or a combination of cash and shares free of charge, provided that performance targets are met.

No ordinary shares in the Company were allotted and issued to Participants of the Performance Plan during the financial year. Since the commencement of the Performance Plan to 31 March 2009, an aggregate of 1,994,000 shares have been allotted and issued to Participants of the Performance Plan.

No Participants (including Directors of the Company) have received options granted pursuant to the 1999 Scheme and/or new shares awarded under the Performance Plan, which in aggregate represent 5% or more of the total number of shares available under the 1999 Scheme and the Performance Plan collectively.

No Participant of the 1999 Scheme or Performance Plan is a controlling shareholder of the Company or its associate (as those terms are defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")).

Since 11 November 2005, the 1999 Scheme and Performance Plan have been administered by the Remuneration Committee, whose members as at the date of this report are:-

Seumas Dawes	-	Chairman (Non-Executive Director)
Heng Chiang Meng	-	Member (Independent Non-Executive Director)
David Chia	-	Member (Independent Non-Executive Director)

8. AUDIT COMMITTEE

The members of the Audit Committee as at the date of this report are:

Heng Chiang Meng	-	Chairman (Independent Non-Executive Director)
Steven Simpson	-	Member (Independent Non-Executive Director)
David Chia	-	Member (Independent Non-Executive Director)

The Audit Committee performs, amongst others, the functions set out in the Companies Act, Cap. 50. In performing those functions, the Committee reviews:

- the audit plans of the Company's auditors and their evaluation of the systems of internal accounting controls arising from their audit examination, including assistance given by the Company's officers to the auditors;
- the scope and results of internal audit procedures;
- the balance sheet of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors; and
- interested party transactions (as defined in the Listing Manual of the SGX-ST).

The Audit Committee has recommended to the Board of Directors the nomination of Foo Kon Tan Grant Thornton for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

9. INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan Grant Thornton, has expressed its willingness to accept re-appointment.

On behalf of the Board

GEOFFREY YEOH
Director

HENG CHIANG MENG
Director

Dated: 26 June 2009

Statement by Directors

In the opinion of the Directors,

- (a) the accompanying balance sheet of the Company and the consolidated financial statements of the Group, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

GEOFFREY YEOH
Director

HENG CHIANG MENG
Director

Dated: 26 June 2009

Independent Auditor's Report

to the members of Jasper Investments Limited

We have audited the accompanying financial statements of Jasper Investments Limited ("the Company") and its subsidiaries ("the Group"), which comprise the balance sheets of the Company and the Group as at 31 March 2009, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Company's members, as a body, in accordance with Section 207 of the Companies Act, Cap. 50. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit, for this report, or for the opinions we have formed.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) 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 profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Independent auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial statements 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.

Independent Auditor's Report (cont'd)

to the members of Jasper Investments Limited

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet 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 state of affairs of the Group and of the Company as at 31 March 2009 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in the Republic of Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw your attention to Note 2 (a) to the financial statements which state that as at 31 March 2009, the Group's current liabilities exceed its current assets by US\$238,302,000. The financial statements have been prepared on a going concern basis as subsequent to year end, the Group discharged a bank loan of US\$186 million in principal and accrued interest. This was funded by from proceeds of a rights issue of US\$6 million and a loan from the controlling shareholder amounting to US\$180 million, the maturity of which is extendable by the controlling shareholder. This loan has been classified as current liabilities. For the remaining deficit in working capital, it will be funded through the net proceeds from the drilling contract with a customer. If the Group is not able to fund repayment of the loans through normal working capital and extend the term of the shareholder loan, the Group may be unable to continue in operational existence for the foreseeable future. Then adjustments would have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the balance sheet. In addition, the Group may have to provide for further liabilities which may arise. In forming our opinion, we have considered the adequacy of the disclosure of this matter in the financial statements and the existing breaches of the terms of the loan agreements in Note 18 to the financial statements.

Foo Kon Tan Grant Thornton
Public Accountants and
Certified Public Accountants

Singapore, 26 June 2009

Balance Sheets

	Note	Group		Company	
		2009 US\$'000	2008 US\$'000 (restated)	2009 US\$'000	2008 US\$'000 (restated)
Assets					
Non-Current					
Property, plant and equipment	4	760,838	581,341	272	63
Intangible asset	5	19,611	25,886	-	-
Investments	6	36	36	36	36
Subsidiaries	7	-	-	345,010	123,771
Associate	8	10,424	5,295	1,900	1,900
Joint venture	9	115	136	136	136
		791,024	612,694	347,354	125,906
Current					
Work-in-progress	10	2,585	1,512	-	-
Inventory	11	8,149	4,992	-	-
Trade and other receivables	12	14,881	11,130	774	1,261
Assets held for sale	13	-	-	-	-
Short-term investments	14	-	-	-	-
Cash and bank balances	15	39,378	45,730	22,034	24,552
		64,993	63,364	22,808	25,813
Total assets		856,017	676,058	370,162	151,719
Equity					
Capital and Reserves					
Share capital	16	310,224	24,672	310,224	24,672
Retained profits		(16,058)	3,001	9,144	5,024
Other reserves	17	2,131	6,680	-	2,853
		296,297	34,353	319,368	32,549
Minority interests		141,196	160,651	-	-
Total equity		437,493	195,004	319,368	32,549
Liabilities					
Non-Current					
Borrowings	18	113,427	199,673	50,000	115,000
Deferred tax liabilities	19	42	46	-	-
Interest rate swaps	20	1,759	-	-	-
		115,228	199,719	50,000	115,000
Current					
Trade and other payables	21	56,854	56,233	794	4,170
Borrowings	18	244,502	224,958	-	-
Provision for taxation		1,940	144	-	-
		303,296	281,335	794	4,170
Total liabilities		418,524	481,054	50,794	119,170
Total equity and liabilities		856,017	676,058	370,162	151,719

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Income Statement

	Note	2009 US\$'000	2008 US\$'000 (restated)
Revenue	3	146,167	45,315
Cost of sales		(83,318)	(35,162)
Gross profit		62,849	10,153
Interest income	22	687	796
Other income	23	5,640	2,259
Other expenses	24	(7,779)	(12,732)
Administrative and distribution expenses		(15,805)	(5,212)
Impairment of property, plant and equipment	4	(39,553)	-
Interest expenses (finance cost)		(9,326)	(3,049)
Share of profits from associate and joint venture		7,182	2,323
Profit/(loss) before taxation	25	3,895	(5,462)
Taxation	26	(42,409)	(415)
Total loss for the year		(38,514)	(5,877)
Attributable to:			
Equity holders of the Company		(19,059)	(4,225)
Minority interest		(19,455)	(1,652)
		(38,514)	(5,877)
Earnings per share			
	27	Cents	Cents
Basic loss per share		(1.756)	(1.174)
Diluted loss per share		(1.756)	(1.174)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

Group	Share capital	Other reserve	Share option reserve	Exchange translation reserve	Hedging reserve	Total other reserves	Retained profits	Total	Minority interest	Grand total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 April 2007	19,046	2,982	414	502	-	3,898	7,226	30,170	-	30,170
Issued during the year	5,212	-	-	-	-	-	-	5,212	-	5,212
Reclassification of share option reserve	414	-	(414)	-	-	(414)	-	-	-	-
Change in minority interest, as previously reported	-	-	-	-	-	-	-	-	211,911	211,911
Prior year adjustment (Note 35)	-	-	-	-	-	-	-	-	(48,772)	(48,772)
Change in minority interest, as restated	-	-	-	-	-	-	-	-	163,139	163,139
Net loss for the year, as previously reported	-	-	-	-	-	-	(4,642)	(4,642)	(2,488)	(7,130)
Prior year adjustment (Note 35)	-	-	-	-	-	-	417	417	-	417
Net loss for the year, as restated	-	-	-	-	-	-	(4,225)	(4,225)	(2,488)	(6,713)
Currency translation difference recognised directly in equity	-	-	-	3,196	-	3,196	-	3,196	-	3,196
Total recognised gains and losses for the year	-	-	-	3,196	-	3,196	(4,225)	(1,029)	(2,488)	(3,517)
Balance at 31 March 2008	24,672	2,982	-	3,698	-	6,680	3,001	34,353	160,651	195,004
Issue of ordinary shares	283,145	-	-	-	-	-	-	283,145	-	283,145
Reclassification of exchange translation reserve	2,407	-	-	(2,407)	-	(2,407)	-	-	-	-
Currency translation difference recognised directly in equity	-	-	-	(383)	-	(383)	-	(383)	-	(383)
Hedging fair value adjustments	-	-	-	-	(1,759)	(1,759)	-	(1,759)	-	(1,759)
Net loss for the year	-	-	-	-	-	-	(19,059)	(19,059)	(19,455)	(38,514)
Total recognised losses for the year	-	-	-	(383)	(1,759)	(2,142)	(19,059)	(21,201)	(19,455)	(40,656)
Balance at 31 March 2009	310,224	2,982	-	908	(1,759)	2,131	(16,058)	296,297	141,196	437,493

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Cash Flow Statement

	2009 US\$'000	2008 US\$'000 (restated)
Cash Flows from Operating Activities		
Profit/(loss) before taxation	3,895	(5,462)
Adjustments for:		
Write-off of property, plant and equipment	54	939
Allowance for inventory obsolescence	409	-
Depreciation of property, plant and equipment	19,098	9,455
Exchange difference on translation	(1,238)	3,313
Interest income	(687)	(796)
Interest expenses	9,326	3,049
Amortisation of intangible asset	6,275	1,830
Gain on disposal of property, plant and equipment	(91)	-
Gain on disposal/deconsolidation of subsidiaries and joint ventures (Note C)	-	(374)
Gain on disposal of quoted equity investments	-	(18)
Impairment in value of property, plant and equipment	39,553	-
Impairment in value of joint venture	-	45
Share of profits of associate and joint venture	(7,182)	(2,323)
Operating profit before working capital changes	69,412	9,658
(Increase)/decrease in inventories	(3,566)	1,513
Increase in work-in-progress	(1,073)	(870)
(Increase)/decrease in operating receivables	(1,737)	16,823
Decrease in operating payables	(38,161)	(753)
Cash generated from operations	24,875	26,371
Income taxes recovered/(paid)	136	(104)
Net cash generated from operating activities	25,011	26,267
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment (Note A)	(225,532)	(44,464)
Net cash outflow from acquisition of subsidiary (Note B)	-	(111,069)
Interest received	684	771
Proceeds from disposal of property, plant and equipment	121	-
Proceeds from disposal of quoted equity investments	-	25
Dividend from joint venture	821	15
Net cash inflow from disposal of subsidiaries (Note C)	-	5,141
Net cash used in investing activities	(223,906)	(149,581)
Cash Flows from Financing Activities		
Proceeds from issue of new shares (Note D)	280,434	5,212
Interest paid	(22,667)	(3,049)
Fixed deposits pledged as security	(2,641)	(5,924)
(Repayment of)/proceeds from shareholder loan	(65,000)	115,000
(Repayment of)/proceeds from bank loan	(2,235)	33,185
Net cash generated from financing activities	187,891	144,424
Net (decrease)/increase in cash and cash equivalents	(11,004)	21,110
Effect of foreign exchange rate changes	2,011	(317)
Cash and cash equivalents at beginning	45,730	19,013
Cash and cash equivalents at end (Note 15)	36,737	39,806

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes:

A. Acquisition of property, plant and equipment

During the financial year, the Group acquired plant and equipment with an aggregate cost of US\$239,406,000 (2008 - US\$44,464,000) of which US\$533,000 (2008 - Nil) was acquired by means of finance lease. Cash payments of US\$238,873,000 (2008 - US\$44,464,000) were made to purchase plant and equipment.

