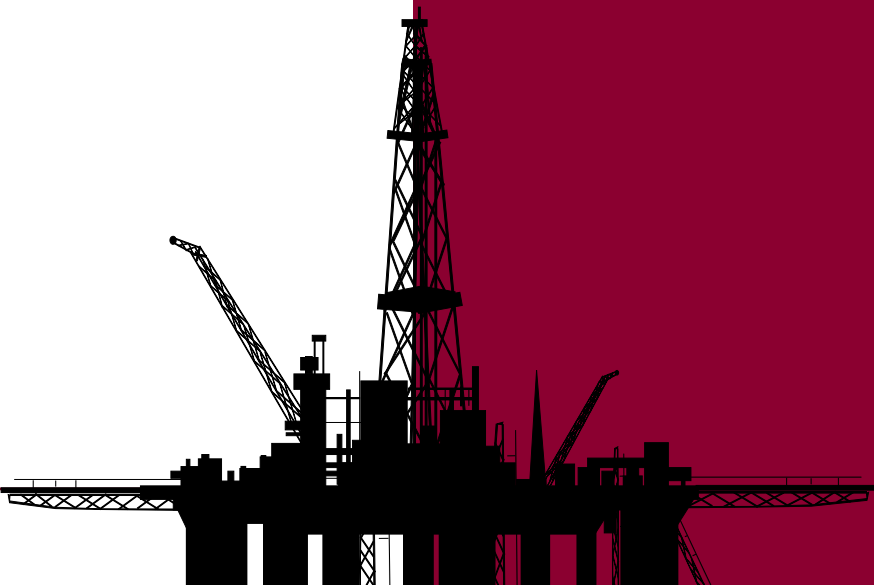




CONTENTS

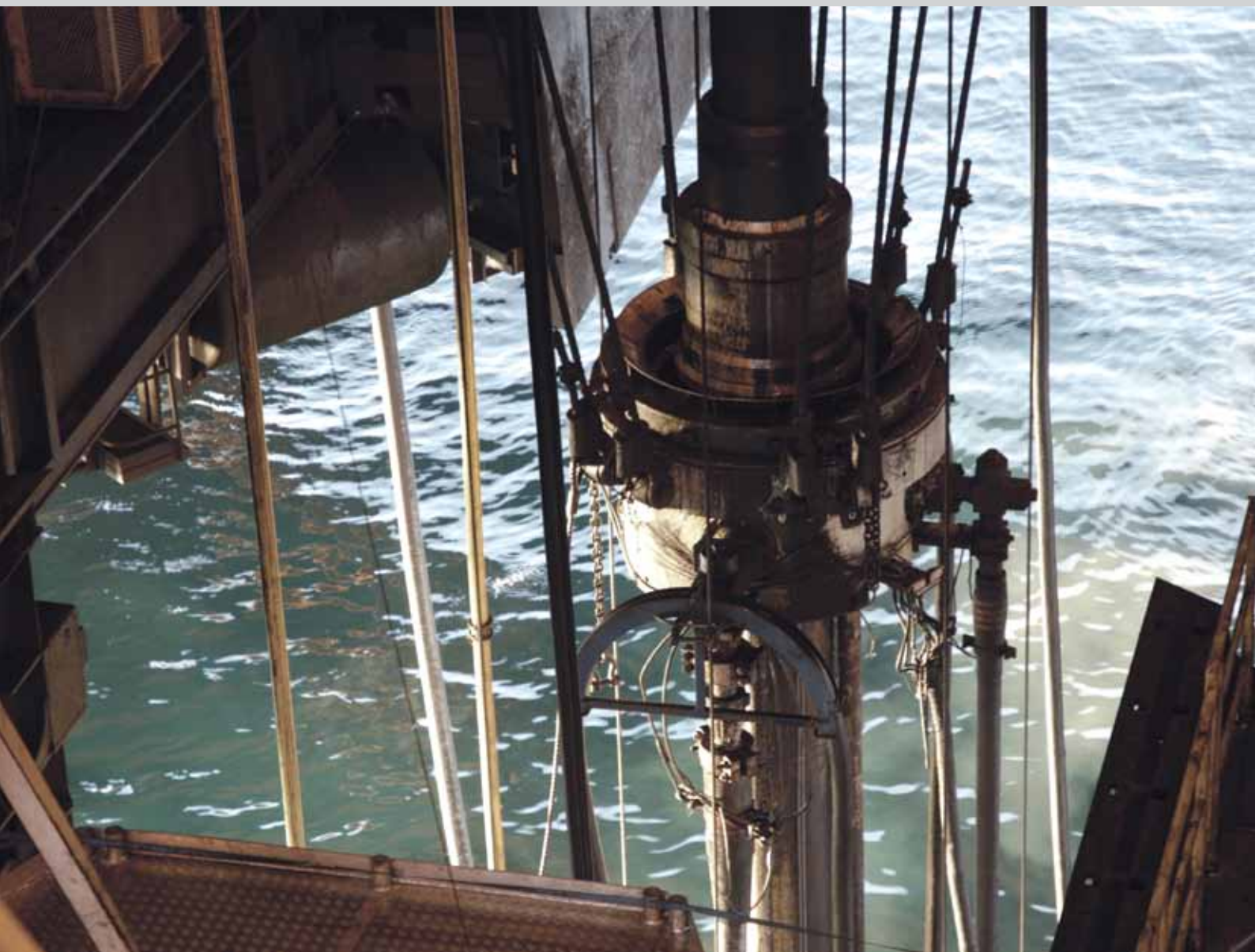
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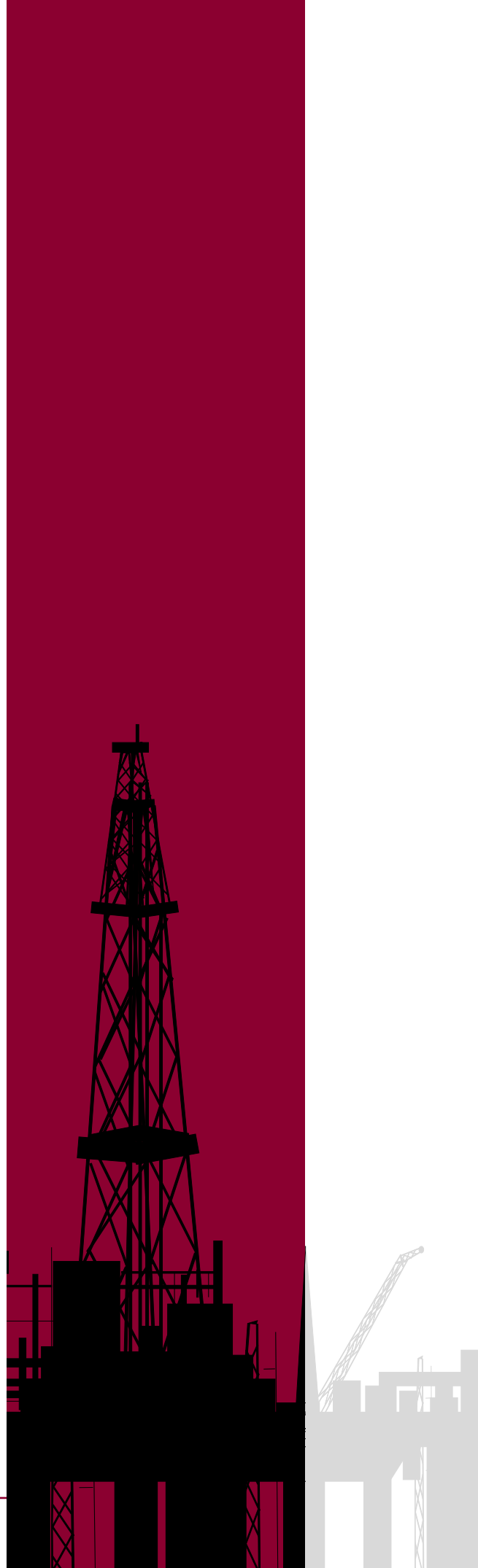
OUR STORY

Jasper Investments Limited is a holding company listed on the SGX and it principally invests in the offshore oil and gas drilling and services sector. Jasper's principal subsidiary, Jasper Offshore, owns and operates oil rigs for offshore drilling which are contracted out to 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.



BUILDING ON FIRM FOUNDATIONS



MESSAGE FROM EXECUTIVE DIRECTOR

FY2011 was a year marked by many challenges. One of them was the mandated suspension of drilling activity in the Gulf of Mexico, shortly after the BP oil spill in April last year. It cast a pall on the global offshore drilling industry. Demand for rigs stalled and orders froze as a result of uncertainty in the aftermath of the Deepwater Horizon incident, which was the largest offshore oil spill in US history.

The incident had an immediate impact on the Group as oil and gas companies put on hold their drilling plans, thereby pulling the brakes on drilling companies such as Jasper. As a result, no revenue was generated in FY2011 by the Explorer, despite the completion of the upgrade of the drillship. As we had sold the Discoverer in FY2010, the Group did not record any meaningful revenue during the year.

Despite this setback, our capital base has remained strong allowing us to lay the groundwork for future opportunities. In the second half of FY2011, we signed contracts with Keppel FELS to build two KFELS B Class jack-up for around US\$180 million each. Based on the contractual delivery schedule, the first rig is to be delivered by November 2012 and the second by May 2013. The values of our two jack-ups have since appreciated as shipyard prices for similar rigs have progressively increased as more orders were taken by the rig builders due to increasing demand for new premium jack-ups.

In support of Jasper's plan to expand its fleet, our major shareholder, Morton Bay, capitalised all its existing loans to the company. Its US\$194.6 million in loans were offset against its subscription of 1,946,320,562 new ordinary shares in Jasper.

Jasper also issued new shares amounting to US\$15 million to Hygrove Investments Limited at S\$0.096 per share, to partially finance the construction of the two new rigs. These moves put Jasper in a more nimble position to tap opportunities as they surface.

When completed in FY2013, the two new rigs will increase Jasper's fleet to four vessels. With the expanded range of offshore rigs, the company will be better equipped to meet our clients' needs across a wider drilling spectrum.

In addition to the acquisitions, we inked a drilling contract for the Explorer in the new financial year. The contract was signed with AGR Peak Well Management Ltd for the drilling of one firm well and an option well in offshore Republic of Guinea for NYSE Amex-listed Hyperdynamics Corporation.

The contract with AGR also provides for the option to deploy the Explorer for another five option

wells in West African waters on mutually agreeable terms. The mobilisation of the Explorer to West Africa is significant for the Group as it puts the Explorer in the midst of an active offshore oil and gas drilling area. We are excited about this project with AGR as it gives us an excellent opportunity to start a drilling program there and will allow us to participate in the rise in drilling activities in the West African region which will provide us more follow-on opportunities. We intend to build on this momentum, starting with the AGR wells.

We were able to refinance the debt on the Explorer with a 5 year secured bond issue in May 2011, thus laying the framework for a stable funding base and improving the financial structure of the Group.

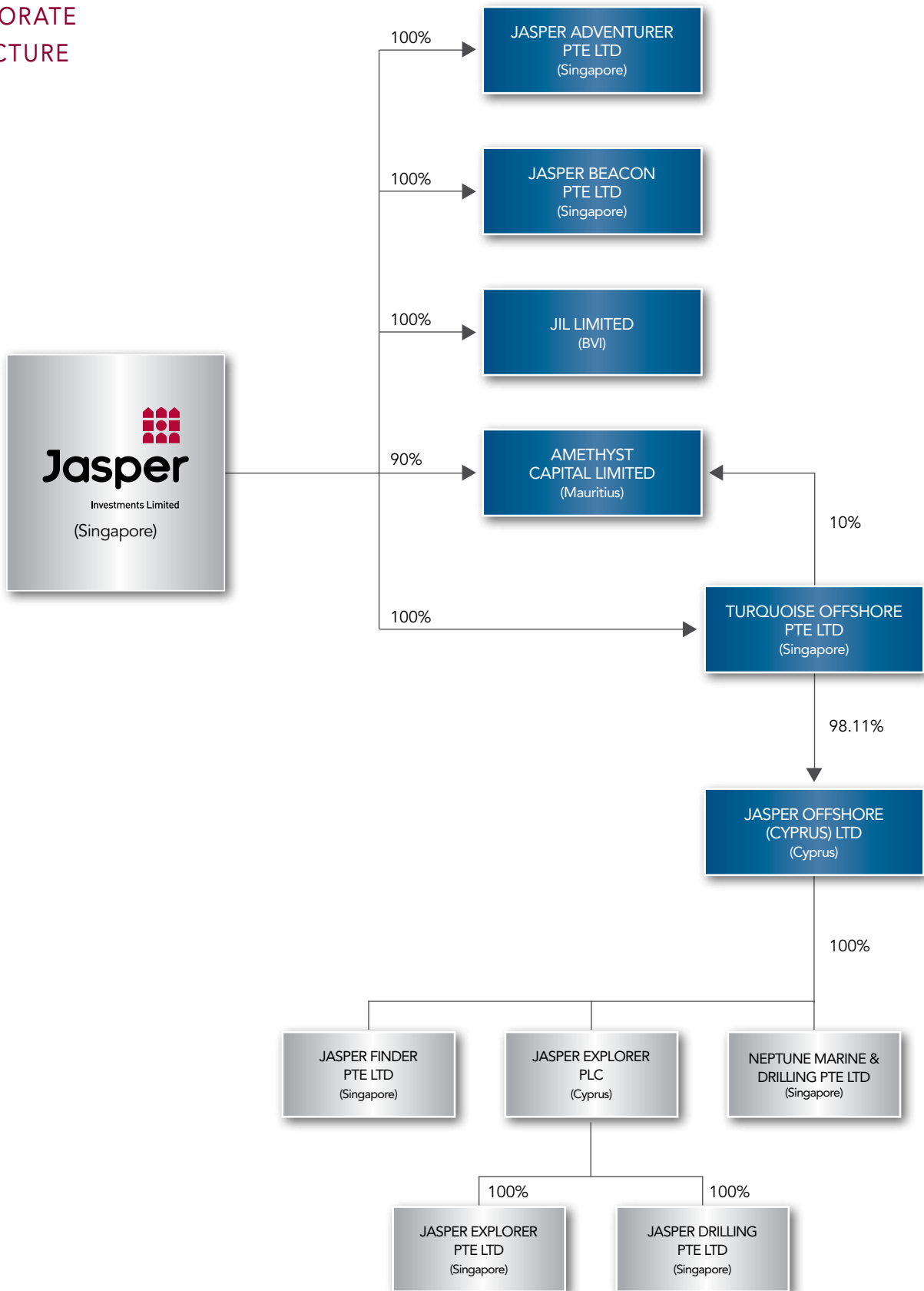
With the completion of the upgrade of the Explorer behind us and the pending deployment of the drillship, the Group is poised to look at growth opportunities. Despite the slowdown in economic activities in Western countries, growing demand for energy in emerging markets such as China and India have helped sustain oil prices. In 2010, crude oil price averaged at about US\$75 per barrel, but have since risen to over US\$100 from the start of 2011 due to fears of supply disruption arising from political unrest in the Middle East and North Africa.