B. Purchase of subsidiary

	2009 US\$'000	2008 US\$'000 (restated)
<u>Net assets acquired</u>		
Intangible asset	-	27,716
Provisional goodwill	-	-
Property, plant and equipment	-	546,649
Inventories	-	5,290
Cash and bank balances	-	5,863
Receivables	-	24,564
Payables	-	(54,580)
Term loans	-	(191,267)
Net identifiable assets	-	364,235
Minority interest	-	(162,303)
Cost of acquisition	-	201,932
Less funded through borrowings	-	(85,000)
Cash and bank balances acquired	-	(5,863)
Net cash outflow on acquired subsidiary	-	111,069

C. Disposal/deconsolidation of subsidiaries

During the financial year, three subsidiaries were struck off and one was sold for a cash consideration of US\$1. The assets disposed and liabilities discharged as at 31 March 2008 were as follows:

	2009 US\$'000	2008 US\$'000
<u>Net assets disposed of</u>		
Property, plant and equipment	2	-
Cash and bank balances	-	-
Receivables	15	-
Payables	(17)	-
Gain on disposal	-	374
Sale proceeds received	-	374
Cash and bank balances disposed of	-	4,767
Net cash inflow from disposal of subsidiaries	-	5,141

D. Issue of shares

	2009 US\$'000	2008 US\$'000
Issue of new shares	280,434	5,212
Cash consideration	280,434	5,212

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

1 General information

The financial statements of the Group and the Company for the year ended 31 March 2009 were authorised for issue in accordance with a resolution of the Directors on 26 June 2009.

The Company is a limited liability company domiciled in the Republic of Singapore.

On 22 April 2008, the Company issued 19,158,834,830 new Shares pursuant to a rights issue which raised US\$280.4 million ("2008 Rights Issue"). Following the 2008 Rights Issue, the Company undertook the 25 to 1 share consolidation, which was completed on 25 April 2008.

On 24 April 2008, one of the Company's subsidiaries, Neptune Finder Pte Ltd ("NFPL") completed acquisition of the semi-submersible, the "Sedco 708" which was renamed the "Neptune Finder" ("Finder"). The acquisition of the Finder was funded by an inter-company loan amounting to US\$70 million provided by the Company to NFPL (the "NFPL Loan"). The NFPL Loan was in turn funded from the proceeds of the 2008 Rights Issue.

On 10 June 2008, the drillship, the "Neptune Discoverer" ("Discoverer") arrived in Venezuela and commenced operations under a 4-year contract with Petroleos de Venezuela SA, the state oil company of Venezuela, to drill 21 natural gas production wells.

At an extraordinary general meeting of the Company held on 17 March 2009, the Company obtained Shareholders' approval for another rights issue.

The registered office of the Company is located at 1 HarbourFront Avenue #14-01, Keppel Bay Tower, Singapore 098632.

The principal activity of the Company is that of an investment holding company. The principal activities of the key subsidiaries are those of ownership of offshore marine drilling rigs and the provision offshore marine oil & gas drilling services.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. As at 31 March 2009, the Group's current liabilities exceed its current assets by US\$238,302,000. The financial statements have been prepared on a going concern basis. Subsequent to year end, the Company, through its wholly subsidiary Turquoise Offshore Pte Ltd ("Turquoise") acquired a bank loan of approximately US\$186 million, comprising US\$170 million in principal and approximately US\$16 million in accrued interest. Consequently with the acquisition of the bank loan, all the security interests securing the repayment of bank loan, which include inter alia a first legal mortgage on the Neptune Explorer will also be transferred to Turquoise. To finance the acquisition of the bank loan, the Company entered into an agreement with its controlling shareholder, Morton Bay (Holdings) Pte Ltd ("Morton Bay") where Morton Bay would provide an unsecured loan of up to US\$186 million to the Company ("Morton Bay Loan"). The proceeds from this loan was on-lent to Turquoise for it to acquire the bank loan. The repayment date of the Morton Bay Loan is 30 June 2009 and the maturity is extendable by the controlling shareholder. The remaining deficit in working capital would be funded through net proceeds from the drilling contract with a customer. The Company also raised US\$59 million in a rights issue completed in May 2009.

2(a) Basis of preparation (cont'd)**Significant accounting estimates and judgements**

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below:

Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over their useful lives. At each balance sheet date, judgement is used to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Changes in the expected level of usage and technological developments could impact the economic lives and residual value of these assets, therefore depreciation charges could be revised. When considering impairment indicators, the Group considers both internal and external sources.

Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

Valuation of Assets and Liabilities in a Purchase Price Allocation "PPA"

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value, management uses estimates about future cash flows and discount rates, however, the actual results may vary.

Intangible asset

Intangible asset is the long term drilling contract signed with a state oil company amounting up to US\$27,716,000 which was separately identified and valued by an independent valuer using the "multi-period-excess-earnings-method" upon the acquisition of Neptune. The useful life of the intangible asset is estimated by the Directors to be 4 years as this is the term of the contract and the length of time that they expect the benefit of the intangible to flow to the Group.

Drillships

The fair value adjustments for the drillships was approximately US\$337,798,000, based on valuations by an independent international valuer. The fair value of the drillships was determined based on the perceptions of potential buyers and sellers in the market.

Impairment in investment in subsidiaries

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

Notes to the Financial Statements (cont'd)

2(a) Basis of preparation (cont'd)

Significant accounting estimates and judgements (cont'd)

Income tax

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When 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 period in which such determination is made.

The Group's income expense is based on the income and statutory tax rate imposed in the tax jurisdictions in which the subsidiaries conduct operations. In some cases, tax rates may be applicable to gross revenue rather than to net income.

Contract work-in-progress

Significant judgement is required in determining the estimated contract costs which includes an estimation of the variation works from the contractor and the estimated contract revenue. The Group estimates the contract costs based on costs incurred, appropriate proportion of overheads and the experience of qualified project managers. When the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable.

Impairment of bad and doubtful debts

The Group and the Company make 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 judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debts expenses in the year in which such estimate has been changed.

Allowance for inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. In determining the net realisable value, the directors estimate the future selling price in the ordinary course of business, less the estimated costs of selling expenses. The carrying amounts of inventories at the balance sheet date are disclosed in Note 11 to the financial statements.

2(b) Interpretation and amendments to published standards effective in 2008

On 1 April 2008, the Company and the Group adopted the new or amended FRS and INT FRS that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The following are the new or amended FRS and INT FRS that are relevant to the Company as a single entity:

INT FRS 104 Determining whether an Arrangement contains a Lease

The adoption of the above FRS and INT FRS did not result in any substantial changes to the company's accounting policies nor any significant impact on these financial statements. The complementary amended FRS 1 introduces new disclosures relating to capital.

2(c) FRS not effective

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2009 or later periods and which the Company has not early adopted. The FRS and INT FRS that are applicable to the Company are set out below:

		Effective date (Annual periods beginning on or after)
FRS 1 (Revised)	Presentation of Financial Statements - Revised Presentation	01.01.2009
Amendments to FRS 1	Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	01.01.2009
FRS 2 (Revised)	Inventories	01.01.2009
FRS 7 (Amendment)	Cash Flow Statements	01.01.2009
FRS 8 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	01.01.2009
FRS 16 (Revised)	Property, Plant and Equipment	01.01.2009
FRS 19 (Amendment)	Employee Benefits	01.01.2009
FRS 23 (Revised)	Borrowing Costs	01.01.2009
FRS 27 (Revised)	Consolidated and Separate Financial Statements	01.01.2009
Amendments to FRS 32	Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation	01.01.2009
FRS 33 (Revised)	Earnings per Share	01.01.2009
FRS 34 (Amendment)	Interim Financial Reporting	01.01.2009
FRS 36 (Revised)	Impairment of Assets	01.01.2009
FRS 38 (Revised)	Intangible Assets	01.01.2009
Amendments to FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures - Reclassification of Financial Assets	01.07.2008
Amendments to FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures – Eligible Hedged Items	01.07.2009
FRS 102 (Amendment)	Share-based Payment – Amendments relating to vesting conditions and cancellations	01.01.2009
FRS 103 (Revised)	Business Combinations	01.07.2009
FRS 104 (Revised)	Insurance Contracts - Implementation Guidance	01.01.2009
FRS 105 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations	01.01.2009
FRS 106 (Amendment)	Exploration for and Evaluation of Mineral Resources	01.01.2009
Amendments to FRS 107	Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures - Reclassification of Financial Assets – Implementation Guidance	01.01.2009
FRS 108	Operating Segments	01.01.2009
INT FRS 101	Changes in Existing Decommissioning, Restoration and Similar Liabilities	01.01.2009
INT FRS 112 (Amendment)	Service Concession Arrangements	01.01.2009
INT FRS 113	Customer Loyalty Programmes	01.07.2008
INT FRS 116	Hedges of a Net Investment in a Foreign Operation	01.10.2008
INT FRS 117	Distributions of Non-cash Assets to Owners	01.07.2009
INT FRS 118	Transfer of Assets from Customers	01.07.2009

The directors do not anticipate that the adoption of these new and revised FRS and INT FRS in the initial period of application will have a material impact on the Company's financial statements.

Notes to the Financial Statements (cont'd)

2(d) Summary of significant accounting policies

Consolidation

The accounting year of the Company and all subsidiaries in the Group ends on 31 March.

The financial statements of the Group include the financial statements of the Company, its subsidiaries, Group's interest in associate and joint venture made up to the end of the financial year. All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the Group ceases to have control of the subsidiaries. Acquisitions of subsidiaries are accounted for using the purchase method of accounting.

Where accounting policies of a subsidiary do not conform to those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the income statement.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Freehold land and property under development are not depreciated. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives.

The estimated useful lives of the major components of the drilling vessels are as follows:

Drilling vessels	10 to 15 years
Hand tools	7 years
Drilling and movable equipment	5 years

The estimated useful lives of the other property, plant and equipment are as follows:

Plant and machinery	4 to 8 years
Motor vehicles	4 to 5 years
Equipment, furniture and fittings	3 to 10 years

Construction-in-progress is not depreciated until the assets are completed and ready for use.

2(d) Summary of significant accounting policies (cont'd)

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

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition to the month before disposal respectively. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and changes, if any, are accounted for prospectively.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The carrying amounts of property, plant and equipment are reviewed yearly in order to assess whether their carrying amounts need to be written down to recoverable amounts. Recoverable amount is defined as the higher of value in use and net selling price.

Financial assets

The Group and the Company classify its financial assets, other than hedging instruments, into the following categories: "financial assets at fair value through profit or loss", "held-to-maturity investments", "loans and receivables" and "available-for-sale" financial assets. The classification depends on the purpose for which the investments are acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is irrevocable.

All financial assets are recognised on their trade date - the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

The Group and the Company carry on its balance sheet the following categories of financial assets as at the balance sheet date:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement.

Financial assets are derecognised when the rights to the cash flows have expired or have been transferred, and the Company has substantially transferred all risks and rewards of ownership.

Assets that fall within this financial assets category include quoted equity investments.

Notes to the Financial Statements (cont'd)

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group and the Company provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in income statement. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the income statement.

Receivables are provided against when objective evidence is received that the Group and the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Receivables that are factored out to banks with recourse to the Group and the Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from banks are recorded as borrowings.

Loans and receivables include trade and other receivables as well as cash and bank balances in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the income statement for the period.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the income statement even though the financial asset has not been derecognized.

The amount of the cumulative loss that is removed from equity and recognised in income statement shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in income statement.

Impairment losses recognised in income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement. Impairment losses recognised in the income statement for debt instruments classified as available-for-sale are subsequently reversed in the income statement if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Assets that fall within these financial assets category are investments held for long-term.

2(d) Summary of significant accounting policies (cont'd)**Financial assets (cont'd)**Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If a financial asset has no active market, the Group and the Company establish fair value by using valuation techniques. These include but are not limited to the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. Where fair values of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

Club membership

Transferable club memberships are stated at cost less any provision for impairment in value.

Subsidiaries

For consolidation purposes, a subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

Shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of minority interest.

Associates

An associate is defined as a company, not being a subsidiary, in which the Group has a long-term interest of 20% to 50% of the equity and over whose financial and operating policies the Group exercises significant influence.

Investments in associates at Company level are stated at cost. Allowance is made for any impairment losses on an individual company basis.

The Group's share of the results of associated companies is included in the consolidated income statement using the equity method of accounting.

If the Group's share of losses of an associate equals or exceeds the carrying amount of an investment, the Group ordinarily discontinues including its share of further losses and the investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the investor has guaranteed or otherwise committed for example, in the forms of loans. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses recognised.

The Group's share of the net assets and post-acquisition retained profits and reserves of associates is reflected in the book values of the investments in the consolidated balance sheet.

Where the accounting policies of an associate do not conform to those of the Company, adjustments are made on consolidation when considered significant to the Group.

Notes to the Financial Statements (cont'd)

2(d) Summary of significant accounting policies (cont'd)

Joint ventures

A joint venture, not being a subsidiary or associate, is defined as a contractual arrangement between the Group and one or more parties to undertake an economic activity, which is subject to joint control or in which the Group has significant influence over the financial and operating policy decisions.

The Group has accounted for the joint venture using the equity method of accounting.

Assets held for sale

A non-current asset (or disposal group) is held for sale if its carrying amount will be recovered principally through a sale rather than through continuing use. Immediately before initial reclassification as held for sale, the carrying amount is recognised in accordance with applicable FRS.

Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to reclassification as held for sale, and their fair value less costs to sell. The profit or loss arising from any impairment or fair value adjustment is recognised in the income statement.

Work-in-progress

Work-in-progress is stated at cost plus attributable profit less progress billings. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as an asset. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as a liability.

When the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised when incurred. When the outcome of a long term contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. Contract costs comprise materials, direct labour, sub-contractors' cost and an appropriate proportion of overheads.

The percentage of completion is based on certification of construction work completed.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, irrespective of whether or not work has commenced.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials	-	first-in first-out basis
Finished goods and work-in-progress	-	first-in first-out basis
Spare parts and consumables	-	first-in first-out basis

Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

Spare parts and consumables which are valued at cost of purchase (including cost incurred in bringing the spare parts and consumables to their present location and condition) on a first-in first-out basis less any applicable allowance for obsolescence. When spare parts and consumables are consumed, the carrying amount of these is recognized as an expense in the year in which the consumption occurs.

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

2(d) Summary of significant accounting policies (cont'd)**Intangible Assets****Other intangible assets**

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered finite useful lives. After initial recognition, they are carried out at costs less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Goodwill

Goodwill acquired in a business combination is initially measured at costs being the excess of the cost of the business combinations over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is tested for impairment on annual basis and is charged to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and any highly liquid investments which are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities

The Group's and the Company's financial liabilities include borrowings, finance lease liabilities and payables.

Financial liabilities are recognised when the Group and the Company become a party to the contractual agreements of the instrument. All interest-related charges are recognised as expenses in "finance costs" in the income statement.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet are included in current liabilities in the balance sheet even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current liabilities in the balance sheet.

Payables, which represent the consideration for goods and services received, whether or not billed to the Group and the Company, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Payables include trade and the other payables in the balance sheet.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

Notes to the Financial Statements (cont'd)

2(d) Summary of significant accounting policies (cont'd)

Financial liabilities (cont'd)

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. The impact, however, is not material.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Borrowing costs

Borrowing costs are recognised in the profit and loss account as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

Leases

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the present value of the total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are amortised over each lease term to give a constant effective rate of charge on the remaining balance of the obligation.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating lease are charged to the income statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income statement when incurred.

Income taxes

The Group and the Company adopt the liability method of tax effect accounting. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss). Deferred income tax is provided on all temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2(d) Summary of significant accounting policies (cont'd)**Income taxes (cont'd)**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Derivatives financial instrument and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company documents at the inception of the transaction the relationship between the hedging instrument and hedged item, as well as its risk management objective and strategies for undertaking the hedge transaction. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative designated as hedging instrument is highly effective in offsetting changes in fair value or cash flows of the hedged item.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

Cash flow hedge

The Company uses derivative financial instrument, being interest rate swap, to hedge its risks associated with interest rate fluctuations. The Company has designated this hedge as a cash flow hedge.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the hedging reserve, while the ineffective portion is recognised in the income statement.

Changes in the carrying amount of cash flow hedges are charged to the hedging reserve in equity. Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. When the hedged transaction results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a cash flow hedging instrument expires or sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised then the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to income statement.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements (cont'd)

2(d) Summary of significant accounting policies (cont'd)

Employee benefits

Defined contribution plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in the consolidated income statement in the accounting period in which the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors of the Company and its subsidiaries are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's and Company's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

A reversal of an impairment loss is credited as income in the income statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

2(d) Summary of significant accounting policies (cont'd)**Revenue recognition**

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from drilling contracts or other service contracts is recognised in the period that services are rendered at rates established in the relevant contracts using the time-apportionment basis.

Revenue from mobilisation fee of vessels pertaining to the relocation of drilling vessel is recognised when services are performed over a time duration period.

Revenue from long-term contracts is recognised on a percentage of completion method over the period taken to complete the work.

Retention money is recognised upon completion of contract less any amounts for defect liability work.

Revenue from trading of building materials is recognised when goods are sold to customers which generally coincides with their delivery and acceptance.

Revenue from the provision of management services is recognised when the services are rendered.

Dividend income is recognised gross when the shareholders' right to receive it is established.

Interest income is recognised on a time-apportionment basis using the effective interest method.

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements of the Group and the balance sheet of the Company are presented in United States Dollars to the nearest thousand which is the Company's functional and presentation currency.

Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into functional currencies dollars at rates of exchange closely approximating those ruling at balance sheet date. Other transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the income statement in the period in which they arise.

Monetary items

Foreign currency monetary items measured at fair value are translated into the functional currencies at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates.

Notes to the Financial Statements (cont'd)

2(d) Summary of significant accounting policies (cont'd)

Conversion of foreign currencies (cont'd)

Group entities

The results and financial position of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rates; and
- (iii) All resulting currency translation differences are recognised in the currency translation reserve in equity.

Currency translation differences on foreign currency non-monetary items carried at fair value, such as investments carried at fair value through profit and loss, are reported as part of the fair value gain or loss.

Change in functional currency

Through 31 March 2008, the company's functional currency was Singapore Dollars ("S\$"). Effective 1 April 2008, the company changed its functional currency to United States Dollars ("US\$").

The reason of the change is that US\$ is the currency of primary economic environment in which the operations of the Company were conducted. US\$ is the currency that mainly influences the sales of goods and in which sales are denominated.

The comparative figures at the financial statements, for which the accounting records of the Company were maintained in S\$ and for which was previously prepared in S\$, are converted into US\$ using the following procedures:

- (a) Foreign currency monetary items are translated into US\$ at rates of exchange closely approximating those ruling at balance sheet date.
- (b) Foreign currency income statement items are translated into US\$ at average rate of exchange which approximates the actual exchange rate.
- (c) Shareholders' equity, reserves and foreign currency non-monetary items are translated into US\$ at the historical transacted rates.
- (d) All resulting exchange differences are recognised in the income statement.

Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management objectives and policies are provided in Note 33.

Segment reporting

A segment is a distinguishable component of the Group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks and rewards that are different from those of other segments.

2(d) Summary of significant accounting policies (cont'd)**Segment reporting (cont'd)**

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses. All taxation balances are attributable to the building services and offshore drilling segments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment information is presented in respect of the Group's geographical and business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment assets are based on the nature of the products or services provided by the Group. Information for geographical segments is based on the geographical location of the principal places of business.