With oil prices likely to remain over US\$100 per barrel for the rest of 2011, this should be sufficient to stimulate exploration activity. Surveys conducted by Norwegian financial services group Pareto Securities on 19 oil companies indicated an average increase of 14 percent in exploration and production spending for 2011. With the Explorer on a drilling contract and the two new jack-up rigs coming onstream over the coming years, Jasper is well placed to pursue further opportunities to increase our fleet size from this uptrend in the sector.

To ride the challenges and tap the opportunities ahead, I am thankful of the support of the board, which has provided invaluable insights and counsel. I am pleased that Jeff Saile, a member of our board has agreed to take a more active role in the Group by assuming the position of Chairman, Jasper Offshore. He will have an oversight role over the Group's offshore drilling business. Jeff has 35 years of experience, having served in senior executive positions in Ensc International, in which he was a founding member. I wish to thank the management team and the staff of Jasper for their perseverance in the execution of their respective functions. Finally, I am deeply indebted to all shareholders for their patience and strong support.

Geoffrey Yeoh

CORPORATE
STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Steven Simpson (Chairman)
Geoffrey Yeoh (Executive Director)
David Chia
Jeffrey Saile
Tan Yeelong

AUDIT COMMITTEE

David Chia (Chairman)
Steven Simpson
Tan Yeelong

NOMINATING COMMITTEE

David Chia (Chairman)
Steven Simpson
Geoffrey Yeoh

REMUNERATION COMMITTEE

Steven Simpson (Chairman)
David Chia
Jeffrey Saile
Tan Yeelong

COMPANY SECRETARY

Lee Mee Kium

REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01, Singapore Land Tower
Singapore 048623

AUDITORS

Foo Kon Tan Grant Thornton LLP
Certified Public Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365
Partner in charge: Mr Ong Soo Ann (wef 31 March 2010)

REGISTERED OFFICE

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Fax: +65 6557 2313
Email: corp@jasperinvests.com
Website: www.jasperinvests.com
Co Reg No: 198700983H

BOARD OF DIRECTORS

STEVEN SIMPSON CHAIRMAN & INDEPENDENT DIRECTOR

Mr Steven Simpson was appointed to the board of Jasper in September 2005 and assumed the appointment of Non-Executive Chairman in August 2010.

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, and Partner-in-Charge of manufacturing sector consulting for the firm's Australian and Asian practices. 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.

GEOFFREY YEOH EXECUTIVE DIRECTOR

Mr Geoffrey Yeoh serves in the Group as its Executive Director. He has an oversight role on the operations of the Group and is actively involved in the Group's business development activities.

Mr Yeoh brings with him extensive experience in the banking and financial sectors. Prior to joining the Group, Mr Yeoh worked in major financial institutions in the areas of Corporate Finance, Debt Markets and Corporate Banking with assignments in Singapore, New York, Hong Kong and Jakarta.

Mr Yeoh sits on the boards of ASJ Holdings Ltd and Global Testing Corporation 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.

TAN YEELONG NON-EXECUTIVE DIRECTOR

Ms Tan Yeelong was appointed to the board of Jasper in July 2010.

Ms Tan was an associate and subsequently a partner for 22 years in Freshfields Bruckhaus Deringer, a leading international law firm. Her career at the firm included stints in Singapore, Hong Kong and London. Ms Tan's core experience encompassed specialised finance and banking, mergers and acquisitions, and strategic investments. She has worked on a wide range of

transactions, including in energy and infrastructure, for clients such as Ashmore, Deutsche Bank, Petrochina, Temasek Holdings and Vitol.

Ms Tan holds an LLB degree (Honours, Second Upper) from the National University of Singapore. She is a solicitor in England and Wales and is also a member of the New York State Bar.

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 Albedo 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.

JEFFREY SAILE NON-EXECUTIVE DIRECTOR

Mr Jeffrey Saile was appointed as an Independent Director in May 2010 and assumed the appointment of Chairman, Jasper Offshore in April 2011. He brings with him over three decades of experience in the offshore, oil and gas industry.

Mr Saile started his career in the offshore drilling company SEDCO in 1974. Over 13 years at the firm, he held many international postings and assignments in the Middle East, Europe, West Africa and Singapore.

He later joined ENSCO in 1987 to become one of its founding members. He was Senior Vice President of Operations and had oversight responsibility for the North and South America and Deepwater business units before he retired in 2009. During his 22-year career at the company, Mr Saile held many other senior executive positions and was involved in multiple acquisitions that were responsible for the firm's dramatic growth. These roles included Senior Vice President of Business Development, Engineering and SHE, member of the office of the President, Chief Operating Officer and President of ENSCO Offshore Company.

Mr Saile holds a Bachelor of Business Administration from the University of Mississippi, US.

SENIOR MANAGEMENT

EISSO KOENDERS GENERAL MANAGER

Mr Eisso Koenders joined the Group in July 2011 as General Manager. He brings with him over 38 years of experience in the drilling industry before retiring from ENSCO in 2007. Originally a certified ship's engineer on ocean going vessels, he started his offshore drilling career with Shell International Exploration and Production Company in 1973. From 1973 to 2000, he worked his way to become Drilling and Well Engineering Manager. He is also well versed in the area of contracting. He later joined ENSCO in 2000 as Managing Director and Vice President of ENSCO Offshore International Company, responsible for all operations and business development in South East Asia, Pacific Rim, Indian Continent and Middle East.

He holds a Diploma A as Ship's Engineer from the Nautical Academy of Groningen, the Netherlands.

JENS RASMUSSEN PROJECT MANAGER

Mr Jens Rasmussen joined Jasper in February 2011, and oversees the construction of the Group's two new jack-ups. He has 30 years of experience in the marine and offshore industry which included executive management positions at Swedish offshore engineering firm GVAC. His expertise includes development, design, construction and application of deep water oil and gas facilities such as FPSO's and production semisubmersibles, subsea equipment, drillships, drilling semi-submersibles and jack-ups, accommodation and construction support vessels.

He holds a Master of Science degree from Technical University of Denmark.

PAUL EZEKIEL MARKETING & CONTRACTS MANAGER

Mr Paul Ezekiel joined Jasper in March 2010 as Marketing and Contracts Manager. He has a combined experience of 26 years in the Merchant Navy and later in the Offshore Industry. In 1995, he obtained a Master Mariner Class 1 Certificate. Later that year he started his on-shore career marketing offshore support vessels. In 2004 he joined ENSCO and served as Account Manager. Between 2008 and 2010, he worked as Marketing and Contracts Manager for Premium Drilling and later COSL Drilling Pan Pacific. Over the years Paul has built up extensive experience in operations, marketing, contracting and business development.

He holds a MBA from the University of Hull, United Kingdom.

TAN CHOON SZE CHIEF FINANCIAL OFFICER

Mr Tan Choon Sze joined Jasper in April 2008 as Chief Financial Officer. He has over 19 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.

LEE MEE KIUM HEAD, CORPORATE DEVELOPMENT

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 also the Secretary of the Company.

PAULINE SIM, PBM GROUP MANAGER, HR & ADMINISTRATION

Ms Pauline Sim joined the Group in 1995 and oversees all aspects of human resources, 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.

GEARING UP FOR GROWTH



OPERATIONAL & FINANCIAL REVIEW



OVERVIEW

The Group's drillship, the Explorer, completed its rebuilding programme with the commissioning of its drilling equipment in the early part of FY2011. The Explorer is a fully retrofitted dynamically positioned drillship, capable of drilling up to water depths of 5,000 ft and equipped with new or upgraded fifth-generation drilling equipment.

The BP oil spill accident in the Gulf of Mexico in 2Q FY2011 dampened drilling activities globally and reduced opportunities for the Explorer to find drilling work. As a result, no revenue was generated by the Explorer for FY2011. Coupled with the sale of the Group's other drillship, the Discoverer in FY2010, the Group therefore did not record any meaningful revenue for FY2011.

In order to expand its offshore drilling rig fleet, the Group placed orders with Keppel FELS Ltd (KFELS) to build KFELS proprietary B Class jack-ups. The B Class jack-ups are premium jack-ups which are capable of operating in 400 ft water

depth, have drilling capability of 30,000 ft and can accommodate 150 crew members. In December 2010, the Company signed a contract with KFELS to build one KFELS B Class jack-up for approximately US\$180 million with an option for a second jack-up. In April 2011, the Company exercised its option for the second jack-up. The first jack-up is scheduled for delivery in November 2012 and the second in May 2013.

In order to support the new rig building programme and strengthen the capital structure of the Company, unsecured loans of US\$194.6 million from Morton Bay (Holding) Pte Ltd (Morton Bay), the controlling shareholder of the Company, were fully capitalised in March 2011 in exchange for the issuance of 1,946,320,563 new ordinary shares in the capital of the Company.

GENERAL DEVELOPMENTS

In August 2010, the Group issued US\$75 million 1-year Senior Secured Second Lien Notes. The proceeds were used to pay for the costs related to the upgrading of the Explorer and for working capital.

In November 2010, the Company acquired an additional 1.55% interest in Jasper Offshore (Cyprus) Ltd (Jasper Offshore) for approximately US\$0.57 million, increasing its shareholding from 91.31% to 92.86%.

In March 2011, the Company subscribed for 203,710,710 new shares in Jasper Offshore as part of a preferential offering of new shares to shareholders. Following this, the Company's stake in Jasper Offshore increased to 98.11%.

In the same month, the Company placed 120,715,156 new shares to Hygrove Investment Limited (Hygrove) at S\$0.096 per new share. The proceeds raised of approximately US\$8.9 million were used to partially pay for the construction of a new jack-up.

FINANCIAL PERFORMANCE

For the financial year ended 31 March 2011, the Group's revenue decreased to US\$515,000 from US\$78.9 million in FY2010. This was primarily due to the absence of drilling income from the Discoverer which was disposed in FY2010.

Impacted by the decrease in revenue, the Group made a loss after tax (before non-controlling interest) of US\$47.5 million for FY2011, of which US\$22.7 million was attributable to an impairment charge for certain equipment related to the semi-submersible, the Finder, and operating costs of US\$20 million for the Explorer which was not generating income during the financial year. These losses were however partially mitigated by the gain on disposal of available-for-sale financial assets of US\$16.1 million. After deducting non-controlling interests, the net loss attributable to shareholders amounted to US\$39.4 million.



Finance cost for the year was US\$9.6 million, US\$4.4 million lower than the previous year mainly due to a waiver of interest on shareholder loans from Morton Bay. This decrease of interest expense was offset by interest incurred on additional loans obtained from banks and interest on the Senior Secured Second Lien Notes.

FINANCIAL POSITION OF THE GROUP

Group shareholders' fund was up by 59.4% primary due to the increase in share capital of US\$204.7 million from the issuance of shares to Morton Bay and Hygrove, and issuance of new shares pursuant to the Company's share incentive plan. Negative reserve increased by 42.4% because of a loss of US\$39.4 million registered for FY2011. This was offset by a fair value gain of US\$3.4 million on the available-for-sale financial assets.

The Group's total assets rose to US\$612.9 million in FY2011 from US\$574.6 million in FY2010. This was attributable mainly to an increase in plant and equipment which consisted of work in progress for the jack-up, further outfitting costs for the Explorer and capitalisation of towing cost for the Finder, while available-for-sale financial assets consisted of listed securities.

The Group's total liabilities decreased by US\$121.8 million, mainly as a result of Morton Bay's loan of US\$194.6 million which was fully repaid by offsetting the amount against a subscription of 1,946,320,563 new ordinary shares in the capital of the Company by Morton

Bay. The decrease was offset by an increase of US\$78.8 million in borrowings resulting from the issuance of US\$75 million Senior Secured Second Lien Notes and additional loans obtained from banks.