3 Revenue

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax, are detailed as follows:

Group	2009 US\$'000	2008 US\$'000
Drilling contract revenue	111,039	8,253
Mobilisation fee	15,647	29,583
Building services contract revenue	3,117	990
Building services trading of goods	15,868	6,444
Services rendered	496	45
	146,167	45,315

Notes to the Financial Statements (cont'd)

4 Property, plant and equipment

Group	Construction in-progress US\$'000	Drilling Vessels US\$'000	Land and property US\$'000	Plant and machinery US\$'000	Motor vehicles US\$'000	Equipment, furniture and fittings US\$'000	Total US\$'000
Cost							
At 1 April 2007	231	-	-	526	18	141	916
Exchange adjustment	23	-	-	52	2	13	90
Acquisition of subsidiaries	160,994	392,332	-	-	146	749	554,221
Additions	33,595	9,498	717	148	19	487	44,464
Disposals	-	(1,032)	-	(1)	(57)	(38)	(1,128)
Capitalisation	(299)	-	-	299	-	-	-
At 31 March 2008	194,544	400,798	717	1,024	128	1,352	598,563
Exchange adjustment	(41)	-	(90)	(98)	(15)	11	(233)
Additions	160,314	77,339	148	665	232	708	239,406
Disposals	-	-	-	(203)	-	(270)	(473)
Reclassification	(289)	209	8	285	-	(213)	-
At 31 March 2009	354,528	478,346	783	1,673	345	1,588	837,263
Accumulated depreciation and impairment loss							
At 1 April 2007	-	-	-	289	9	52	350
Exchange adjustment	-	-	-	29	1	5	35
Acquisition of subsidiaries	-	7,207	-	-	79	286	7,572
Depreciation for the year	-	9,160	-	161	20	114	9,455
Disposals	-	(138)	-	(1)	(37)	(14)	(190)
At 31 March 2008	-	16,229	-	478	72	443	17,222
Exchange adjustment	-	956	-	(46)	(7)	38	941
Depreciation for the year	-	18,246	4	316	66	466	19,098
Impairment in value	-	39,553	-	-	-	-	39,553
Disposals	-	-	-	(173)	-	(216)	(389)
At 31 March 2009	-	74,984	4	575	131	731	76,425
Net book value							
At 31 March 2009	354,528	403,362	779	1,098	214	857	760,838
At 31 March 2008	194,544	384,569	717	546	56	909	581,341

Included in the cost of drilling vessels as at 31 March 2009 is an amount of US\$167,538,000 (2008 - US\$137,538,000) for which depreciation was not charged as one of the drilling vessels was still undergoing upgrading and was therefore not ready for use. The drilling vessels were mortgaged as security for bank facilities (Note 18).

4 Property, plant and equipment (cont'd)

Company	Motor vehicle US\$'000	Equipment, furniture and fittings US\$'000	Total US\$'000
Cost			
At 1 April 2007	-	133	133
Exchange adjustment	-	13	13
Additions	-	2	2
Disposals	-	(1)	(1)
At 31 March 2008	-	147	147
Additions	160	155	315
Disposals	-	(91)	(91)
At 31 March 2009	160	211	371
Accumulated depreciation			
At 1 April 2007	-	49	49
Exchange adjustment	-	5	5
Depreciation for the year	-	31	31
Disposals	-	(1)	(1)
At 31 March 2008	-	84	84
Depreciation for the year	25	42	67
Disposals	-	(52)	(52)
At 31 March 2009	25	74	99
Net book value			
At 31 March 2009	135	137	272
At 31 March 2008	-	63	63

Net book values include assets under finance lease as follows:

	Group	
	2009	2008
	US\$'000	US\$'000
Construction in-progress	354,528	194,544

The drilling vessels comprise a significant portion of the Group's assets. The carrying amount of the Group's drilling vessels was US\$403,362,000 and drilling vessels under construction was US\$354,452,000 as at 31 March 2009.

The Group evaluates any indication of impairment in the property, plant and equipment at each balance sheet date.

Due to a slowdown in the offshore oil services industry, subsidiaries recognised impairment losses of US\$39.6 million due to write down in the value of its drilling vessels. The carrying amount of the assets was reduced to their recoverable amount which was based on their value in use calculated over the remaining life of the drilling vessels and discounted to present value at a rate of 12.3%.

Notes to the Financial Statements (cont'd)

4 Property, plant and equipment (cont'd)

The drilling vessels, which has a total net book value of US\$757,814,000 (2008: US\$579,814,000), have been mortgaged to the financial institutions as security for bank borrowings (Note 18).

List of property:

Location	Description	Approximate Land Area	Tenure	Held By	Valuation (date of valuation)
Lot 1944 & Lot 1946 Mukim of Jeram Batu, District of Pontian, Johor, Malaysia	Agricultural land	4.8061 hectares	Freehold	ECI Berjaya Sdn Bhd	RM1,500,000 (07/12/2007)

5 Intangible asset

Intangible asset is attributable to the long term drilling contract signed with a state oil company. This was recognised upon the acquisition of Neptune Marine Oil & Gas Limited.

	Group	
	2009 US\$'000	2008 US\$'000 (restated)
Cost		
Balance at beginning	27,716	-
Acquisition through business combination	-	27,716
Balance at end	27,716	27,716
Accumulated amortisation		
Balance at beginning	1,830	-
Amortisation charge during the year	6,275	1,830
Balance at end	8,105	1,830
Carrying amount	19,611	25,886

The intangible asset is determined to have a finite life and is amortised on a straight-line basis over its estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The intangible asset has a remaining useful life of approximately 3 years as at 31 March 2009.

6 Investments

	Group and Company	
	2009 US\$'000	2008 US\$'000
Club membership, at cost	116	116
Allowance for impairment of club membership	(80)	(80)
	36	36

7 Subsidiaries

	Company	
	2009 US\$'000	2008 US\$'000 (restated)
Unquoted shares, at cost	1,448	1,318
Amount owing by subsidiaries - Long-term loan	343,562	122,453
	345,010	123,771

The amount owing by subsidiaries include unsecured loans of US\$274,759,000 (2008 - US\$122,453,000) and a secured loan of US\$68,803,000 (2008 - Nil) respectively.

Of the unsecured loans, US\$240,928,000 (2008 - US\$122,453,000) are interest free quasi-equity loan. US\$240,836,000 (2008 - US\$122,453,000) represents an extension of the Company's net investment in the subsidiary. There are no fixed terms of repayment for these loans as the settlement is neither planned nor likely to be settled in the foreseeable future.

Another unsecured loan of US\$33,831,000 (2008 - Nil) bears interest charge at 18% per annum and is not expected to be repaid within 12 months. Interest is at market rates for this loan.

The secured loan bears interest at 18% per annum and is not expected to be repaid within 12 months. Interest is at market rates for this loan.

The subsidiaries are as follows:

Name	Country of incorporation	Effective percentage of equity held		Principal activities
		2009	2008	
		%	%	
			(restated)	

Held by the Company

* Turquoise Offshore Pte Ltd	Singapore	100.00	100.00	Investment holding
* ECI Corporation Pte Ltd	Singapore	100.00	100.00	Precasting of concrete products and investment holding
** JIL Ltd	British Virgin Islands	100.00	100.00	Dormant

Held by the Company's subsidiaries

*** Neptune Marine Oil & Gas Ltd	Cyprus	55.44	55.44	Investment holding
* Neptune Marine & Drilling Pte Ltd	Singapore	55.44	55.44	Offshore drilling services
*** Neptune Marine Invest AS	Norway	55.44	55.44	Owner of drilling rigs
*** Neptune Marine Oil & Gas Ltd	Scotland	55.44	55.44	Project management

Notes to the Financial Statements (cont'd)

7 Subsidiaries (cont'd)

Name	Country of incorporation	Effective percentage of equity held		Principal activities
		2009	2008	
		%	%	

(restated)

Held by the Company's subsidiaries
(cont'd)

@ Neptune Marine Development Pte Ltd	Singapore	-	55.44	Marketing
* Neptune Finder Pte Ltd	Singapore	55.44	55.44	Owner of drilling rig
@ Neptune Marine Offshore Manning Ltd	Cyprus	-	55.44	Dormant
@ Neptune Marine Services Ltd	Scotland	-	55.44	Dormant
@ Neptune Marine Drilling Ltd	Scotland	-	55.44	Dormant
# Rig Services Ltd	British Virgin Islands	55.44	-	Offshore support services
*** ECI Berjaya Sdn Bhd	Malaysia	100.00	100.00	Precasting of concrete products

* Audited by Foo Kon Tan Grant Thornton.

** Not required to be audited under the laws of the country of its incorporation.

*** Audited by member firm of Grant Thornton International Limited.

Not required to be audited under the laws of the country of its incorporation. It is held in trust by the common directors of the subsidiaries.

@ Disposed of during the year.

8 Associate

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Unquoted shares, at cost	1,900	1,900	1,900	1,900
Share of net post-acquisition profits:				
Balance at beginning	3,395	1,515	-	-
Profit for the year	7,179	2,308	-	-
Taxation for the year	(1,230)	(428)	-	-
Dividend received for the year	(820)	-	-	-
Balance at end	8,524	3,395	-	-
	10,424	5,295	1,900	1,900

8 Associate (cont'd)

Name	Country of incorporation	Effective percentage of equity held		Principal activities
		2009 %	2008 %	
Resource Holdings Ltd	Singapore	45	45	Foundation engineering and piling works

The summary of the financial information of the associate is as follows:

	2009 US\$'000	2008 US\$'000
Assets	31,439	25,800
Liabilities	15,539	13,436
Revenue	80,612	43,182
Profit before taxation	16,024	5,288
Taxation	2,734	952

9 Joint venture

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Investment in unquoted shares in joint venture, at cost	1,165	1,165	1,165	1,165
Share of net post-acquisition loss	(21)	-	-	-
	1,144	1,165	1,165	1,165
Allowance for impairment	(1,029)	(1,029)	(1,029)	(1,029)
	115	136	136	136

Name	Country of incorporation	Effective percentage of equity held		Principal activities
		2009 %	2008 %	
* Zhejiang Econ Foundation Engineering Co Ltd	China	55	55	Foundation engineering works

* Audited by ZheJiang Wulian Certified Public Accountants Co Ltd.

Notes to the Financial Statements (cont'd)

9 Joint venture (cont'd)

The summary of financial information by joint venture is as follows:

	2009 US\$'000	2008 US\$'000
Assets	7,952	5,550
Liabilities	5,307	2,910
Revenue	29,866	20,102
Profit before taxation	4	28
Taxation	25	7

Although the Group has a long-term equity interest of more than 50%, the Group does not control but only has significant influence over the financial and operating policy decisions of the joint venture.