SUBSEQUENT EVENTS

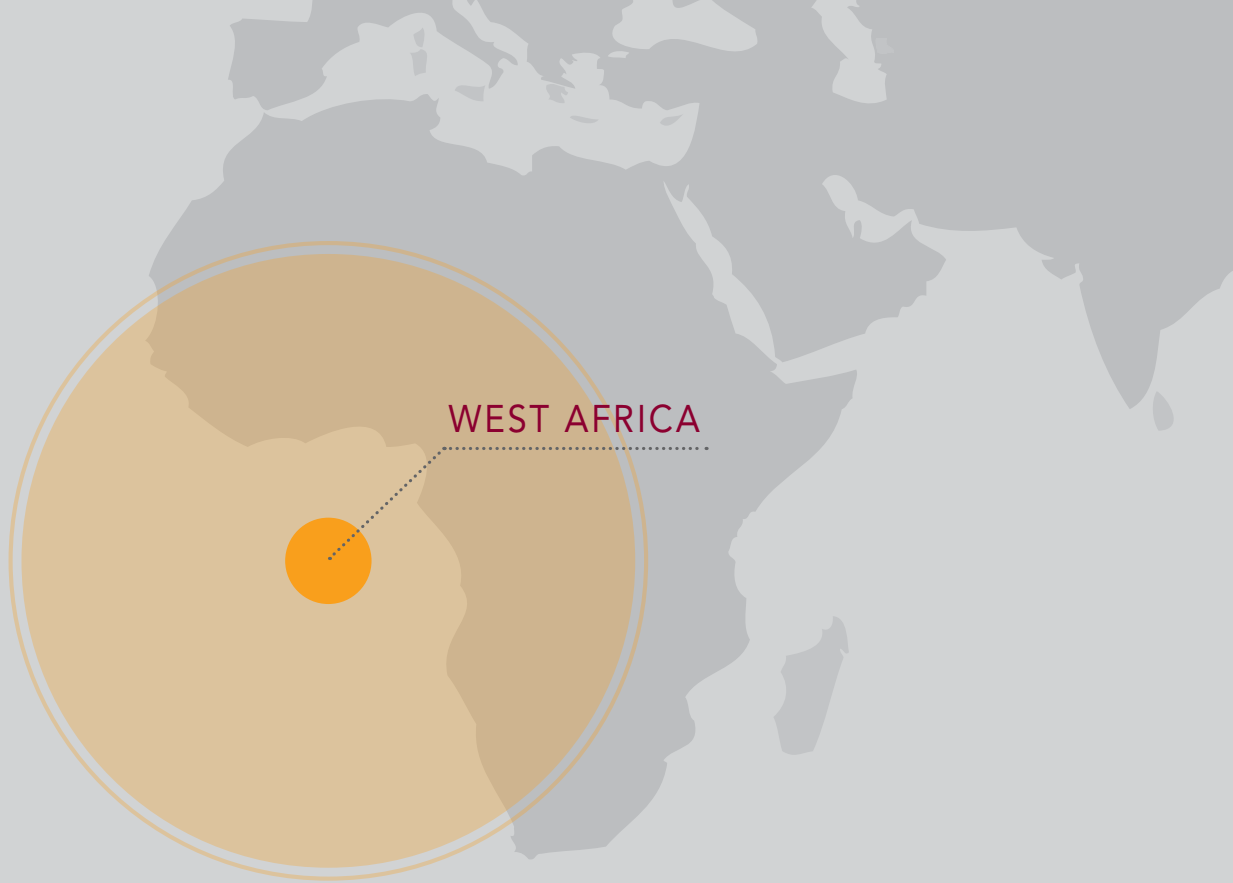
The Company, on 1 April 2011, exercised the option granted by KFELS to build a second KFELS B Class jack-up. The rig is scheduled for delivery in May 2013.

Jasper Drilling Pte Ltd, a subsidiary of the Company, entered into a contract with AGR Peak Well Management Ltd (AGR) in May 2011 to deploy the Explorer for a drilling programme in Republic of Guinea. Under the contract, the Explorer will drill one firm well with an option to drill another well. AGR has the option to contract the drillship for another five-well drilling programme. Commencement of drilling is expected to be October 2011.

In May 2011, the Group issued US\$165 million Senior Secured Bonds with a tenor of five years. The proceeds were used to repay a bank loan, redeem the Senior Secured Second Lien Notes, and fund working capital requirements for the Explorer.

In June 2011, the Company placed an additional 81,069,322 new ordinary shares to Hygrove at S\$0.096 per new share. The proceeds raised were used to partially pay for the construction of the second jack-up.

INDUSTRY SEGMENT



The external environment continues to be challenging with global recovery broadly moving at two speeds. The stuttering pace of the US economic engine, compounded by the fallout from the sovereign debt crisis, high unemployment rate and severe budget cuts in the Eurozone, is contributing to a sluggish outlook. Nonetheless, there are signs of growing confidence in the advanced economies, because of the recovering investment in machinery and equipment, easing financing conditions and rebound in consumption. On the other hand, output in many emerging and developing economies is already trending above pre-crisis levels, indicating that recovery is complete and expansion under way. Among the emerging and developing economies, those in Asia are leading the charge, followed by those in sub-Saharan Africa (excluding North Africa).

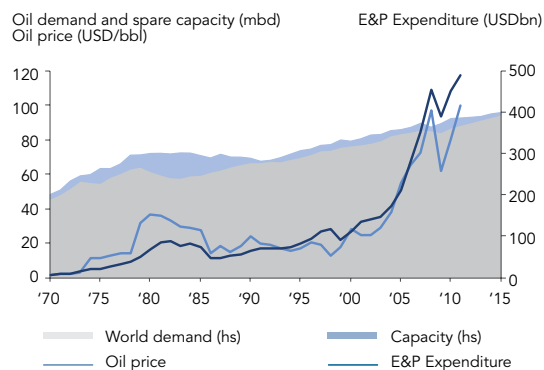
For the oil and gas sector, 2010 turned out to be a year that confounded most industry observers and players alike. What started out as a tentative recovery in the beginning of the year, ended with a sturdy resurgence in oil price. The stronger-than-expected demand for commodities during the second half of 2010 drove oil price from US\$72 a barrel in July to about US\$90 a barrel by early January 2011. Thereafter volatility returned, and oil price breached US\$110 per barrel in April due to the spread of unrest in the Middle East and North Africa. The current spare capacity level of the Organisation of Petroleum Exporting Countries (OPEC), estimated at about 4½ percent of global oil demand, is sufficient to make up for

any production shortfall from the unrest in Libya, thereby providing an element of stability. However, perception of oil supply risks could still become more volatile, especially in an environment of robust growth.

In the long run, however, projections by the International Energy Agency (IEA) indicate that demand for oil will reach 99 million barrels per day (mb/d) by 2035, 15 mb/d higher than in 2009. Non-OECD countries will account for 93% of the projected increase in the global energy market. It is hard to overstate the growing importance of China and India in contributing to demand growth. IEA estimates that by 2035, China will account for 22% of world demand while India, the second largest contributor to the increase in global demand to 2035, will account for 18% of the rise. Such growing needs to import fossil fuels to meet rising domestic demand will lead to higher oil prices in the long run, lending support to increased exploration and production (E&P) spending.

INDUSTRY SEGMENT

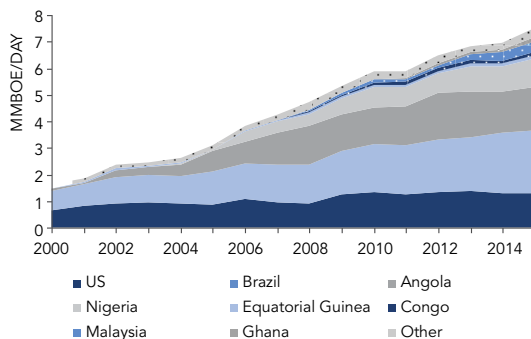
SPARE CAPACITY VS. OIL PRICE & E&P EXP.



Source: Pareto Research

Surveys conducted by Norwegian financial services group Pareto Securities on 19 oil companies indicated an average increase of 14% in E&P spending for 2011. The world is consuming considerably more oil than has been discovered. Hence, E&P is crucial to oil companies in replenishing reserves. Deepwater drilling, which accounted for about half of the world discoveries from 2006 to 2009, will continue to be the main focus for offshore production growth, with Brazil, Gulf of Mexico and West Africa being the key contributors.

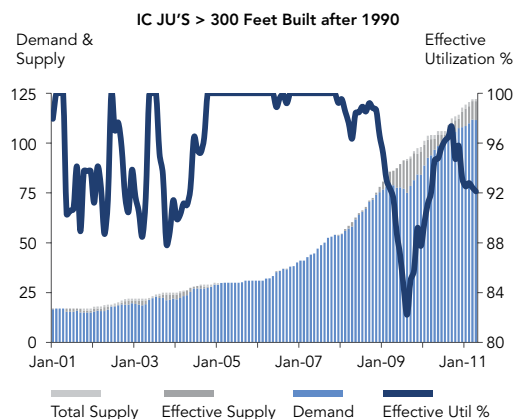
GROWING DEEPWATER PRODUCTION



Source: Pareto Research

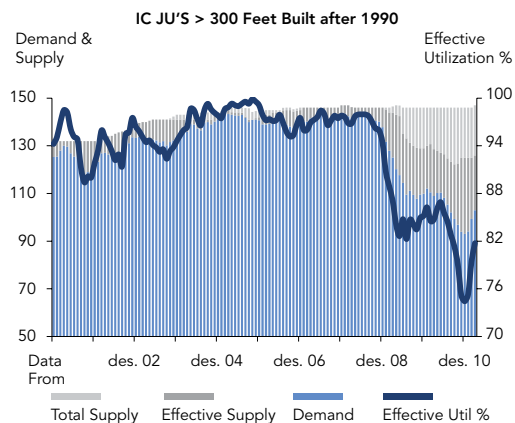
The rising prospects for E&P spending in the deepwater segment bode well for our drillship, the Explorer. Come 4Q 2010, the Explorer, which is contracted with AGR will commence drilling in offshore Republic of Guinea, West Africa. Although this phase of the programme is a relatively short one, we are sanguine that the Explorer is well-placed to participate in the growing drilling activities in West Africa, starting with the AGR option wells in the same region. In the foreseeable future, we intend to build on our momentum and develop a multi-client, multi-well West African campaign.

NEW JACKUP UTILIZATION



Source: Pareto Research

OLD JACKUP UTILIZATION



Source: Pareto Research

In the shallow water segment, the industry is witnessing a rig-building cycle driven by the need to replace the ageing global fleet. In addition, the Gulf of Mexico oil spill and the relatively higher drilling cost between old and new jack-up, have spurred oil companies to demand newer, safer and higher-specification rigs. This is evident from the increasing bifurcation in the utilisation and dayrates of premium versus standard jack-ups. Seeking to expand our fleet, and as an early adopter in the newbuilding curve, we signed a contract with KFELS in December 2010 to build two premium B Class jack-ups for about US\$180 million per rig. This is relatively attractive when compared with today's shipyard prices in excess of US\$195 million and trending upward. Our two KFELS B Class jack-ups are expected to be delivered in 4Q 2012 and 2Q 2013 and we will commence marketing these rigs to potential clients before delivery.

CORPORATE GOVERNANCE

INTRODUCTION

This report describes the Company's main corporate governance practices and activities for the financial year ended 31 March 2011, with specific reference to the Code of Corporate Governance (Code) issued by the Ministry of Finance.

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 and 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 Chief Executive Officer (CEO) 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.

Formal Board meetings are held quarterly to review the Group's business and financial performance, policies and procedures, acquisitions and disposals 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 the Company Secretary 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. Steven Simpson	5	5	4	4	1	1	–	–
2. Geoffrey Yeoh	5	5	–	–	–	–	1	1
3. David Chia	5	4	4	4	1	1	1	1
4. Jeffrey Saile ⁽²⁾	5	5	–	–	–	–	1	1
5. Tan Yeelong ⁽³⁾	4	4	3	3	1	1	–	–

Notes

1. Reflects the number of meetings held which are applicable to the Director during his/her term.
2. Mr Saile stepped down from the Nominating Committee on 26 May 2011.
3. Ms Tan was appointed as a Director on 28 July 2010.

CORPORATE GOVERNANCE (CONT'D)

In addition to formal meetings, the Directors are frequently updated on Company matters by Management via emails and telephone conferences. As some of the Board members are based overseas, regular updates are provided by the CEO and discussions with other Board members are held through emails and telephone conferences.

Directors are briefed by Management on Group's operations on their appointment. Periodically, the Board is updated on the relevant laws, continuing listing obligations and standards requiring compliance and their implications for the Group.

BOARD COMPOSITION AND BALANCE (Principle 2)

The present Board comprises five members, two of whom are independent non-executive directors; two Directors who are non-independent and non-executive and an executive Director.

The criterion for independence goes beyond 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 judgment of the conduct of the Group's affairs. In addition, an "independent" Director should also not represent the interests on any particular shareholder or group of shareholders.

The Board is of the view that the current Board composition, which comprise one member with specialized industry knowledge as well as others with diverse skills, experience and attributes and industry knowledge, provides for effective direction for the Group. The Nominating Committee will review the composition of the Board periodically to ensure that the Board has the appropriate mix of expertise and experience and collectively possesses necessary core competencies for effective functioning and informed decision-making.

Key information regarding the directors is given in the "Board of Directors" section of this annual report.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly owned subsidiaries are set out in the Directors' Report on page 21 of this annual report.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER (Principle 3)

The roles of the Chairman and the 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 an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The posts of Chairman and CEO are currently held by Mr Steven Simpson and Mr Geoffrey Yeoh respectively.

As non-executive Chairman, Mr Simpson chairs the Board of Directors and is primarily responsible for the effective working of the Board. As the Company's CEO, Mr Geoffrey Yeoh oversees the day-to-day affairs of the Group. The Chairman and the CEO of the Company are not related to each other.

BOARD MEMBERSHIP (Principle 4)

BOARD PERFORMANCE (Principle 5)

The Nominating Committee (NC) currently comprises the following Directors, the majority of whom, including its chairman, are independent from Management:

Mr David Chia (Chairman)
Mr Steven Simpson
Mr Geoffrey Yeoh

Note: Mr Jeffrey Saille was a member of the NC during the financial year but stepped down from the committee on 26 May 2011 and Mr Steven Simpson was appointed to the NC on the same date.

The NC serves to ensure a transparent process for the nomination of Directors to the Board and also 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 with 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 is responsible for identifying suitable candidates for appointment to the Board. It also reviews the capabilities of the nominated candidates, taking into account his/her qualifications and experience, before recommending the appointment of the candidates 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 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/her continued contribution to the needs of the Company and its business.

The NC is responsible for evaluating the effectiveness and performance of the Board as a whole taking into account the complementary and collective nature of the contributions of the Directors' 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 profiles of Board members in relation to the needs of the Company.

ACCESS TO INFORMATION (Principle 6)

Board members are provided with 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. Directors are regularly updated on business and operations by Management via emails and telephone conferences. Non-executive Directors have separate, independent and unrestricted access to Management and may also consult with other employees and seek additional information if and when required.

Members of the Board also have unrestricted access to the Company Secretary. All Board meetings are attended by the Company Secretary who ensures that Board procedures are followed and applicable laws and regulations are complied with. The Company Secretary also ensures information flow within the Board and its committees and between Management and the Board. The appointment of the Company Secretary is decided by the Board.

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

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 non-executive Directors:

Mr Steven Simpson (Chairman)
Mr David Chia
Mr Jeffrey Saile
Ms Tan Yeelong

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 Share Option Plan (Share Option Plan) and the Jasper Share Incentive Plan (Incentive Plan).

CORPORATE GOVERNANCE (CONT'D)

LEVEL AND MIX OF REMUNERATION (Principle 8)

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The remuneration of non-executive Directors is also reviewed to ensure that the remuneration is commensurate with the contributions and responsibilities of the Directors.

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

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 the Director's responsibilities and obligations, based on a remuneration framework comprising basic fees and an additional fee for chairing 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 the Company's goals which should be aligned with shareholders' interests. The CEO has a fixed term service contract in which long-term share incentives form a substantial part of total remuneration.

Details of the remuneration of the Directors of the Company for financial year ended 31 March 2011 within bands of US\$250,000 are set out below:-

Directors	Fixed %	Variable %	Directors' Fees %	Allowances and Other Benefits %	Total %
<i>Below US\$250,000</i>					
Steven Simpson	–	–	100	–	100
David Chia	–	–	100	–	100
Jeffrey Saile	–	–	100	–	100
Tan Yeelong	–	–	100	–	100
<i>US\$500,000 and above</i>					
Geoffrey Yeoh	30	–	–	70 ⁽¹⁾	100

(1) Included in this are long-term share incentives which, in aggregate, account for 69% of total remuneration.

In determining the framework of the remuneration package of senior executives, the RC takes into consideration their performance and value-add to the Group, giving due regard to the financial health and business needs of the Group. Currently the Company has two share-based incentive schemes, the Share Option Plan and the Incentive Plan, which allow employees to share in the growth and success of the Company. For the financial year ended 31 March 2011, 8,000,000 options and 17,479,000 shares have been issued under the two plans respectively.

To provide a broad perspective of the remuneration of key executives while maintaining confidentiality of employees' remuneration, the table below sets out the remuneration of the executives' remuneration within bands of US\$250,000.

	Names
US\$250,000 to less than US\$500,000	Rijk Achterberg Jasbeer Singh George Washington Baldwin Colin John Dey
US\$500,000 and above	Helmut Ernst van Roijen

There is no employee of the Company and its subsidiaries who is an immediate family member of any Director and/or any substantial shareholder and whose remuneration exceeds US\$150,000 during the financial year ended 31 March 2011.

As matters have been made known in this Report, the Board is of the opinion that a separate remuneration report will not be 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 aims 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, announcements of 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. Financial results and annual reports are announced or issued within the legally prescribed periods.

Management is accountable to the Board. Management currently provides periodic financial reports to the Board and updates the Board regularly on the business operations of the Group.

AUDIT COMMITTEE (Principle 11)

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

Mr David Chia (Chairman)
Mr Steven Simpson
Ms Tan Yeelong

The AC's scope of authority is 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 Board is of the view that the AC members have the appropriate experience and qualifications to discharge their responsibilities effectively.

The responsibilities of the AC include reviewing with the external auditors their annual audit plan, their findings, observations and recommendations 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, 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.

CORPORATE GOVERNANCE (CONT'D)

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.

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 external auditors without the presence of Management and has reviewed the overall scope of both the internal and external audits.

The AC also has unrestricted access to the Management and has regularly invited other Directors, the CEO or any executives to 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 auditors annually. The AC, having reviewed the range and value of non-audit services performed by the external auditors, Foo Kon Tan Grant Thornton LLP (FKTGT), is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended that FKTGT be re-appointed as auditors at the forthcoming AGM.

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 auditors have 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 have 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 the audit and by the internal auditor, as well as 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's internal controls set out approval limits for expenditure, investments and divestments and cheque signatory arrangements.

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 noted that based on the results of the internal and external audits, weaknesses identified in the system of internal controls are being addressed and AC will continue to work with Management, as well as the internal and external auditors to ensure the robustness and effectiveness of the Group's internal controls.

INTERNAL AUDIT (Principle 13)

The function of the internal auditor (IA) is to provide objective opinions 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 Baker Tilly Consultants (S) Pte Ltd. 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. During the financial year, the IA has reviewed the internal processes of the Group and has identified areas in which such processes may be enhanced. The IA will work closely with Management with the guidance of the AC to ensure enhancement of these highlighted areas.

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 may also meet with the IA without the presence of Management to review Management's level of cooperation and other matters that warrants the AC's attention.

During the year, the AC has reviewed the effectiveness of the IA and is satisfied that the IA is adequately resourced to fulfil its obligations.

COMMUNICATION WITH SHAREHOLDERS (Principles 14 & 15)

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

All shareholders are sent the Annual Report together with the 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 a mass circulated newspaper.

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 are accompanied, where required, by an explanation for the proposed resolution. The Company's main forum for dialogue with shareholders takes place at its AGM, where the members of the Board, senior Management and the external auditors are in attendance. The Company welcomes questions from shareholders who are given an opportunity to raise issues and ask questions about the Company either formally or informally.

The Articles of Association of the Company allows 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 of the Company for 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. Directors and employees are expected to observe the insider trading laws at all times even when dealing in the Company's securities within permitted trading period. They are also discouraged from dealing on a short term nature.

Interested Person Transactions

In December 2008, shareholders 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 (IPT Mandate). The IPT Mandate was subsequently renewed annually with the last renewal at an extraordinary general meeting held in July 2010.

The interested person transactions transacted for the financial year ended 31 March 2011 by the Group, pursuant to Rule 907 of the Listing Manual, are as follows:

Aggregate value of all interested person transactions conducted under shareholders' mandate for FY2011 pursuant to Rule 920 of the Listing Manual (excluding transactions of less than S\$100,000)	
Name of interested person	
Morton Bay (Holdings) Pte Ltd	US\$406,166

The above transaction values represent interest expense on loans from interested persons. The loans from interested persons have since been repaid in full. Save for the above, there was no transaction which was not conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual for the financial period under review.

Material Contracts

There was no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder.

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DIRECTORS' REPORT

The directors of the Company ("Directors") submit this annual report to the members together with the audited consolidated financial statements of the Group and statements of financial position of the Company for the financial year ended 31 March 2011.

1. DIRECTORS

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

Steven Simpson - Chairman
Geoffrey Yeoh
David Chia
Jeffrey Saile
Tan Yeelong

2. ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed under the "Share Plans" section of this Report, neither at the end of or at any time during the financial year was the Company or any of its subsidiaries a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or of any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, debentures or options of the Company or of related companies either at the beginning of the financial year (or date of appointment, if later) or at the end of the financial year.

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, particulars of interests of the Directors who held office at the end of the financial year in shares, debentures and options of the Company and its related corporations are as follows:

	Holdings in the name of the Director, spouse or infant children	
	At beginning of year or date of appointment if later	At end of year
<u>The Company</u>		
<i>Ordinary Shares</i>		
Steven Simpson	262,000	412,000
Geoffrey Yeoh	5,322,500	18,322,500
David Chia	175,000	175,000
Jeffrey Saile	-	-
Tan Yeelong	-	-
<i>Options to subscribe for ordinary shares</i>		
Steven Simpson	5,000,000	5,000,000
David Chia	5,000,000	5,000,000
Oscar Spieler ⁽¹⁾	5,000,000	-
<i>Contingent award of shares to be delivered after 31 March 2011 pursuant to the Jasper Share Incentive Plan 2009</i>		
Geoffrey Yeoh	39,000,000	26,000,000

⁽¹⁾ Mr Oscar Spieler retired from the Board on 28 July 2010 and his options lapsed upon his retirement.

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 PLANS

(a) Jasper Share Option Plan 2009 and Jasper Share Incentive Plan 2009

The Jasper Share Option Plan 2009 (the "Share Option Plan") and the Jasper Share Incentive Plan 2009 (the "Share Incentive Plan") (collectively referred to as the "Share Plans") were approved and adopted by the members of the Company at an Extraordinary General Meeting held on 30 July 2009.

The Remuneration Committee (the "Committee") of the Company has been designated as the committee responsible for administering the Share Plans. As at the date of this report, the Committee comprises the following members:-

Steven Simpson	-	Chairman (Independent Non-Executive Director)
David Chia	-	Member (Independent Non-Executive Director)
Jeffrey Saile	-	Member (Non-Independent Non-Executive Director)
Tan Yeelong	-	Member (Non-Independent Non-Executive Director)

The Share Option Plan provides an opportunity to employees of the Group to participate in the equity of the Company so as to motivate them, and to give recognition to non-executive directors, employees of the Parent Group and employees of certain associated companies (over whose management the Company has control) who have contributed to the success of the Company and/or the Group.

The Share Incentive Plan is a performance-cum-incentive scheme for employees of the Company and its subsidiaries (including non-executive Directors of the Company). The Share Incentive Plan is based on a principle of pay-for-performance and is designed to reward, retain and motivate Group employees.

Subject to the prevailing legislation and the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company will have the flexibility to deliver ordinary shares in the capital of the Company (the "Shares") to participants upon exercise of their options or, as the case may be, the vesting of their awards by way of:

- (a) an issue of new Shares; and/or
- (b) the delivery of existing Shares.

The aggregate number of new Shares which may be issued pursuant to options granted under the Share Option Plan on any date, when added to the number of new Shares issued and issuable in respect of all awards granted under the Share Incentive Plan, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) on the day preceding that date.

The Share Plans shall continue in effect, at the discretion of the Committee, up to (and including) 29 July 2019, provided always that the Share Plans may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the Share Plans, any options granted and/or awards made to participants prior to such expiry or termination will continue to remain valid.

(b) Other information regarding the Share Option Plan is as follows:

An option granted pursuant to the Share Option Plan represents a right to acquire the Shares which are the subject of such option at the acquisition price per Share ("Exercise Price") applicable thereto. The selection of a participant and the number of Shares comprised in options to be offered to such participant in accordance with the Share Option Plan shall be determined at the absolute discretion of the Committee, who shall take into account criteria such as his rank, job performance, years of service, potential for future development and his contribution to the success and development of the Group.

The Exercise Price payable for each of the Shares which is the subject of an option may be fixed (i) at the market price of a Share; (ii) at a premium to the market price of a Share; (iii) at the market price of a Share, but which may be adjusted (after the expiry of an incentive period) by a discount of up to 20% of the market price of a Share; and/or (iv) at a discount (up-front) of up to 20% of the market price of a Share.

5. SHARE PLANS (cont'd)

(b) Other information regarding the Share Option Plan is as follows: (cont'd)

In general, an option may be exercised by a participant, in whole or in part, during the exercise period applicable to such option subject to any conditions (including any vesting schedule) that may be imposed by the Committee in relation to the vesting of any Shares comprised in that option.

(c) Unissued Shares under Options

During the financial year ended 31 March 2011, the aggregate number of share options granted under the Share Option Plan was 8,000,000, of which 6,000,000 remain outstanding. The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

No options have been granted to employees and non-executive directors of the Parent Group.

At the end of the financial year, there were the following unissued Shares under options:

	Number of Holders	Date of Grant	Exercise Period	Exercise Price per share	Number of unissued shares under options
Non-Executive Directors of the Company	2	18 Nov 2009	18 Nov 2011 to 18 Nov 2014	S\$0.13 ⁽¹⁾	10,000,000
Group Employees	2	24 Mar 2010	24 Mar 2011 to 24 Mar 2016	S\$0.13	5,000,000
	1	2 Nov 2010	2 Nov 2011 to 2 Nov 2016	S\$0.13	2,000,000
Total:	5				17,000,000

⁽¹⁾ The 10,000,000 unissued Shares under options granted to the Non-Executive Directors were granted at a discount of 8.45% of the market price of the Shares at the time of the grant of the options.

The aggregate number of options granted since the commencement of the Share Option Plan to the end of the financial year is as follows:

Option Participants	Options granted in the financial year ended 31 March 2011	Aggregate options granted since the commencement of the Share Option Plan	Aggregate options exercised since the commencement of the Share Option Plan	Aggregate options lapsed or cancelled	Aggregate outstanding options as at 31 March 2011
Directors of the Company:					
Oscar Spieler ⁽¹⁾	–	5,000,000	–	5,000,000	–
Steven Simpson	–	5,000,000	–	–	5,000,000
David Chia	–	5,000,000	–	–	5,000,000
Others participants:					
Employees of the Group	8,000,000	13,000,000	–	6,000,000	7,000,000
Total:	8,000,000	28,000,000	–	11,000,000	17,000,000

⁽¹⁾ Mr Oscar Spieler retired from the Board on 28 July 2010 and his options lapsed upon his retirement.

DIRECTORS' REPORT (CONT'D)

5. SHARE PLANS (cont'd)

(d) Other information regarding the Share Incentive Plan is as follows:

Under the Share Incentive Plan, awards are granted to eligible participants. Awards represent the right of a participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed vesting periods (where applicable). Participants are not required to pay for the grant of awards.