10 Work-in-progress

	Group	
	2009 US\$'000	2008 US\$'000
Costs	9,197	5,987
Attributable profits	482	88
	9,679	6,075
Progress billings	(7,094)	(4,563)
	2,585	1,512

The contract revenue recognised during the year is disclosed in Note 3 to the financial statements.

11 Inventory

	Group	
	2009 US\$'000	2008 US\$'000
Critical spare parts and consumables, at cost	3,984	3,022
Trading goods - building materials, at net realisable value	4,165	1,970
	8,149	4,992

A specific provision for inventory obsolescence, amounting to US\$409,000 (2008 – Nil) was provided for during the financial year.

12 Trade and other receivables

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Trade receivables				
Subsidiaries	-	-	4,776	5,318
Allowance for impairment	-	-	(4,264)	(4,701)
	-	-	512	617
Third parties	13,807	3,913	-	-
Allowance for impairment	(803)	(1,686)	-	-
	13,004	2,227	-	-
Net trade receivables	13,004	2,227	512	617
Advances	-	380	-	380
Deposits and prepayments	1,564	8,022	91	30
Sundry debtors	241	342	142	89
Tax recoverable	145	144	102	144
Interest receivable	3	39	3	25
	14,957	11,154	850	1,285
Allowance for impairment - sundry debtors	(76)	(24)	(76)	(24)
	14,881	11,130	774	1,261

Group and Company

The Group has a significant concentration of credit risk as a major customer accounted for 93.5% of the total outstanding trade receivables. This risk is mitigated as the major customer has given a US\$120 million standby letter of credit to the Company which is callable in event of non-payment by it. At balance sheet date, the allowance for impairment represents an estimate of collection losses in respect of trade and other receivables. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Notes to the Financial Statements (cont'd)

12 Trade and other receivables (cont'd)

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
<u>Trade receivables – subsidiaries</u>				
Balance at beginning of financial year	-	-	4,701	4,280
Currency translation difference	-	-	(437)	421
Balance at end of financial year	-	-	4,264	4,701
<u>Trade receivables - third parties</u>				
Balance at beginning of financial year	1,686	225	-	-
Currency translation difference	(1)	22	-	-
Allowance for impairment	798	655	-	-
Allowance written off	(1,680)	-	-	-
Acquisition of subsidiaries	-	784	-	-
Balance at end of financial year	803	1,686	-	-
<u>Sundry debtors</u>				
Balance at beginning of financial year	24	3,349	24	4,009
Currency translation difference	(8)	330	(8)	394
Allowance for impairment	61	-	61	-
Allowance written off	(1)	(3,655)	(1)	(4,379)
Balance at end of financial year	76	24	76	24

The ageing analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Past due 0 to 3 months	12,456	1,573	12	10
Past due 3 to 6 months	446	4	3	11
Past due over 6 months	102	650	497	596
	13,004	2,227	512	617

Company

Interest-bearing loans and advances to subsidiaries bear interest at rates of 6.5%-18% (2008 - 6.5%) per annum and are repayable on demand.

13 Assets held for sale

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Investment	-	210	-	210
Allowance for impairment	-	(210)	-	(210)
	-	-	-	-

Investments as at 31 March 2008 comprises the following:

- (i) Econ Co. Ltd.

The Company had entered into an agreement on 21 February 2007 for the sale of its then 49% shareholding for a consideration of Japanese Yen 9 million (approximately US\$82,000). The agreement provides that payment will be in 6 semi-annual instalments commencing 21 August 2008 to 21 February 2009. The final payment was settled on 23 February 2009 and the shares had been fully transferred.

14 Short-term investments

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Balance at beginning	-	7	-	7
Fair value adjustments included in income statement (Note 24)	-	-	-	-
Disposals	-	(7)	-	(7)
Balance at end	-	-	-	-
At fair value	-	-	-	-
Represented by:				
Financial assets at fair value through profit or loss - Quoted equity investments	-	-	-	-

The fair value of quoted equity investments is determined by reference to the bid prices of the stock exchange where the quoted equity shares are traded.

Notes to the Financial Statements (cont'd)

15 Cash and bank balances

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Fixed deposits	20,738	28,640	20,658	24,352
Cash and bank balances	18,640	17,090	1,376	200
	39,378	45,730	22,034	24,552
Fixed deposits pledged to bank	(2,641)	(5,924)	-	-
Cash and cash equivalents	36,737	39,806	22,034	24,552

Certain fixed deposits of the Group have been pledged to secure letters of guarantee provided by a bank to other parties. The effective interest earned on fixed deposit is 0.34% (2008 - 2.71%) per annum.

The unpledged fixed deposits have a term of maturity of three months or less from balance sheet date. The effective interest earned on fixed deposit is 1.2% (2008 - 2.71%) per annum.

16 Share capital

	2009 Number of shares	2008 Number of shares	2009 US\$'000	2008 US\$'000
Company				
Issued and paid up				
Balance at beginning Ordinary shares	9,579,417,415	7,829,417,415	24,672	19,046
Issue of ordinary shares (a)	19,158,834,830	1,750,000,000	280,434	5,212
	28,738,252,245	9,579,417,415	305,106	24,258
Consolidation 25 shares into 1 share	1,149,529,959	-	-	-
Issue of ordinary share (b)	36,641,871	-	2,711	-
Transfer from Other Reserve Account	-	-	2,407	414
Balance at end	1,186,171,830	9,579,417,415	310,224	24,672

(a) On 22 April 2008, the Company allotted 19,158,834,830 new ordinary shares in the Company at an issue price S\$0.02 pursuant to the 2008 Rights Issue. Following the 2008 Rights Issue, the issued paid up share capital of the Company increased to 28,738,252,245 ordinary shares from 9,579,417,415.

Immediately after the 2008 Rights Issue, the Company undertook a share consolidation whereby every 25 shares held by Shareholders of the Company after the 2008 Rights Issue was consolidated into one share. The share consolidation was completed on 25 April 2008.

(b) On 31 March 2009, the Company issued and allotted 36,641,871 new ordinary shares in the Company at an issue price of S\$0.115 pursuant to the terms of a supplemental share purchase agreement. In consideration for the share issue, a further 514,500 shares in Neptune Marine Oil & Gas Limited were acquired by a subsidiary.

(c) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry similar voting rights.

17 Other reserves

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
(a) Exchange translation reserve				
Balance at beginning	3,698	502	2,853	-
Currency translation difference	(383)	3,196	-	2,853
Transfer to share capital and retained profits	(2,407)	-	(2,853)	-
Balance at end	908	3,698	-	2,853
(b) Option reserve				
Balance at beginning	-	414	-	414
Transfer to share capital	-	(414)	-	(414)
Balance at end	-	-	-	-
(c) Other reserves				
Balance at beginning and at end	2,982	2,982	-	-
(d) Hedging reserve				
Movement during the year	(1,759)	-	-	-
Balance at end	(1,759)	-	-	-
Total other reserves	2,131	6,680	-	2,853

- (a) Exchange translation reserve arises from the translation of foreign subsidiaries' financial statements.
- (b) The Company has adopted a valuation using Binomial Model on the options that were issued on 26 July 2005 pursuant to a placement agreement entered into with Morton Bay. The share options are valued at approximately US\$414,000.
- (c) These reserves are not available for distribution as dividends.
- (d) Hedging reserve comprises the fair value of interest rate swaps entered into by the Company to hedge bank borrowings.

Notes to the Financial Statements (cont'd)

18 Borrowings

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Non-Current Liabilities				
Obligations under finance lease (a)	260	97	-	-
Term loans – secured (b)	63,167	84,576	-	-
Loan from shareholder – unsecured (c)	50,000	115,000	50,000	115,000
	113,427	199,673	50,000	115,000

Analysed as follows:

Due later than one year and not later than five years	113,427	199,673	50,000	115,000
Due later than five years	-	-	-	-
	113,427	199,673	50,000	115,000

Current Liabilities

Obligations under finance lease (a)	226	49	-	-
Term Loans – secured (b)	241,904	224,525	-	-
Loans – unsecured (c)	2,372	384	-	-
	244,502	224,958	-	-

a) Obligations under finance lease

	Group	
	2009 US\$'000	2008 US\$'000
Minimum lease payments payable:		
Due not later than one year	243	55
Due later than one year and not later than five years	283	110
	526	165
Finance charges allocated to future periods	(40)	(19)
Present value of minimum lease payments	486	146
Present value of minimum lease payments:		
Due not later than one year	226	49
Due later than one year and not later than five years	260	97
	486	146

The effective interest rate charged on hire-purchase is 5% (2008 - 6.25%) per annum.

18 Borrowings (cont'd)

(b) Term loans - secured

Included in the secured bank loans of the Group as at 31 March 2009 are as follows:-

- (1) An amount of US\$100.8 million (2008 - Nil) secured, *inter alia*, by:
 - a mortgage over the drilling vessel, the Neptune Discoverer
 - an assignment of insurance
 - an assignment of the bare boat charter of the drilling vessel owned by a subsidiary
 - As a condition for the bank loan, interest rate swaps were entered with banks whereby it pays fixed interest rate between 2.455% and 3.147% per annum and receives a floating rate equal to 3-months' LIBOR
 - Interest rate is repriced quarterly. The effective interest rate for the loan is 6.156% per annum.
- (2) An amount of US\$170 million (2008 - US\$230 million) secured, *inter alia*, by:
 - a mortgage over the drilling vessel, the Neptune Explorer
 - an assignment of insurance
 - a pledge on the shares of a subsidiary
 - Interest rate can be re-priced at 1, 3 or 6 months or such other period as is acceptable to the lender. The effective interest rate is 6.479% per annum.
- (3) An amount of US\$35 million (2008 - Nil) secured, *inter alia*, by:
 - a mortgage over the drilling vessel, the Neptune Finder
 - an assignment of insurance
 - a corporate guarantee given by the Company
 - a pledge on the shares of a subsidiary
 - Interest rate can be re-priced at 1, 3 months or such other periods as is acceptable to the lender. The effective interest rate is 5.575% per annum.
- (4) An amount of US\$222,000 (2008 - US\$125,000) secured by a mortgage over a subsidiary's freehold property. Interest rate is charged at 3.48% per annum (2008 - 3.48% per annum).

The financial covenants for the term loan set out in paragraph (b)(1) include:-

- (i) maintenance of Debt Service Cover Ratio of not less than 1.2:1
- (ii) maintenance of a minimum liquidity of at least US\$7,500,000

In addition to the above financial covenants, there are other covenants typical for a loan of this nature which the Group has to observe.