The selection of a participant and the number of Shares which are the subject of each award to be granted to a participant in accordance with the Share Incentive Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and, if applicable, the difficulty with which the performance target(s) may be achieved within the performance period.

(e) Awards under the Share Incentive Plan

During the financial year, 17,479,000 ordinary shares in the Company were allotted and issued to participants of the Share Incentive Plan. The details of the Shares awarded during the financial year since the commencement of the Share Incentive Plan are as follows:

Share Incentive Plan Participants	Aggregate number of Shares comprised in awards granted during the year	Aggregate number of Shares comprised in awards granted since the commencement of the Share Incentive Plan	Aggregate number of Shares comprised in awards which have been released during the year	Aggregate number of Shares comprised in awards which have lapsed or are cancelled	Aggregate number of Shares comprised in awards which have not been released during the year
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Directors of the Company:

Geoffrey Yeoh	–	39,000,000	13,000,000	–	26,000,000
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Others participants:

Employees of the Group	–	12,460,000	4,479,000 ⁽¹⁾	–	7,001,000
Total:	–	51,460,000	17,479,000	–	33,001,000

Note:

⁽¹⁾ In addition, 980,000 shares comprised in awards have been released to an employee of the Group in FY2010.

No Participants (including Directors of the Company) have been granted options pursuant to the Share Option Plan and/or have received new Shares awarded under the Share Incentive Plan, which, in aggregate, represent 5% or more of the aggregate of (1) the total number of new Shares available under the Share Option Plan and the Share Incentive Plan collectively; and (2) the total number of existing Shares delivered pursuant to the options exercised under the Share Option Plan and awards released under the Share Incentive Plan collectively.

No participant of the Share Option Plan or Share Incentive Plan is a controlling shareholder of the Company or its associate (as those terms are defined in the Listing Manual of the SGX-ST).

6. AUDIT COMMITTEE

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

David Chia	-	Chairman (Independent Non-Executive Director)
Steven Simpson	-	Member (Independent Non-Executive Director)
Tan Yeelong	-	Member (Non-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 statements of financial position 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 LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

7. INDEPENDENT AUDITOR

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

On behalf of the Board

GEOFFREY YEOH
Director

DAVID CHIA
Director

Dated: 24 June 2011

STATEMENT BY DIRECTORS

for the financial year ended 31 March 2011

In the opinion of the Directors, the accompanying statement of financial position 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 2011 and of results of the business, changes in equity and cash flows of the Group for the financial year ended on that date, and 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 Directors

GEOFFREY YEOH
Director

DAVID CHIA
Director

Dated: 24 June 2011

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 statements of financial position of the Company and the Group as at 31 March 2011, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Singapore, 24 June 2011

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2011

	Note	Group		Company	
		31 March 2011 US\$'000	31 March 2010 US\$'000	31 March 2011 US\$'000	31 March 2010 US\$'000
Assets					
Non-Current					
Property, plant and equipment	4	564,322	540,642	109	188
Investments	5	36	36	36	36
Subsidiaries	6	–	–	142,577	191,884
		564,358	540,678	142,722	192,108
Current					
Inventory	7	5,643	2,976	–	–
Trade and other receivables	8	1,190	1,490	290,698	295,188
Available-for-sale financial assets	9	12,544	–	–	–
Cash and bank balances	10	29,187	29,442	28,363	19,252
		48,564	33,908	319,061	314,440
Total assets		612,922	574,586	461,783	506,548
Equity					
Capital and Reserves					
Share capital	11	573,467	368,745	573,467	368,745
Retained profits		(128,060)	(88,350)	(120,330)	(64,415)
Other reserves	12	8,024	4,033	300	144
		453,431	284,428	453,437	304,474
Non-controlling interests		631	9,457	–	–
Total equity		454,062	293,885	453,437	304,474
Liabilities					
Non-Current					
Borrowings	13	–	190,672	–	190,672
		–	190,672	–	190,672
Current					
Trade and other payables	14	33,713	42,230	2,717	242
Borrowings	13	124,996	46,160	5,585	11,160
Current tax payable		151	1,639	44	–
		158,860	90,029	8,346	11,402
Total liabilities		158,860	280,701	8,346	202,074
Total equity and liabilities		612,922	574,586	461,783	506,548

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

CONSOLIDATED INCOME STATEMENT

for the financial year ended 31 March 2011

	Note	2011 US\$'000	2010 US\$'000
Revenue	3	515	78,886
Cost of sales		(21,454)	(65,238)
Gross (loss)/profit		(20,939)	13,648
Interest income	15	25	154
Other income	16	22,735	65,410
Other expenses	17	(2,464)	(97,477)
Administrative expenses		(14,721)	(14,834)
Impairment of intangible assets		-	(18,042)
Impairment of property, plant and equipment		(22,678)	(62,000)
Interest expenses		(9,572)	(14,007)
Loss before taxation	18	(47,614)	(127,148)
Taxation	19	94	(25,959)
Loss after taxation from continuing operations		(47,520)	(153,107)
Profit from discontinued operations	20	-	2,294
Total loss for the year		(47,520)	(150,813)
Attributable to:			
Equity holders of the Company		(39,351)	(72,291)
Non-controlling interests		(8,169)	(78,522)
		(47,520)	(150,813)
(Loss)/earnings per share	21	Cents	Cents
<u>From discontinued operations</u>			
Basic earnings per share		-	0.132
Diluted earnings per share		-	0.132
<u>From continuing operations</u>			
Basic loss per share		(2.021)	(4.296)
Diluted loss per share		(2.021)	(4.295)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2011

	Note	2011 US\$'000	2010 US\$'000
Loss for the year		(47,520)	(150,813)
Other comprehensive income for the year:			
Translation differences relating to financial statements of foreign subsidiaries	12	–	(1)
Increase in other reserve	12	3,541	144
Adjustment in hedging reserve		–	1,759
Other comprehensive income for the year, net of tax		3,541	1,902
Total comprehensive income for the year		(43,979)	(148,911)
Total comprehensive income attributable to:			
Equity holders of the Company		(35,810)	(71,173)
Non-controlling interests		(8,169)	(77,738)
Total comprehensive income for the year		(43,979)	(148,911)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2011

Group	Share capital	Other reserve	Capital reserve	Share option reserve	Exchange translation reserve	Hedging reserve	Fair value reserves	Total other reserves	Retained profits	Total	Non-controlling interests	Grand total
	US\$'000	US\$'000	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 2009	310,224	2,982	-	-	908	(975)	-	2,915	(16,059)	297,080	140,413	437,493
Issue of ordinary shares (Note 11)	58,521	-	-	-	-	-	-	-	-	58,521	-	58,521
Dilution of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(53,218)	(53,218)
Total comprehensive income for the year	-	-	-	144	(1)	975	-	1,118	(72,291)	(71,173)	(77,738)	(148,911)
Balance at 31 March 2010	368,745	2,982	-	144	907	-	-	4,033	(88,350)	284,428	9,457	293,885
Issue of ordinary shares (Note 11)	204,722	-	-	-	-	-	-	-	-	204,722	-	204,722
Change of the functional currency of a subsidiary	-	-	-	-	359	-	-	359	(359)	-	-	-
Acquisition of additional shares from non-controlling interests	-	-	297	-	-	-	-	297	-	297	(863)	(566)
Dilution of non-controlling interests	-	-	(206)	-	-	-	-	(206)	-	(206)	206	-
Total comprehensive income for the year	-	-	-	156	-	-	3,385	3,541	(39,351)	(35,810)	(8,169)	(43,979)
Balance at 31 March 2011	573,467	2,982	91	300	1,266	-	3,385	8,024	(128,060)	453,431	631	454,062

(Note 12)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2011

	2011 US\$'000	2010 US\$'000
Cash Flows from Operating Activities		
Loss before taxation	(47,614)	(127,148)
Profit from discontinued operations, before taxation	–	2,923
Adjustments for:		
Write-off of property, plant and equipment	1,110	24
Write-back of negative goodwill on acquisition	–	(3,081)
Depreciation of property, plant and equipment	292	14,894
Interest income	(25)	(154)
Interest expense	9,572	14,007
Amortisation of intangible asset	–	1,569
Amortisation of discount on bond	1,000	–
Amortisation of bond transaction charges	1,000	–
Loss on disposal of property, plant and equipment	2,650	81,910
Gain on disposal of available-for-sale financial assets	(16,120)	–
Gain on disposal of subsidiaries (Note B)	(5,152)	(469)
Gain on disposal of associate and joint venture	–	(11,650)
Gain on dilution of non-controlling interests (Note D)	–	(49,782)
Impairment in value of property, plant and equipment	22,678	62,000
Impairment of intangible asset	–	18,042
Issuance of shares under share incentive plan	1,176	–
Share option expenses	157	–
Share of profits of associate and joint venture	–	(3,751)
Operating loss before working capital changes	(29,276)	(666)
(Decrease)/increase in inventories	(1,290)	1,009
Decrease in operating receivables	960	13,192
Decrease in operating payables	(12,049)	(11,970)
Cash (used in)/generated from operations	(41,655)	1,565
Income taxes recovered/(paid)	236	(25,957)
Net cash used in operating activities	(41,419)	(24,392)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment (Note A)	(53,091)	(83,749)
Acquisition of available-for-sale financial assets	(31,932)	–
Acquisition of additional shares in subsidiary from non-controlling interests (Note C)	(566)	(355)
Interest received	25	154
Proceeds from disposal of property, plant and equipment	1,305	150,032
Proceeds from disposal of available-for-sale financial assets	38,891	–
Proceeds from disposal of associate and joint venture	–	22,353
Dividend from associate and joint venture	–	2,965
Net cash inflow from disposal of subsidiaries (Note B)	–	3,418
Net cash (used in)/generated from investing activities	(45,368)	94,818
Cash Flows from Financing Activities		
Proceeds from issue of new shares (Note E)	203,546	58,521
Interest paid	(2,484)	(20,910)
Fixed deposits pledged as security	(250)	–
Bank current account pledged as security	(93)	–
(Repayment of)/proceeds from shareholder loan	(201,832)	151,832
Proceeds from financial institution loan	72,000	–
Proceeds from/(repayment of) bank loan	15,996	(269,850)
Net cash generated from/(used in) financing activities	86,883	(80,407)
Net increase/(decrease) in cash and cash equivalents	96	(9,981)
Effect of foreign exchange rate changes	(694)	45
Cash and cash equivalents at beginning	29,442	39,378
Cash and cash equivalents at end (Note 10)	28,844	29,442

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 approximately US\$53.1 million (2010 - US\$90.65 million). Cash payments of approximately US\$53.1 million (2010 - US\$90.65 million) were made to purchase plant and equipment.

B. Deconsolidation/disposal of subsidiaries

During the financial year, two subsidiaries were in the process of liquidation and deconsolidated. In 2010, a subsidiary was sold for a cash consideration of approximately US\$3.42 million. The assets disposed and liabilities discharged were as follows:

	2011 US\$'000	2010 US\$'000
<u>Net assets disposed of</u>		
Bank borrowings	–	(1,071)
Deferred taxation	–	(54)
Provision for taxation	(1,629)	(244)
Term loans	–	(209)
Property, plant and equipment	–	2,255
Work-in-progress	–	1,519
Inventories	–	2,535
Cash and bank balances	15	95
Receivables	34	1,363
Payables	(187,265)	(2,782)
Impairment of non-trade balances, from former subsidiaries	183,708	–
	(5,137)	3,407
Exchange translation differences	–	(314)
Gain on disposal	5,152	469
Sale proceeds	15	3,562
Cash and bank balances disposed of	(15)	(95)
Net cash decrease in cash and cash equivalent	–	(49)
Net cash inflow from disposal of subsidiaries	–	3,418

C. Acquisition of additional shares in subsidiary from non-controlling interests

In November 2010, the Group acquired an additional 1.55% interest in Jasper Offshore (Cyprus) Ltd ("JOL") for approximately US\$0.57 million in cash, increasing its shareholding from 91.31% to 92.86% based on the then total issued capital of JOL. The net asset value of JOL in the consolidated financial statements on the date of the acquisition was approximately US\$55.7 million. With the increase in its interest in JOL, the Group recognised a reduction in non-controlling interests of approximately US\$0.86 million. This gave rise to a negative goodwill of approximately US\$0.29 million which was recognized as capital reserve.

	2011 US\$'000	2010 US\$'000
<u>Non-controlling interests acquired</u>		
Consideration paid for acquisition of non-controlling interests	566	355
Decrease in equity attributable to non-controlling interests	(863)	(3,436)
Increase in equity attributable to owners of the parent/ Negative goodwill arising from consolidation	(297)	(3,081)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

for the financial year ended 31 March 2011

Notes: (cont'd)

D. Gain on dilution of non-controlling interests in a subsidiary

In March 2011, the Company and its wholly owned subsidiary, Turquoise Offshore Pte. Ltd, subscribed for 203,710,710 (2010 - 58,425,255) new shares ("New Shares") in JOL pursuant to a preferential offering of new shares undertaken by JOL to its shareholders. The non-controlling shareholders did not subscribe for the preferential offer. With the issue and allotment of the New Shares, the Company now holds in aggregate 271,614,280 shares in JOL, representing 98.11% of the total issued share capital. The non-controlling shareholders had been diluted from 7.14% to 1.89% giving rise to dilution of non-controlling interests of US\$206,582 (2010 - US\$49,782).

E. Issue of shares

	2011 US\$'000	2010 US\$'000
Issue of New Shares	203,546	58,521

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2011

1 General information

The Company is a limited liability company domiciled in Singapore.

In order to expand its offshore drilling rig fleet, the Group placed orders with Keppel FELS Ltd ("KFELS") to build KFELS proprietary B Class jack-ups. The B Class jack-ups are premium jack-ups which are capable of operating in 400 ft water depth, have drilling capability of 30,000 ft and can accommodate 150 crew members. In December 2010, the Company signed a contract with KFELS to build one KFELS B Class jack-up rig for approximately US\$180 million with an option for a second jack-up. In April 2011, the Company exercised its option for the second jack-up. The first jack-up rig is scheduled for delivery in November 2012 and the second jack-up rig in May 2013.

In order to support the Company's new rig building programme and strengthen the capital structure of the Company, in March 2011, unsecured loans of US\$194.6 million from Morton Bay (Holding) Pte Ltd ("Morton Bay"), were fully settled by way of the issuance of 1,946,320,563 new ordinary shares in the capital of the Company.

In August 2010, the Group issued US\$75 million Senior Secured Second Lien Notes which mature in one year. The funds were used to pay for the costs connected to the upgrading of the Explorer and for working capital.

In March 2011, the Company placed 120,715,156 new ordinary shares to Hygrove Investments Limited at S\$0.096 per new share. The proceeds raised of approximately US\$8.9 million were used to partially pay for the construction of first jack-up rig.

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.

The financial statements of the Group and the Company for the year ended 31 March 2011 were authorised for issue in accordance with a resolution of the Directors on 24 June 2011.

The parent company is Morton Bay whose registered address is at 36 Carpenter Street, Singapore 059915.

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 2011, the Group's current liabilities exceeded its current assets by approximately US\$110.3 million, mainly due to the short term borrowings amounting to approximately US\$125 million. The financial statements are prepared on a going concern basis on the ground of the following events which took place subsequent to the year end:

(i) Issue of senior secured bond

Subsequent to year end, the short term borrowings amounting to approximately US\$125 million have been refinanced when the Group issued a US\$165 million senior secured bond, which will mature on 27 May 2016.

(ii) Future revenue generated/Drilling contract signed

The Group signed an agreement with a customer on 25 May 2011 for an offshore drilling program. Under the program, the drillship Explorer will be deployed to drill one oil well with an option for another well. There is also an option to use the Explorer for another five well drilling program. The Explorer is expected to commence drilling in October 2011.

As at the date of this report, the Directors believe that the Group and Company will be able to meet their obligations as and when they fall due in the next 12 months based on the Group's cash flow forecast. Accordingly, in the opinion of the Directors of the Group, the financial statements for the financial year ended 31 March 2011 prepared on a going concern basis is appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

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 estimated useful lives. At the end of each reporting period, 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.

For change of useful life

During the financial year, the Group revised the estimated useful life of the drilling vessels to better reflect the estimated periods during which the drilling vessel will remain in effective service. As the drilling vessel has not commenced depreciation, there is no impact on the profit or loss for current year from the effects of this change in estimate.

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. The value-in-use calculations require 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 assets based on such estimates and has made the necessary allowance for impairment as disclosed in Note 4.

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.

Income tax

The Group has exposure to income taxes in numerous jurisdictions. 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.

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 (Note 8).

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

Significant accounting estimates and judgements (cont'd)

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 end of reporting period are disclosed in Note 7 to the financial statements.

2(b) Interpretation and amendments to published standards effective in 2010

On 1 April 2010, the Group and the Company adopted the new or amended FRS and INT FRS that are mandatory for application from 1 January 2010. This includes the following FRS and INT FRS which are relevant to the Group:

FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 39 (Amendments)	Financial Instruments: Recognition and Measurement - Eligible Hedged Items
FRS 103 (Revised)	Business Combinations
Improvements to FRSs 2009	

The adoption of the above new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements except for the following:-

FRS 27 (Revised) Consolidated and Separate Financial Statements

The revised FRS 27 requires the effects of all transactions with non-controlling interests to be accounted for as equity transactions if there is no change in control. Such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss.

When control over a subsidiary is lost, any interest retained is re-measured to fair value and the resulting gain or loss is recognised in profit or loss.

Losses incurred by a subsidiary are allocated to the non-controlling interests even if these result in the non-controlling interests having deficit balances.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 April 2010.

The changes will affect future transactions with non-controlling interests.

FRS 103 (Revised) Business Combinations

The revised FRS 103 introduces a number of changes in the accounting for business combinations which are applicable for annual periods beginning on or after 1 July 2009. It retains the major features of purchase method of accounting, now referred to as the acquisition method. The changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Acquisition-related costs of the business combination are recorded as an expense in profit or loss. Previously these costs would have been accounted for as part of the cost of acquisition.
- The assets acquired and liabilities assumed are generally measured at their acquisition-date fair value unless an exception and specific measurement rules are provided in the standard.
- Contingent consideration on future events is measured at fair value on the acquisition date. If the contingent arrangement gives rise to a financial liability, any subsequent changes will no longer be adjusted against goodwill but recognised in profit or loss. Previously, contingent consideration was recognised at the acquisition date only if its payment was probable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

2(b) Interpretation and amendments to published standards effective in 2010 (cont'd)

FRS 103 (Revised) Business Combinations (cont'd)

- Any indemnification assets promised by the seller in an acquisition is recognised at the date of acquisition. Previously, this possible compensation would not have been recognised as an asset and would have been adjusted against goodwill upon receipt from the seller.
- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised.
- When a business is acquired in stage, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 April 2010 are not adjusted.

2(c) FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective:

Reference	Description	Effective date (annual period beginning on or after)
Framework	The Conceptual Framework for Financial Reporting (Chapters 1 and 3)	01.03.11
Amendments to FRS 12	Recovery of Underlying Assets	01.01.12
FRS 24 (revised)	Related Party Disclosures	01.01.11
Amendments to FRS 101	Limited Exemption from Comparative FRS 107 Disclosures for First-time adopters	01.07.10
Amendments to FRS 101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	01.07.11
Amendments to FRS 107 Disclosures	Transfers of Financial Assets	01.07.11
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement	01.01.11
INT FRS 115	Agreements for Construction of Real Estate	01.01.11
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments	01.07.10
Improvements to FRSs 2010		01.07.10/01.01.11

The Directors do not anticipate that the adoption of the FRS and INT FRS in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except as described below:

FRS 24 (Revised) Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

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 and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is given in Note 6.

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. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated profit or loss from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Business combinations are accounted for using the acquisition method. The consideration transferred for an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The consideration transferred also includes the fair value of any contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Costs attributable to the acquisition are expected as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

Any excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of previous equity interest in the acquiree over the fair value of the net identifiable assets acquired represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated below. In instances where the latter amount exceeds the former, the excess is recognised as a gain from bargain purchase in profit or loss on the date of acquisition.

When the control over a subsidiary is lost, the assets and liabilities of the subsidiary, including any goodwill, are derecognised. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

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.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated statement of financial position within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having deficit balances.

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

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Drilling vessels	20 years
Hand tools	7 years
Drilling and movable equipment	5 years

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

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

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

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.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. 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.

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 economics 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.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful life and residual values are reviewed and adjusted as appropriate at each reporting date as a change in estimates.

Club membership

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

Subsidiaries

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.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses, if any, on an individual subsidiary basis.

Inventories

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

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.

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

Financial assets (cont'd)

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 end of reporting period 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 statement of financial position the following categories of financial assets at the end of the reporting period.

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 Company provides 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 end of reporting period. These are classified as non-current assets, if any.

They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in the profit or loss.

Loans and receivables include trade and other receivables, amount owing by related parties in the statement of financial position.

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 end of reporting period.

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 profit or loss 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 profit or loss even though the financial asset has not been derecognized.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

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

Financial assets (cont'd)

Available-for-sale financial assets (cont'd)

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through the profit or loss. Impairment losses recognised in the profit or loss for debt instruments classified as available-for-sale are subsequently reversed in the profit or loss 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 short-term.

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.

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.

Non-current assets

Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

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

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, payables and amount owing to related parties.

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 profit or loss.

Financial liabilities are derecognised if the Group's and the Company's obligations specified in the contract expire or are discharged or cancelled.

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

Financial liabilities (cont'd)

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 profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the reporting date are included in current liabilities in the statements of financial position 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 end of reporting period 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 12 months after the reporting date is included in non-current liabilities in the statements of financial position.

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 other payables, and amount owing to related parties in the statements of financial position.

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 profit or loss 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.

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.

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 construction 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

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 profit or loss 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 profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

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

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint venture, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. 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 profit or loss 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 employees 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.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of reporting period.

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

Employee benefits (cont'd)

Employee Share Option Scheme

The Company has an employee share option plan for the granting of non-transferable options.

The Group issues equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees. In the Company's separate financial statements, the fair value of options granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Impairment of non-financial assets

The carrying amounts of the Group's and Company's non-financial assets subject to impairment are reviewed at the end of each reporting period 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 profit or loss.

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 profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

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 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 statements of financial position of the Company are presented in United States Dollar 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 currency at rates of exchange closely approximating those ruling at end of reporting period. 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 profit or loss in the period in which they arise.

Monetary items

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

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 end of reporting period;
- (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 statement of comprehensive income, are reported as part of the fair value gain or loss.

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

Financial instruments

Financial instruments carried on the statements of financial position 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 27.

Operating segments

For management purposes, operating segments are recognised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the chief executive officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

3 Revenue

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

Group	2011 US\$'000	2010 US\$'000
Drilling contract revenue	–	76,137
Services rendered	515	2,749
	515	78,886

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

4 Property, plant and equipment

Group	Construction in-progress US\$'000	Drilling Vessel US\$'000	Freehold 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 2009	354,528	478,346	783	1,673	345	1,588	837,263
Exchange adjustment	9	–	93	177	4	3	286
Additions	92,927	898	–	–	–	36	93,861
Disposals	(3,085)	(281,999)	(876)	(1,850)	(134)	(40)	(287,984)
At 31 March 2010	444,379	197,245	–	–	215	1,587	643,426
Reclassification	(334,097)	334,097	–	–	–	–	–
Additions	42,792	10,287	–	–	–	11	53,090
Disposals	(2,755)	(3,579)	–	–	(55)	(172)	(6,561)
At 31 March 2011	150,319	538,050	–	–	160	1,426	689,955
Accumulated depreciation and impairment loss							
At 1 April 2009	–	74,984	4	575	131	731	76,425
Exchange adjustment	–	–	1	66	1	1	69
Depreciation for the year	–	14,419	–	–	40	435	14,894
Impairment in value	–	62,000	–	–	–	–	62,000
Disposals	–	(49,850)	(5)	(641)	(96)	(12)	(50,604)
At 31 March 2010	–	101,553	–	–	76	1,155	102,784
Reclassification	34,553	(34,553)	–	–	–	–	–
Depreciation for the year	–	–	–	–	38	254	292
Impairment in value	22,678	–	–	–	–	–	22,678
Disposals	–	–	–	–	(25)	(96)	(121)
At 31 March 2011	57,231	67,000	–	–	89	1,313	125,633
Net book value							
At 31 March 2011	93,088	471,050	–	–	71	113	564,322
At 31 March 2010	444,379	95,692	–	–	139	432	540,642

Included in the cost of drilling vessel as at 31 March 2011 is an amount of US\$471,050,000 (2010 - US\$95,692,000) for which depreciation was not charged as the drilling vessel was still undergoing sea trials as per industry requirements and has not been deployed.

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 2009	160	211	371
Disposals	–	(3)	(3)
At 31 March 2010	160	208	368
Additions	–	5	5
At 31 March 2011	160	213	373
Accumulated depreciation			
At 1 April 2009	25	74	99
Depreciation for the year	30	51	81
At 31 March 2010	55	125	180
Depreciation for the year	34	50	84
At 31 March 2011	89	175	264
Net book value			
At 31 March 2011	71	38	109
At 31 March 2010	105	83	188

The drilling vessel comprises a significant portion of the Group's assets. The carrying amount of the Group's drilling vessel was US\$471.05 million (2010 - US\$95.69 million). Construction in-progress in current year comprises of the semi-submersible and jack-up rig. In FY2010, construction in-progress comprised the semi-submersible and a drilling vessel.

The Group evaluates any indication of impairment in the property, plant and equipment at the end of each reporting period.

During the year, the Group carried out a review of the recoverable amount of its property, plant and equipment, namely the drilling vessel and semi-submersible. These assets are used in the Group's offshore drilling segment. The carrying amount of the assets were reduced to its recoverable amount based on its value-in-use amounts over the remaining life of the drilling vessel and semi-submersible, and discounted to present value at a rate of 13.5% (2010 - 12.5%). The review led to the recognition of an impairment loss of US\$22.68 million that has been recognised in profit or loss, for certain equipment relating to the semi-submersible, no longer required for the intended use. In FY2010 a similar review had been carried out, and an impairment loss of US\$62 million had been provided on the value of the drilling vessel, due to a slowdown in the offshore oil services industry.

The drilling vessel, which has a total net book value of US\$471.05 million, has been mortgaged to the financial institutions as security for bank borrowings (Note 13).

The semi-submersible included in construction in-progress with a net book value of US\$56.72 million has been pledged to a subsidiary.

Included in construction in-progress is a jack-up rig, with an amount of US\$36.37 million, which is part of a security package provided to a bank for certain facilities granted [Note 13(b)(2)].

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

5 Investments

	Group and Company	
	2011	2010
	US\$'000	US\$'000
Club membership, at cost	116	116
Allowance for impairment of club membership	(80)	(80)
	36	36

6 Subsidiaries

	Company	
	2011	2010
	US\$'000	US\$'000
Unquoted shares, at cost	*	*
Amount owing by subsidiaries - long-term loan	301,067	291,884
Less: Allowance for impairment		
Opening balance	100,000	–
Movement for the year	58,490	100,000
Ending balance	158,490	100,000
	142,577	191,884

* Less than US\$1,000.