During the financial year, the cancellation of the charter contract for Neptune Explorer by a client caused certain breaches in the term loan as no replacement of charter contract was in place by 30 April 2009 pursuant to the terms of the agreement.

As at the date of this report, the Group has not received notice from the financial institutions for the acceleration of this loan as a result of such breaches. In addition, subsequent to the occurrence of the breaches, loan repayments to the financial institutions have been continuing in accordance with the repayment schedule set out in the loan agreement. Furthermore, the financial institutions continue to allow for interest-fixing date on 10 June 2009.

Hence the management is of the view that the portion of the term loan payable after 12 months should be continue to be classified as non-current liabilities.

Notes to the Financial Statements (cont'd)

18 Borrowings (cont'd)

(c) Loans - unsecured

This relates to a receivables purchase or factoring facility provided by a bank to a subsidiary. The factoring limit is US\$2,378,000 (2008 - US\$3,946,000) with a credit advance limit of US\$985,000 (2008 - US\$1,086,000). The effective interest rate is 5.75% per annum (2008 - 6% per annum). Interest rate is repriced at various period up to twelve months. The credit advance limit is guaranteed by the Company.

Both the US\$115 million (2008 - US\$115 million) and US\$50 million (2008 - Nil) loan from Morton Bay were unsecured, interest free and have no fixed terms of repayment. They were both repaid from proceeds from rights issue that were completed in April 2008 and May 2009 respectively.

19 Deferred tax liabilities

	Group	
	2009	2008
	US\$'000	US\$'000
Balance at beginning	46	42
Exchange adjustment	(4)	4
Balance at end	42	46

The deferred tax liabilities arises as a result of tax on:

Excess of net book value over tax written down value of
property, plant and equipment

	42	46
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The deferred tax liabilities are expected to be settled more than twelve months from the balance sheet date.

20 Interest rate swaps

	Group	
	2009	2008
	US\$'000	US\$'000
Cash flow hedge		
- Interest rate swap, at fair value	1,759	-

As a condition to the term loan provided by financial institutions, the Group had entered into interest rate swaps with an aggregate notional amount of US\$90,000,000 whereby it pays fixed interest rate between 2.455% and 3.147% per annum and receives a floating rate equal to 3-months' LIBOR. The swaps are being used to hedge the exposure to changes in the floating interest rate on a bank loan (Note 18). As at balance sheet, the current notional amount is US\$75,600,000, expiring on 11 June 2012.

21 Trade and other payables

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Trade payables				
Third parties	37,566	29,655	75	321
Advances received	1	206	-	-
Obligation under corporate guarantee	-	5,000	-	-
Deposits received	141	78	-	-
Deferred mobilisation fee	-	10,859	-	-
Accrued expenses	18,476	6,813	78	1,127
Withholding tax - staff	29	30	-	-
Sundry creditors	641	3,592	641	2,722
	56,854	56,233	794	4,170

Trade payables balances are normally on 30 days credit terms.

22 Interest income

	Group	
	2009 US\$'000	2008 US\$'000
Fixed deposits	687	796

23 Other income

	Group	
	2009 US\$'000	2008 US\$'000
Gain on disposal of assets held for sale	57	11
Gain on disposal of unquoted investments	105	60
Gain on disposal of subsidiary	-	374
Write back for impairment of assets held for sale	-	16
Recovery of debts - non-trade	214	1,165
Reversal of provision for claims no longer required	5,000	-
Miscellaneous income	264	633
	5,640	2,259

Notes to the Financial Statements (cont'd)

24 Other expenses

	Group	
	2009 US\$'000	2008 US\$'000
Allowance for inventory obsolescence	(409)	-
Bank transaction fees	(7,302)	-
Acquisition and restructuring costs related subsidiary acquired	-	(12,014)
Bad debts written off and impairment of trade receivable	(61)	(655)
Consultancy fee	-	(11)
Impairment loss on		
- investment in joint venture	-	(45)
Others	(7)	(7)
	(7,779)	(12,732)

25 Profit before taxation

	Note	2009 US\$'000	2008 US\$'000
Profit before taxation is stated after charging/(crediting):			
Audit fee			
- auditors of the company			
- current year		148	57
- other auditors			
- current year		53	2
- under/(over) provision in prior year		234	(53)
Non-audit fees (tax consulting fees)			
- auditors of the company		29	10
- other auditors		82	41
Depreciation of property, plant and equipment	4	19,098	9,455
Directors' fees		275	409
Directors' remuneration			
- Directors of the Company			
- salaries and related costs		620	520
- CPF contributions		5	5
- Directors of subsidiaries			
- salaries and related costs		1,022	270
- CPF contributions		8	8
Staff costs (excluding directors' remuneration):			
- salaries and related costs		23,216	7,504
- CPF contributions		265	125
Total staff costs		25,136	8,432

25 Profit before taxation (cont'd)

	Note	2009 US\$'000	2008 US\$'000
Exchange (gain)/loss		(647)	349
Gain on disposal of quoted equity investments		-	(18)
Operating lease rentals - yard space and land		286	249
Allowance for impairment - trade receivables		798	655
Allowance for inventory obsolescence		409	-

26 Taxation

		Group	
		2009 US\$'000	2008 US\$'000
Current taxation		41,251	-
Current taxation - associate and joint venture		1,254	432
		42,505	432
Over provision of taxation in respect of prior years			
- current taxation		(96)	(17)
		42,409	415

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on Group's profits as a result of the following:

		Group	
		2009 US\$'000	2008 US\$'000
Profit/(loss) before taxation		3,895	(6,715)
Tax at statutory rate of 17% (2008 - 18%)		662	(1,209)
Tax effect on non-deductible expenses		9,408	2,546
Tax effect on non-taxable income		(24,204)	(855)
Group relief		(19)	(51)
Others		-	1
Utilisation of deductible temporary differences previously not recognised as deferred tax assets		5,686	-
Singapore statutory stepped income exemption		(3)	-
Deferred tax assets on temporary differences not recognised		442	-
Differences in foreign tax rates		50,533	-
		42,505	432

The Group and the Company have unutilised capital allowances and tax losses amounting to approximately US\$Nil (2008 - US\$197,385) and US\$4,209,924 (2008 - US\$141,008,552) respectively which are subject to agreement with the respective tax authorities.

Notes to the Financial Statements (cont'd)

26 Taxation (cont'd)

The unutilised capital allowances and tax losses of the Company and its Singapore incorporated subsidiaries can be carried forward for offsetting against future taxable income provided the provisions of Sections 23 and 37 of the Singapore Income Tax Act, Cap. 134 are complied with.

Unutilised tax benefits of US\$363,000 (2008 - US\$371,000) have not been recognised as the realisation in the future is uncertain.

As with other similar foreign entities operating in Venezuela, the company pays withholding tax upfront to the local tax authority at 30.6% on its gross revenue for its drillings operations there. However, the company is entitled to file its tax position at 34% on its net operating income at the end of the fiscal year, subject to tax rules and regulations under the Venezuelan tax regime. If it is determined that the withholding tax paid is higher than the tax obligation if tax is calculated at 34% of net operating income, then the Venezuelan Tax Authority may issue a tax credit to the company for the amount of tax overpaid. However in preparing the accounts, the company has adopted a conservative approach and this potential tax credit is not included in its financial results as, being its first year of operations in Venezuela, there are many uncertainties.

27 Earnings per share

Group

Basic earnings per share is calculated by dividing the net profit after taxation and minority interest for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit after taxation and minority interest attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding and weighted average number of dilutive options during the year.

The following reflects the earnings and data on issued shares used in the basic and diluted earnings per share computations for the respective financial years ended 31 March:

	2009 US\$'000	2008 US\$'000
Net loss attributable to ordinary shareholders of the Company	(19,059)	(4,225)

	No. (in thousands)	No. (in thousands)
Weighted average number of ordinary shares in issue applicable to basic earnings per share	1,085,667	359,843
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	1,085,667	359,843

There have been no transactions involving ordinary shares or potential shares since the reporting date and before the completion of these financial statements.

28 Related party transactions**Group**

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties at mutually agreed amounts:

	2009 US\$'000	2008 US\$'000
Short-term benefit costs to key management personnel (directors)	1,655	803

29 Capital commitments

As at the balance sheet date, the Group had the following capital commitments in respect of property, plant and equipment:

	Group	
	2009 US\$'000	2008 US\$'000
Expenditure authorised and contracted for the upgrading for drilling vessel and building, classified under construction in-progress	9,987	103,562
Expenditure authorised but not contracted for the upgrading for drilling vessel, classified under construction in-progress	41,209	264

30 Operating lease commitments (non-cancellable)**Operating lease commitments (as lessee)**

As at the balance sheet date, the Group was committed to making the following payments under non-cancellable operating leases with a term of more than one year as follows:

	Group	
	2009 US\$'000	2008 US\$'000
Not later than one year	1,820	1,040
Later than one year and not later than five years	3,531	2,038
Later than five years	-	653

The leases on the Group's office, factory and warehouse premises on which rentals are payable will expire earliest on 30 April 2009 and latest on 31 December 2014, and the current rent payable on the leases are US\$1,839 to US\$59,564 per month and are subject to revision on renewal or yearly revision.

The lease on the photocopier on which rental is payable will expire on 31 December 2010 subject to renewal. The current rent payable on the lease is approximately US\$156 per month, which is subject to revision on renewal.

Notes to the Financial Statements (cont'd)

31 Contingent liabilities

	Group		Company	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Performance bond, unsecured	586	590	-	-
Performance bond, secured by fixed deposit	5,000	-	-	-
Security bond, unsecured	181	148	-	-
Corporate guarantees, unsecured	-	-	37,372	383
	5,767	738	37,372	383

The Company has given a guarantee to a bank for its subsidiary's banking facilities (Note 18).

32 Segment information

Segment information is provided as follows:

By business	Principal activities
Offshore drilling	Drilling vessels owner and operators, provision of management services for the management of vessels.
Building services	Manufacturing and trading of concrete products and foundation engineering works.
Others	Investment holding and management.

Segment accounting policies are the same as the policies described in Note 2. The Company generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

The following tables present revenue and profit information regarding industry segments for the years ended 31 March 2009 and 2008, and certain assets and liabilities information regarding industry segments as at 31 March 2009 and 2008.