Amount owing by subsidiaries - long-term loan

- secured loan	(i)	–	68,803
- unsecured loan	(ii)	142,577	123,081
		142,577	191,884

During the year, an impairment charge of US\$58.49 million (2010 - US\$100 million) has been recognised in the profit and loss for the Company's unsecured loan of US\$301.07 million (2010 - US\$223.08 million) to a fellow subsidiary, as management has determined that the recoverable amount is lower than the carrying value of the unsecured loan to subsidiaries. The recoverable amount is based on the value-in-use computations of the drilling vessel and semi-submersible (Note 4).

- (i) The secured loan bore interest at 18% per annum and was repaid during the year. Interest was based on market rates for this loan. The loan was secured by a mortgage over the semi-submersible, the Finder.
- (ii) Included in unsecured loans of US\$142.58 million (2010 - US\$123.08 million) are quasi-equity loan of US\$142.58 million (2010 - US\$122.81 million) which 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.

6 Subsidiaries (cont'd)

The subsidiaries are as follows:

Name	Country of incorporation	Effective percentage of equity held		Principal activities
		2011	2010	
		%	%	

Held by the Company

* Turquoise Offshore Pte Ltd	Singapore	100.00	100.00	Investment holding
* Jasper JU1 Pte Ltd ⁽¹⁾	Singapore	100.00	–	Owner of drilling rig
** JIL Ltd	British Virgin Islands	100.00	100.00	Investment holding
*** Amethyst Capital Ltd	Mauritius	90.00	90.00	Investment holding, treasury and finance
* Jasper JU2 Pte Ltd ⁽¹⁾	Singapore	100.00	–	Owner of drilling rig

Held by the Company's subsidiaries

*** Jasper Offshore (Cyprus) Ltd (formerly known as Neptune Marine Oil & Gas Ltd)	Cyprus	98.11	91.31	Investment holding
* Neptune Marine & Drilling Pte Ltd	Singapore	98.11	91.31	Offshore drilling services
@ Neptune Marine Invest AS	Norway	–	91.31	Owner of drilling rigs
@ Neptune Marine Oil & Gas Ltd	Scotland	–	91.31	Project management
* Jasper Finder Pte Ltd (formerly known as Neptune Finder Pte Ltd)	Singapore	98.11	91.31	Owner of drilling rig
* Jasper Explorer Pte Ltd (formerly known as Neptune Explorer Pte Ltd)	Singapore	98.11	91.31	Owner of drilling rig
* Jasper Drilling Pte Ltd (formerly known as NM Drilling Pte Ltd)	Singapore	98.11	91.31	Offshore drilling services
*** Jasper Explorer Ltd ⁽¹⁾	Cyprus	98.11	–	Investment holding

* Audited by Foo Kon Tan Grant Thornton LLP.

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

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

@ Disposed/deconsolidated during the year.

(1) Incorporated during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

7 Inventory

	Group	
	2011 US\$'000	2010 US\$'000
Critical spare parts and consumables, at cost	5,643	2,976

8 Trade and other receivables

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Trade receivables				
Subsidiaries	-	-	290,610	299,033
Allowance for impairment	-	-	-	(4,639)
	-	-	290,610	294,394
Third parties	24	18	-	-
	24	18	-	-
Net trade receivables	24	18	290,610	294,394
Deposits	569	452	74	74
Prepayments	404	302	6	59
Sundry debtors	261	731	100	731
Tax recoverable	24	61	-	4
	1,282	1,564	290,790	295,262
Allowance for impairment - sundry debtors	(92)	(74)	(92)	(74)
	1,190	1,490	290,698	295,188

Group and Company

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	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
<u>Trade receivables - subsidiaries</u>				
Balance at beginning of financial year	-	-	4,639	4,264
Currency translation difference	-	-	-	375
Allowance written off	-	-	(4,639)	-
Balance at end of financial year	-	-	-	4,639
<u>Trade receivables - third parties</u>				
Balance at beginning of financial year	-	803	-	-
Allowance written off	-	(798)	-	-
Disposal of subsidiaries	-	(5)	-	-
Balance at end of financial year	-	-	-	-
<u>Sundry debtors</u>				
Balance at beginning of financial year	74	76	74	76
Currency translation difference	18	(2)	18	(2)
Balance at end of financial year	92	74	92	74

8 Trade and other receivables (cont'd)

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

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Past due 0 to 3 months	–	–	44,175	294,394
Past due 3 to 6 months	–	–	10,595	–
Past due over 6 months	24	18	235,840	–
	24	18	290,610	294,394

Further details of credit risks on trade and other receivables are disclosed in Note 27.

Company

The advances to a former subsidiary which were included in the sundry debtors had been repaid during the financial year.

9 Available-for-sale financial assets

	Group	
	2011 US\$'000	2010 US\$'000
Quoted equity shares:		
Balance at beginning	–	–
Additions during the year	31,931	–
Disposed of during the year	(22,772)	–
Fair value adjustments in fair value reserve (Note 12)	3,385	–
Balance at end	12,544	–

This relates to quoted equity investment listed in New York Stock Exchange ("NYSE"). The fair value of the quoted equity investment is determined by reference to the bid prices of the stock exchange where the quoted equity shares are traded. The balance of US\$12.54 million as at year end had been pledged for bank borrowings [Note 13(b)(2)].

10 Cash and bank balances

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Fixed deposits	1,106	3,935	717	3,561
Cash and bank balances	28,081	25,507	27,646	15,691
	29,187	29,442	28,363	19,252
Fixed deposits pledged to bank	(250)	–	–	–
Current account pledged to bank	(93)	–	(93)	–
Cash and cash equivalents	28,844	29,442	28,270	19,252

As at 31 March 2011, certain fixed deposits of the Group had been pledged to secure letters of guarantee provided by a bank to other parties. The effective interest earned on fixed deposit was 0.39% per annum.

As at 31 March 2011, a bank account was pledged for a bank borrowing [Note 13(b)(2)].

The unpledged fixed deposits mature on varying dates within three months from the end of the reporting period. The effective rates as at end of the reporting period for United States Dollar and Singapore Dollar were 0.157% and 0.163% respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

11 Share capital

	2011	2010	2011	2010
	Number of shares		US\$'000	US\$'000
Group and Company				
Issued and paid up, with no par value				
Balance at beginning				
Ordinary shares	1,846,682,160	1,186,171,830	368,745	310,224
Issue of ordinary shares (a)	–	659,530,330	–	58,431
Issue of ordinary shares (b)	17,479,000	980,000	1,176	90
Issue of ordinary shares (c)	120,715,156	–	8,914	–
Issue of ordinary shares (d)	1,946,320,563	–	194,632	–
Balance at end	3,931,196,879	1,846,682,160	573,467	368,745

- (a) In the previous financial year, the Company allotted 659,530,330 new ordinary shares in the Company at an issue price of S\$0.13 pursuant to a Rights Issue on the basis of three rights issues for every four existing shares in the capital of the Company. The proceeds were used to finance the partial repayment of loan from controlling shareholder and to provide additional funding for the drilling vessel, Explorer.
- (b) In June 2010, the Company issued and allotted 17,479,000 (2010 – 980,000) new shares pursuant to the Company's Share Incentive Plan to a director and employees of the Group. Particulars of the Share Incentive Plan have been set out in the Directors' Report for the financial year ended 31 March 2011.
- (c) In March 2011, the Company issued and allotted 120,715,156 new shares at an issue price of S\$0.096 to Hygrove Investments Limited. The proceeds raised were used to partially pay for the construction of a new jack-up rig.
- (d) In March 2011, the Company issued and allotted 1,946,320,563 new shares at an issue price of S\$0.13 to Morton Bay, the controlling shareholder of the Company pursuant to the capitalisation of shareholder loans (Note 13).

The newly issued shares rank *pari passu* in all respects with existing issued shares.

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

Share-based compensation

Share Options

The Jasper Share Option Plan ("Share Option Plan"), which was approved by the shareholders of the Company in July 2009, is administered by the Remuneration Committee.

Options are exercisable at a price based on the average of the last done prices for the shares of the Company on the Singapore Exchange Security Trading Limited for the three market days preceding the date of grant. The Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price.

Options granted shall be exercised on or after the first anniversary of the date of grant of these options but before the tenth anniversary of the date of grant of that option, except for options granted to a participant not holding a salaried office or employment in the Group as the expiry date is before the fifth anniversary of the date of the grant of that option. Options granted will lapse when the option holder ceases to be a full-time employee of the Company or any company of the Group subject to certain exceptions at the discretion of the Company.

11 Share capital (cont'd)

Share-based compensation (cont'd)

Share Options (cont'd)

Details of the share options outstanding during the year are as follows:

	2011	2010
	Number of share options	
Group and Company		
Outstanding at the beginning of financial year	20,000,000	–
Granted during the financial year	8,000,000	20,000,000
Lapsed	(11,000,000)	–
Outstanding at end of financial year	17,000,000	20,000,000

The weighted average fair value of share options granted during the year was S\$0.02709 (2010 - S\$0.04041). These options have a weighted average remaining contractual lives of 3.7 to 5.6 years (2010 - 5 to 6 years) respectively. At the date of grant of these options, the weighted average share prices of the Company were S\$0.0969 (2010 - S\$0.13).

These fair values are determined using the Binomial pricing model. The significant inputs into the models are as follows:

	2011	2010	
Date of grant	02.11.2010	24.03.2010	18.11.2009
Prevailing share price at grant	S\$0.075	S\$0.11	S\$0.14
Exercise price	S\$0.13	S\$0.13	S\$0.13
Expected volatility	65%	30%	30%
Expected life	6 years	6 years	5 years
Risk free rate	0.60%	1.47%	1.37%
Expected dividend yield	Nil	Nil	Nil

The expected volatility is determined by calculating the historical share price of the Company over the previous 12 months. The expected life used in the model had been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

12 Other reserves

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
(a) Exchange translation reserve				
Balance at beginning	907	908	-	-
Currency translation difference	-	(1)	-	-
Transfer from retained profits	359	-	-	-
Balance at end	1,266	907	-	-
(b) Option reserve (Note 11)				
Balance at beginning	144	-	144	-
Movement during the year	156	144	156	144
Balance at end	300	144	300	144
(c) Other reserves				
Balance at beginning and at end	2,982	2,982	-	-
(d) Hedging reserve				
Balance at beginning	-	(975)	-	-
Movement during the year	-	975	-	-
Balance at end	-	-	-	-
(e) Fair value reserve				
Balance at beginning	-	-	-	-
Movement during the year	3,385	-	-	-
Balance at end	3,385	-	-	-
(f) Capital reserve				
Balance at beginning	-	-	-	-
Movement during the year	91	-	-	-
Balance at end	91	-	-	-
Total other reserves	8,024	4,033	300	144

- (a) Exchange translation reserve arises from the translation of foreign subsidiaries' financial statements.
- (b) The Company has adopted the Binomial pricing model to value the options that were issued on 2 November 2010 pursuant to grant of options under the Share Options Plan. The share options are valued at approximately S\$216,720. Details of the share options are set out in Note 11.
- (c) These reserves are not available for distribution as dividends. Other reserves principally represent reserves of subsidiaries which were capitalised as bonus issues in previous years.
- (d) Hedging reserve comprised the fair value of interest rate swaps entered into by the Group to hedge bank borrowings. This hedging agreement was terminated due to early settlement of bank borrowing and the balance had been fully paid in FY2010.
- (e) Fair value reserve represents fair value adjustment on available-for-sale financial assets.
- (f) Capital reserve included a gain on acquisition of additional shares in subsidiary from non-controlling interests of US\$297,000 and dilution of non-controlling interests of US\$206,000 during the financial year.

13 Borrowings

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Non-Current Liabilities				
Loan from controlling shareholder - unsecured (d)	-	190,672	-	190,672
	-	190,672	-	190,672
Analysed as follows:				
Due later than one year and not later than five years	-	190,672	-	190,672
Due later than five years	-	-	-	-
	-	190,672	-	190,672
Current Liabilities				
Senior notes - secured (a)	74,000	-	-	-
Term loans - secured (b)	50,585	35,000	5,585	-
Short term loans - secured (c)	411	-	-	-
Loan from controlling shareholder - unsecured (d)	-	11,160	-	11,160
	124,996	46,160	5,585	11,160

(a) Senior Notes - secured

US\$75,000,000 Senior Secured Second Lien Notes due 3 August 2011

In August 2010, the Group issued 13% Senior Secured Second Lien Notes of US\$75 million at 98%.

The Senior Secured Second Lien Notes ("Senior Notes") have the benefit of a share security package, which includes *inter alia*:

- a first priority legal mortgage over the Group's drilling vessel;
- an assignment of insurances;
- corporate guarantees from certain subsidiaries; and
- pledge of the shares of certain subsidiaries.

on a second ranking basis behind an existing bank loan [Note(b)].

The Group may redeem all or any portion of the Senior Notes at any time prior to 3 August 2011 at various redemption prices stipulated in the terms of the Senior Notes. The redemption price depends on the date of redemption, the aggregate principal amount of the Senior Notes, the applicable premium plus accrued and unpaid interest. If the Company ceases to own directly or indirectly, more than 50% of JOL, or if the Company experiences specific change of control events, the holders of the Senior Notes will have the right to call for redemption immediately.

(b) Term loans - secured

Included in the secured bank loans of the Group as at 31 March 2011 are the following:

- (1) An amount of US\$45 million (2010 - US\$35 million) due to a bank ("Bank Loan") sharing a security package with the Senior Notes, on a first ranking basis.

In addition to the shared security package, the bank loan also has a corporate guarantee from the Company.

Interest rate is determined and fixed monthly. The effective rate is 4.21% (2010 - 5.575%) per annum. The loan repayment date on 31 July 2010 has been revised to repayable on demand by the bank.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

13 Borrowings (cont'd)

(b) Term loans - secured (cont'd)

(2) An amount of US\$5.6 million (2010 -US\$Nil) due to a bank - secured, *inter alia* by:

- a first fixed charge over available-for-sale financial assets (Note 9);
- a pledge on the shares of a subsidiary;
- a first fixed charge on the account maintained with the lender; and
- a fixed and floating charge on all assets of a subsidiary.