32 Segment information (cont'd)

Business Segments

	Offshore Drilling		Building Services		Others		Adjustments/ (Elimination)		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue										
Sales to external customers	127,182	37,881	18,985	7,434	-	-	-	-	146,167	45,315
Inter segment sales	-	-	4,280	-	-	-	(4,280)	-	-	-
Total revenue	127,182	37,881	23,265	7,434	-	-	(4,280)	-	146,167	45,315
Segment result	7,647	(2,483)	480	135	(2,775)	(3,184)	-	-	5,352	(5,532)
Share of profits of										
- associates	-	-	7,179	2,308	-	-	-	-	7,179	2,308
- joint venture	-	-	3	15	-	-	-	-	3	15
Finance income	82	120	-	2	6,988	674	(6,383)	-	687	796
Finance costs	(10,230)	(1,389)	(161)	-	(1,194)	(1,660)	2,259	-	(9,326)	(3,049)
Profit before tax									3,895	(5,462)
Taxation									(42,409)	(415)
Discontinued operations									-	-
Minority interest, net of taxes									19,455	1,652
Net loss for the year									(19,059)	(4,225)
Business segments										
Segment assets	812,840	634,134	10,014	6,365	22,624	30,128	-	-	845,478	670,627
Investment in associates	-	-	10,424	5,295	-	-	-	-	10,424	5,295
Investment in joint venture	-	-	115	136	-	-	-	-	115	136
Total assets	812,840	634,134	20,553	11,796	22,624	30,128	-	-	856,017	676,058
Segment liabilities	360,521	273,605	5,221	2,290	50,800	204,969	-	-	416,542	480,864
Taxation liabilities	1,629	-	353	190	-	-	-	-	1,982	190
Total liabilities	362,150	273,605	5,574	2,480	50,800	204,969	-	-	418,524	481,054
Other segment information:										
Capital expenditures	238,182	43,195	909	1,267	315	2	-	-	239,406	44,464
Depreciation of property, plant and equipment	18,698	9,256	332	169	68	30	-	-	19,098	9,455
Allowance for doubtful debts - trade receivables	798	652	-	3	-	-	-	-	798	655
Gain on disposal of property, plant and equipment	-	-	(91)	-	-	-	-	-	(91)	-
Gain on disposal of quoted equity investments	-	-	-	-	-	(18)	-	-	-	(18)

Notes to the Financial Statements (cont'd)

32 Segment information (cont'd)

Geographical segments

The following tables presents revenue and profit information regarding geographical segments for the years ended 31 March 2009 and 2008 and certain asset and liability information regarding geographical segments as at 31 March 2009 and 2008.

	Singapore		Overseas		Elimination		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment Revenue								
Sales to external customers	18,985	7,434	127,182	37,881	-	-	146,167	45,315
Inter segment sales	-	-	4,280	-	(4,280)	-	-	-
Total revenue	18,985	7,434	131,462	37,881	(4,280)	-	146,167	45,315
Other geographical information:								
Segment assets	17,540	41,924	838,477	634,134	-	-	856,017	676,058
Capital expenditures	739	1,269	238,667	43,195	-	-	239,406	44,464

Overseas segmentations are for drilling vessels that are located in international waters as at the end of the financial year.

33 Financial risk management objectives and policies

The Group reviews its risk profile on a transactional basis. The Group does not hold or issue derivative financial instruments for trading purposes but may be a party to derivative financial instruments such as interest rate swaps and forward exchange contracts to hedge against fluctuations, if any, in interest rates or foreign exchange rates.

The Group's and the Company's exposure to financial risks associated with financial instruments held in the ordinary course of business include:

(a) Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries. The Group does not hedge against translation exposures.

The Company's operational activities are carried out in United States Dollars, which is the functional currency. The currency giving rise to this foreign currency risk is primarily the Singapore Dollars.

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

The following table entails the Group's exposure at the balance sheet date to currency risk arising from financial assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate:

	31 March 2009					
	United States	Euro	Singapore	Great Britain	Norwegian	Malaysia
	Dollars	Dollars	Dollars	Pound	Kroner	Ringgit
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade and other receivables	13,178	-	1,671	-	-	32
Cash and bank balances	37,974	4	1,339	-	-	61
Trade and other payables	(35,262)	(147)	(20,422)	(254)	(652)	(117)
	15,890	(143)	(17,412)	(254)	(652)	(24)

	31 March 2008					
	United States	Euro	Singapore	Great Britain	Norwegian	Malaysia
	Dollars	Dollars	Dollars	Pound	Kroner	Ringgit
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade and other receivables	8,705	-	2,395	-	-	30
Cash and bank balances	22,347	1	23,353	-	-	29
Trade and other payables	(20,768)	(831)	(34,554)	(73)	-	(7)
	10,284	(830)	(8,806)	(73)	-	52

Sensitivity analysis

A 5% (2008 - 10%) strengthening of US dollars against the following currencies at the balance sheets date would increase/ (decrease) the consolidated loss before tax as shown below:

	Consolidated Income Statement	
	2009	2008
	US\$'000	US\$'000
Euro Dollars	7	83
Singapore Dollars	871	881
Great Britain Pound	13	7
Norwegian Kroner	33	-
Malaysia Ringgit	1	(52)

A 5% (2008 - 10%) weakening of the US dollars against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes to the Financial Statements (cont'd)

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

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to the change in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the impact of short term fluctuation in the Group's earning.

During the financial year, the Group had entered into interest rate swaps where it pays fixed interest rate between 2.455% and 3.147% per annum and receives a floating rate equal to 3-months' LIBOR. The swaps are being used to hedge the exposure to changes in the floating interest rate on a bank loan.

As at the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments are as follows:

	2009 US\$'000	2008 US\$'000
Variable rate instruments		
Financial liabilities	305,071	309,101

Sensitivity analysis

A 1% point increase in interest rate would increase the Group's loss before tax by approximately US\$3,050,710 (2008 - US\$3,091,010).

On the other hand, a 1% point decrease in interest rate, with all other variables including tax rate being held constant, would have had the equal opposite effect on the amount shown above, on the basis that all other variables remaining constant.

The following summarises the methods and assumptions used in estimating the fair value of financial instruments of the Group:

Floating interest-bearing borrowings

The Group believes that the carrying amounts of floating interest-bearing borrowings, which are re-priced at intervals of three months, reflect the corresponding fair value.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including cash and cash equivalents, trade and other receivables and trade and other payables) are assumed to approximate their fair value because of the short period to maturity.

33 Financial risk management objectives and policies (cont'd)**Price risk**

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group's quoted or marketable financial instruments are not significant and hence, exposure to any movements in market prices is limited.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group performs periodic credit evaluations of its customers' financial condition but generally does not require collateral. Careful consideration is given to the reputation and trustworthiness of potential clients before the Group tenders for a project and enters into a contract.

The Group believes that its credit risk in trade receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures.

As at the balance sheet date, the Group has concentration of credit risk in a single customer amounting US\$12,163,973 representing approximately 93.5% of the total trade receivables of US\$13,004,000 (Note 12). The impairment allowance of US\$798,000 recorded at the balance sheet date relates to commercial dispute. To date, the dispute has been resolved.

The Group establishes an allowance for impairment that represents its estimates of incurred losses in respect of trade and other receivables. The main components of the allowance are a specific loss component that relates to individually significant exposures, and a collective loss component establish for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistic for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial assets are considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial assets.

Cash is held with reputable financial institutions.

Notes to the Financial Statements (cont'd)

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

(c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	31 March 2009			
	Carrying	Contractual		
	amount	cash flows	< 1 year	1-2 years
	US\$'000	US\$'000	US\$'000	US\$'000
Non-derivative financial liabilities				
Interest-bearing borrowings (Note 18)	(305,071)	(306,021)	(242,854)	(63,167)
Trade and other payables	(56,854)	(56,854)	(56,854)	-
	(361,925)	(362,875)	(299,708)	(63,167)
31 March 2008				
	Carrying	Contractual		
	amount	cash flows	< 1 year	1-2 years
	US\$'000	US\$'000	US\$'000	US\$'000
Non-derivative financial liabilities				
Interest-bearing liabilities (Note 18)	(309,101)	(315,125)	(85,118)	(230,007)
Trade and other payables	(56,233)	(56,233)	(56,233)	-
	(365,334)	(371,358)	(141,351)	(230,007)

34 Financial instruments**Fair values**

The face value less any estimated credit adjustments for financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The Group does not anticipate that the carrying amounts recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

Fair values

	Carrying amount	Fair value	Carrying amount	Fair value
	2009	2009	2008	2008
	US\$'000	US\$'000	US\$'000	US\$'000
Trade and other receivables	14,881	14,881	11,130	11,130
Cash and bank balances	39,378	39,378	45,730	45,730
Trade and other payables	(56,854)	(56,854)	(56,233)	(56,233)
Interest-bearing borrowings (Note 18)	(305,071)	(306,021)	(309,101)	(315,125)
	(307,666)	(308,616)	(308,474)	(314,498)

35 Restatement of prior year

On 2 March 2009, the Company announced that the Company and Turquoise had entered into a conditional agreement (the "Supplemental SPA") pursuant to which certain amendments were made to a share purchase agreement.

As a consequence of the transactions contemplated by the Supplemental SPA, the Company's shareholding interest in Neptune Marine Oil & Gas, Cyprus increased to 55.44%. As per Financial Reporting Standard 103, the Company made adjustments to the provisional values of the identifiable assets, liabilities and contingent liabilities of Neptune in FY2009.

	Group		Company	
	Amount Restated	Amount previously Reported	Amount Restated	Amount previously Reported
	31/03/2008	31/03/2008	31/03/2008	31/03/2008
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Balance Sheets</u>				
Property, plant and equipment	581,341	611,141	-	-
Intangible asset	25,886	41,730	-	-
Subsidiaries	-	-	123,771	121,060
Retained profits	3,001	2,584	-	-
Minority interests	160,651	209,423	-	-
Trade and other payables	56,233	53,522	4,170	1,459

Notes to the Financial Statements (cont'd)

35 Restatement of prior year (cont'd)

	Amount Restated 31/03/2008 US\$'000	Group Amount previously Reported 31/03/2008 US\$'000
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Income Statement

Cost of sales	(35,162)	(36,282)
Other expenses	(12,732)	(12,865)

36 Event after balance sheet date

On 11 May 2009, Turquoise acquired a bank loan of approximately US\$166 million, comprising US\$150 million in principal and approximately US\$16 million in accrued interest. The balance of the principal of the loan amounting to US\$20 million was acquired on 2 June 2009.

To finance the acquisition of the bank loan, the Company entered into an agreement with its controlling shareholder, Morton Bay whereby Morton Bay would provide an unsecured loan of up to US\$186 million to the Company ("Morton Bay Loan"). The proceeds from this loan was on-lent to Turquoise for it to acquire the bank loan. The repayment date of the Morton Bay Loan is 30 June 2009 and the maturity is extendable by the controlling shareholder. An amount of approximately US\$179.55 million had been drawn under the Morton Bay Loan to acquire the bank loan. The remaining amount of US\$6.45 million for the acquisition of the bank loan was funded by proceeds from the Company's rights issue completed in June 2009.

The Company issued 659,530,330 new ordinary shares at an issue price S\$0.13 on 29 May 2009 pursuant to a rights issue raising US\$59.34 million.

From the rights issue proceeds, US\$50 million had been used to repay a bridging loan from Morton Bay drawn in December 2008.

37 Other information required by the Singapore Exchange Securities Trading Limited

No material contracts to which the Company or any related company is a party and which involve Directors' or controlling shareholders' interest subsisted at, or have been entered into since the end of the financial year.

38 Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

38 Capital management (cont'd)

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Management monitors capital based on a net gearing ratio. The gearing ratio is calculated as net debt divided by shareholders returns. Net debt is calculated as borrowings less cash and cash equivalents.

	2009	2008
	US\$'000	US\$'000
Obligations under finance lease	486	146
Term loan – secured	305,071	309,101
Loan – unsecured	2,372	384
Loan from shareholder – unsecured	50,000	115,000
Less: Cash and cash equivalents	(36,737)	(39,806)
Net debt	321,192	384,825
Shareholder's equity	292,297	34,353
Gearing ratio	1.1	11.2

There were no changes in the Group's approach to capital management during the year.

The company is not subject to externally imposed capital requirements other than as disclosed.

Statistics of Shareholding

SHARE CAPITAL

Number of shares	1,845,702,160
Class of shares	Ordinary
Voting Rights	1 vote per ordinary share

Note:

The Company had issued 36,641,871 ordinary shares at an issue price of S\$0.115 each on 31 March 2009 pursuant to the terms of a supplemental sale and purchase agreement. A further 659,530,330 ordinary shares were issued at S\$0.13 each on 29 May 2009 pursuant to a rights issue, bringing the total share capital of the Company to 1,845,702,160 ordinary shares.

SUBSTANTIAL SHAREHOLDERS

(as shown in the Company's Register of Substantial Shareholders)

	No. of shares which Shareholders have an interest	
	Direct	Deemed
Morton Bay (Holdings) Pte Ltd	1,475,325,472	-
Asset Holder PCC No.2 Limited re Ashmore Asian Recovery Fund	-	1,475,325,472
Ashmore Global Special Situations Fund 2 Limited	-	1,475,325,472
Ashmore Global Special Situations Fund 4 Limited Partnership	-	1,475,325,472
Ashmore Investment Management Limited	-	1,475,325,472

Public Float

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public. The Company has complied with this requirement. As at 23 June 2009, approximately 19.74% of its shares listed on the SGX-ST were held in the hands of the public.

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	8,047	46.88	2,859,694	0.16
1000 - 10,000	6,784	39.53	27,171,809	1.47
10001 - 1,000,000	2,314	13.48	94,387,607	5.11
1,000,001 and above	19	0.11	1,721,283,050	93.26
Total :	17,164	100.00	1,845,702,160	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Morton Bay (Holdings) Pte Ltd	1,475,325,472	79.93
2	Citibank Nominees S'pore Pte Ltd	99,393,635	5.39
3	Cyber Express Enterprises Limited	40,000,000	2.17
4	Premiumco Limited	36,641,871	1.99
5	United Overseas Bank Nominees Pte Ltd	14,073,609	0.76
6	Yap Chin Kok	10,000,000	0.54
7	HSBC (Singapore) Nominees Pte Ltd	7,353,960	0.40
8	UOB Kay Hian Pte Ltd	7,159,940	0.39
9	DBS Nominees Pte Ltd	6,715,966	0.36
10	DBS Vickers Securities (S) Pte Ltd	5,947,640	0.32
11	Phillip Securities Pte Ltd	3,103,164	0.17
12	American Home Assurance Company, Singapore Branch	2,915,102	0.16
13	OCBC Nominees Singapore Pte Ltd	2,552,249	0.14
14	Chew Suyin	2,500,000	0.14
15	Korea Exchange Bank	1,776,284	0.10
16	OCBC Securities Private Ltd	1,601,078	0.09
17	Tai Yuok Ling or Yap Tu Mei	1,600,000	0.09
18	DB Nominees (S) Pte Ltd	1,450,000	0.08
19	Kim Eng Securities Pte. Ltd.	1,173,080	0.06
20	Kian Ann Engineering Ltd	933,100	0.05
Total:		1,722,216,150	93.33

Jasper Investments Limited

(Incorporated in the Republic of Singapore) (Co. Reg. No. 198700983H)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of the Company will be held at GV Vivocity, 1 HarbourFront Walk, #02-30, Vivocity, Singapore 098585 on Thursday, 30 July 2009 at 9.30 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 March 2009 together with the reports of the Directors and Auditor thereon.
2. To re-elect Mr Steven Simpson, a Director who retires by rotation pursuant to Article 91 of the Company's Articles of Association.
3. To approve Directors' fees of S\$270,000.00 for the year ended 31 March 2009. (2008: (S\$295,000))
4. To re-appoint Foo Kon Tan Grant Thornton as Auditor and to authorise the Directors to fix their remuneration.
5. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

As Special Business

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"That authority be and is hereby given to the Directors of the Company to:

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

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution):
 - (i) by way of renounceable rights issues on a pro rata basis to shareholders of the Company ("Renounceable Rights Issues") does not exceed 100% of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (3) below); and
 - (ii) otherwise than by way of Renounceable Rights Issues ("Other Share Issues") does not exceed 50% of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (3) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (3) below);
- (2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100% of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (3) below);

- (3) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under paragraphs (1)(i) and (1)(ii) above, the total number of issued shares, excluding treasury shares, shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time that this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association for the time being of the Company; and
- (5) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:
- "That, contingent on the passing of the Ordinary Resolution in item 6 above ("Resolution 6"), authority be and is hereby given to the Directors to fix the issue price for shares in the capital of the Company which may be issued by way of placement pursuant to the 20% sub-limit for Other Share Issues on a non pro rata basis referred to in Resolution 6, at a discount exceeding 10% but not more than 20% of the price as determined in accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited."

By order of the Board

Foo Soon Soo / Lee Mee Kium
Joint Company Secretaries
14 July 2009

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. An instrument appointing a proxy must be lodged at the registered office of the Company at 1 HarbourFront Avenue #14-01 Keppel Bay Tower Singapore 098632, not less than 48 hours before the time fixed for the Annual General Meeting.

Additional information relating to items of Ordinary and Special Business

Item 2 Mr Steven Simpson is an independent Director. He is a member of the Audit Committee and the Chairman of the Nominating Committee.

Another Director, Mr Heng Chiang Meng, who is also retiring by rotation at this Annual General Meeting pursuant to Article 91 of the Articles of Association, will not be seeking re-election. Mr Heng, who is the Chairman of the Audit Committee and also a member of the Remuneration Committee and Nominating Committee, is an independent Director.

Item 6 This Ordinary Resolution is to empower the Directors, from the date of this Annual General Meeting up to the date of the next Annual General Meeting, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding (i) 100% for Renounceable Rights Issues, and (ii) 50% for Other Share Issues of which up to 20% may be issued other than on a pro rata basis to shareholders, and provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares, excluding treasury shares, in the capital of the Company. For determining the aggregate number of shares that may be issued, the total number of issued shares, excluding treasury shares, will be calculated based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time that this Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

The authority for 100% Renounceable Rights Issues is proposed pursuant to the SGX news release of 19 February 2009 which introduced further measures to accelerate and facilitate listed issuers' fund raising efforts ("SGX News Release").

Item 7 This Ordinary Resolution is to empower the Directors to fix the issue price for shares that may be issued by way of placement pursuant to the 20% sub-limit for Other Share Issues on a non pro rata basis (referred to in the Ordinary Resolution in item 6 above) at a discount exceeding 10% but not more than 20% of the price as determined in accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited. This Resolution is proposed pursuant to the SGX News Release.

Jasper Investments Limited

(Incorporated in the Republic of Singapore) (Co. Reg. No. 198700983H)

Proxy Form - Annual General Meeting

IMPORTANT:

1. For investors who have used their CPF monies to buy Jasper Investments Limited shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. If they wish to vote, they must submit their voting instructions to their CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____ (Name)

of _____ (Address)

being a member/members of **JASPER INVESTMENTS LIMITED** hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company to be held on 30 July 2009 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolution relating to:	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	No. of Votes For**	No. of Votes Against**
1.	Adoption of Reports and Financial Statements				
2.	Re-election of Mr Steven Simpson				
3.	Approval of Directors' Fees				
4.	Re-appointment of Auditor				
5.	Approval of Share Issue Mandate				
6.	Approval of Share Placement Discount				

* Please indicate your vote "For" or "Against" with a tick (✓) in the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2009.

Total number of shares held

Signature(s) of Member(s)/Common Seal

IMPORTANT:
PLEASE READ NOTES OVERLEAF

Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the 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 Meeting.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares entered against his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 1 HarbourFront Avenue #14-01 Keppel Bay Tower Singapore 098632 not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

General

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Information

BOARD OF DIRECTORS

Seumas Dawes (Chairman)
Geoffrey Yeoh (Executive Director)
Oscar Spieler
Heng Chiang Meng
Steven Simpson
David Chia

AUDIT COMMITTEE

Heng Chiang Meng (Chairman)
Steven Simpson
David Chia

NOMINATING COMMITTEE

Steven Simpson (Chairman)
Seumas Dawes
Heng Chiang Meng

REMUNERATION COMMITTEE

Seumas Dawes (Chairman)
Heng Chiang Meng
David Chia

JOINT COMPANY SECRETARIES

Foo Soon Soo
Lee Mee Kium

REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street #08-01 Samsung Hub
Singapore 049483

AUDITORS

Foo Kon Tan Grant Thornton
Certified Public Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365

Partner-in-charge

Kon Yin Tong
(appointed since financial year 31 March 2005)

REGISTERED OFFICE

1 HarbourFront Avenue
#14-01 Keppel Bay Tower
Singapore 098632
Tel: 65 6513 6888
Fax: 65 6557 2313
Email: corp@jasperinvests.com
Website: www.jasperinvests.com
Co. Reg. No.: 198700983H



Investments Limited

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Company Registration No.: 198700983H