Interest rate is determined and fixed monthly. The weighted average effective interest rate is 5.99% per annum. The loan is repayable on 2 February 2012.

(c) Short term loans - secured

This facility relates to trust receipts provided by a bank sharing a security package with the Senior Notes, on a first ranking basis. The weighted average effective interest rate is 5.03% per annum. The trust receipt is repayable within 90 days from the end of the reporting period.

(d) Loan from controlling shareholder - unsecured

The unsecured loan from Morton Bay of approximately US\$194.6 million (2010 - US\$190.6 million) in FY2011 was fully repaid by offsetting the amount against a subscription by Morton Bay of 1,946,320,563 new ordinary shares in the capital of the Company.

Subsequent to the end of reporting period, the Senior Notes and the secured bank loans were fully repaid with proceeds from the US\$165 million Senior Secured Bond (Note 32).

The contractual maturities of the financial liabilities, including interest payments and excluding the impact of netting agreements is disclosed in Note 27.

14 Trade and other payables

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Trade payables				
Subsidiary	–	–	2,122	–
Third parties	5,213	33,264	188	18
Net trade payable	5,213	33,264	2,310	18
Advances received	1,146	4,705	–	–
Accrued expenses	14,574	4,118	126	81
Other payable	9,977	–	–	–
Withholding tax - staff	2,508	–	–	–
Sundry creditors	295	143	281	143
	33,713	42,230	2,717	242

Trade payables balances are normally on 30 days credit terms.

15 Interest income

	Group	
	2011 US\$'000	2010 US\$'000
Fixed deposits	25	154

16 Other income

	Group	
	2011 US\$'000	2010 US\$'000
Gain on disposal of available-for-sale financial assets	16,120	–
Gain on disposal of subsidiary	5,152	586
Gain on disposal of associate and joint venture	1,410	11,650
Gain on dilution of interest in a subsidiary company	–	49,782
Negative goodwill arising from additional acquisition of shares in a subsidiary	–	3,081
Miscellaneous income	53	311
	22,735	65,410

17 Other expenses

	Group	
	2011 US\$'000	2010 US\$'000 (restated)
Bank transaction fees	–	(2,615)
Discount to customer	–	(7,006)
Professional fees for disposal of property, plant and equipment	–	(3,330)
Loss on interest rate swaps	–	(2,581)
Loss on disposal of property, plant and equipment	–	(81,910)
Amortisation of discount on bond	(1,000)	–
Bond transaction charges	(1,000)	–
Others	(464)	(35)
	(2,464)	(97,477)

18 Loss before taxation

	Note	Group	
		2011 US\$'000	2010 US\$'000
Profit before taxation is stated after charging/(crediting):			
Depreciation of property, plant and equipment	4	292	14,894
Directors' fees		265	182
Directors' remuneration (key management personnel)			
- Directors of the Company			
- salaries and related costs		1,391	742
- CPF contributions		4	4
- Directors of subsidiaries			
- salaries and related costs		1,026	1,540
- CPF contributions		9	22
Staff costs (excluding directors' remuneration):			
- salaries and related costs		3,513	16,712
- CPF contributions		152	171
		6,095	19,191
Exchange loss		1,023	1,376
Impairment of intangible asset		–	18,042

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

19 Taxation

	Group			
	Discontinued operations		Continuing operations	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Current taxation	-	629	142	25,775
Under/(over) provision of taxation in respect of prior years	-	-	(236)	184
	-	629	(94)	25,959

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			
	Discontinued operations		Continuing operations	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Profit/(loss) before taxation	-	2,923	(47,614)	(127,148)
Tax at statutory rate of 17% (2010 - 17%)	-	497	(8,094)	(21,615)
Tax effect on non-deductible expenses	-	132	109,368	6,144
Tax effect on non-taxable income	-	-	(101,464)	(3,618)
Utilisation of deferred tax assets on temporary differences in previous years not recognised	-	-	-	4,930
Deferred tax assets on temporary differences not recognised	-	-	1,384	4,349
Differences in foreign tax rates	-	-	(1,052)	35,585
Singapore statutory stepped income	-	-	-	-
Group relief	-	-	-	-
	-	629	142	25,775

The Group has unutilised capital allowances and tax losses amounting to approximately US\$3.04 million (2010 - US\$Nil) and US\$229.53 million (2010 - US\$49.54 million) respectively which are subject to agreement with the respective tax authorities.

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\$39.54 million (2010 - US\$8.42 million) have not been recognised as the realisation in the future is uncertain.

As with other similar foreign entities operating in Venezuela, the Group paid withholding tax upfront to the local tax authority at 30.6% on its gross revenue for its drillings operations there. However, the Group 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 Group has adopted a conservative approach and not included this potential tax credit in its financial results as there are uncertainties regarding the recoverability of the tax credit.

20 Profit from discontinued operations

Discontinued operations in the previous financial year reflect the Group's activities in building services which were disposed.

The revenues, expenses and results from the ordinary operations of the building services business for the year ended 31 March 2010 were as follows:

	2011 US\$'000	2010 US\$'000
Revenue	–	10,882
Cost of sale	–	(10,244)
Operating expenses	–	(1,351)
Share of profit of associate and joint venture	–	3,751
	–	3,038
Finance expenses	–	(115)
Profit from discontinued operations before taxation	–	2,923
Taxation	–	(629)
Profit from discontinued operations after taxation	–	2,294

The cash flow attributable to the building services division was as follows:

	2011 US\$'000	2010 US\$'000
Operating activities	–	1,400
Investing activities	–	(392)
Financing activities	–	(1,126)
Net cash outflow from discontinued operations	–	(118)

21 (Loss)/earnings per share

Group

Basic (loss)/earnings per share is calculated by dividing the net profit after taxation and non-controlling interests for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted (loss)/earnings per share is calculated by dividing the net profit after taxation and non-controlling interests 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 (loss)/earnings and data on issued shares used in the basic and diluted (loss)/earnings per share computations for the respective financial years ended 31 March:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

21 (Loss)/earnings per share (cont'd)

	2011 US Cents	2010 US Cents
<u>From discontinued operations</u>		
Basic earnings per share	–	0.132
Diluted earnings per share	–	0.132
<u>From continuing operations</u>		
Basic loss per share	(2.021)	(4.296)
Diluted loss per share	(2.021)	(4.295)

The calculation of (loss)/earnings per share attributable to ordinary equity holders of the company is based on the following:

	2011 US\$'000	2010 US\$'000
<u>From discontinued operations</u>		
Net profit attributable to ordinary shareholders of the Company	–	2,294
<u>From continuing operations</u>		
Net loss attributable to ordinary shareholders of the Company	(39,351)	(74,585)

Number of shares used for the calculation of (loss)/earnings per share for discontinued operations and continuing operations are as follows:

	No. (in thousands)	No. (in thousands)
Weighted average number of ordinary shares for purposes of basic earnings per share	1,947,293	1,736,025
Effects of dilution:		
Share options	–	402
Weighted average number of ordinary shares for purposes of diluted earnings per share	1,947,293	1,736,427

In the current year, 11,000,000 share options granted to employees under the existing employee share option plan have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

In previous year, 20,000,000 share options granted to directors and employees under the existing employee share option plan had been included in the calculation of diluted earnings per share.

22 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:

	2011 US\$'000	2010 US\$'000
Interest and incidental expenses on loans from parent company	406	13,155
Short-term benefit costs to key management personnel (directors)	2,430	2,308

23 Capital commitments

As at end of the reporting period, the Group had the following capital commitments in respect of property, plant and equipment, and inventory:

	Group	
	2011 US\$'000	2010 US\$'000
Expenditure authorised and contracted for the upgrading for drilling vessel classified under construction in-progress	–	6,577
Expenditure authorised but not contracted for the purchase of materials	427	–
Expenditure authorised and contracted for the construction of jack-up rig, classified under construction in-progress	142,630	–

24 Operating lease commitments (non-cancellable)

Operating lease commitments (as lessee)

As at end of the reporting period, 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	
	2011 US\$'000	2010 US\$'000
Not later than one year	1,311	1,169
Later than one year and not later than five years	572	1,054

The leases on the Group's office premises on which rentals are payable will expire on 31 July 2012 and the current rent payable on the leases are US\$61,483 per month and are subject to revision on renewal or yearly revision.

The lease on the photocopiers on which rental are payable will expire earliest on 27 December 2013 and latest on 1 February 2016 subject to renewal. The current rent payable on the lease is approximately US\$182 to US\$271 per month, which is subject to revision on renewal.

25 Contingent liabilities

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Corporate guarantees, unsecured	250	–	45,694	37,000
	250	–	45,694	37,000

The Company has given a guarantee to a bank for its subsidiary's banking facilities (Note 13).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

25 Contingent liabilities (cont'd)

Dispute with a customer

During the year, a customer filed an arbitration claim against a subsidiary of the Group. The subsidiary has counterclaimed against this customer. Representative from both parties have met and efforts were made to reach a reconciliation. The arbitration proceedings have not commenced. No additional amount of potential legal claims had been provided for in the profit or loss during the financial year as based on progresses made, both parties are more likely than not to reach an amicable commercial settlement.

Subsequent to the end of the reporting period, both parties have met and agreed on the amount to be settled.

Dispute with suppliers

During the year, there are disputes with suppliers by a subsidiary of the Group, in respect of claims relating to the services provided. As of the date of the report, the Group was unable to determine the probable outcome as the extent of the claims is not definite.

26 Operating segments

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.
Corporate	Investment holding, management and other corporate assets.

The building services segment was discontinued in the previous financial year.

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 2011 and 2010, and certain assets and liabilities information regarding industry segments as at 31 March 2011 and 2010.

26 Operating Segments (cont'd)

Business Segments

	Offshore Drilling		Corporate		Adjustments/ (Elimination)		Total continuing operations		Building Services (Discontinued)		Total	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Segment revenue	515	78,886	-	-	-	-	515	78,886	-	10,882	515	89,768
Sales to external customers	-	-	-	-	-	-	-	-	-	-	-	-
Inter segment sales	515	78,886	-	-	-	-	515	78,886	-	10,882	515	89,768
Total revenue	(51,741)	(176,381)	13,674	63,086	-	-	(38,067)	(113,295)	-	(713)	(38,067)	(114,008)
Share of profits of												
- associates	-	-	-	-	-	-	-	-	-	3,866	-	3,866
- joint venture	-	-	-	-	-	-	-	-	-	(115)	-	(115)
Finance income	4	106	127,119	60,177	(127,098)	(60,129)	25	154	-	-	25	154
Finance costs	(74,333)	(35,217)	(62,337)	(21,342)	127,098	42,552	(9,572)	(14,007)	-	(115)	(9,572)	(14,122)
Loss before tax							(47,614)	(127,148)	-	2,923	(47,614)	(124,225)
Taxation							94	(25,959)	-	(629)	94	(26,588)
							(47,520)	(153,107)	-	2,294	(47,520)	(150,813)
Non-controlling interests, net of taxes							8,169	78,522	-	-	8,169	78,522
Net loss for the year							(39,351)	(74,585)	-	2,294	(39,351)	(72,291)
Business segments												
Segment assets	571,703	546,033	41,219	28,553	-	-	612,922	574,586	-	-	612,922	574,586
Investment in associates	-	-	-	-	-	-	-	-	-	-	-	-
Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	571,703	546,033	41,219	28,553	-	-	612,922	574,586	-	-	612,922	574,586
Segment liabilities	152,517	76,975	6,192	202,087	-	-	158,709	279,062	-	-	158,709	279,062
Taxation liabilities	-	1,629	151	10	-	-	151	1,639	-	-	151	1,639
Total liabilities	152,517	78,604	6,343	202,097	-	-	158,860	280,701	-	-	158,860	280,701
Other segment information:												
Capital expenditures	53,085	93,861	5	-	-	-	53,090	93,861	-	-	53,090	93,861
Depreciation of property, plant and equipment	208	14,813	84	81	-	-	292	14,894	-	-	292	14,894
Loss on disposal of property, plant and equipment	2,650	81,910	-	-	-	-	2,650	81,910	-	-	2,650	81,910

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

26 Operating Segments (cont'd)

Geographical segments

The following table presents revenue and profit information regarding geographical segments for the years ended 31 March 2011 and 2010 and certain asset and liability information regarding geographical segments as at 31 March 2011 and 2010.

	Singapore		Overseas		Elimination		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment Revenue								
Sales to external customers	-	-	515	78,886	-	-	515	78,886
Total continuing operations	-	-	515	78,886	-	-	515	78,886
Discontinued operations								
- Building Services	-	9,814	-	1,068	-	-	-	10,882
	-	9,814	-	79,954	-	-	515	89,768
Other geographical information:								
Segment assets	65,008	28,553	547,914	546,033	-	-	612,922	574,586
Capital expenditures	36,369	-	16,721	93,861	-	-	53,090	93,861

Revenue of US\$515,000 (2010 - US\$78,886,000) was derived from a single external customer. This revenue was attributable to the offshore drilling segment.

27 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 Dollar, which is the functional currency. The currency giving rise to this foreign currency risk is primarily the Singapore Dollar and Euro Dollar.

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

(a) Market risk (cont'd)

Currency risk (cont'd)

The following table entails the Group's exposure at the end of the reporting period 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 2011				
	Euro Dollar US\$'000	Singapore Dollar US\$'000	Great Britain Pound US\$'000	Norwegian Kroner US\$'000	African Rand US\$'000
Trade and other receivables	-	366	52	75	-
Cash and bank balances	3	1,422	-	-	-
Trade and other payables	(9,739)	(2,838)	(2)	(540)	-
	(9,736)	(1,050)	50	(465)	-

	31 March 2010				
	Euro Dollar US\$'000	Singapore Dollar US\$'000	Great Britain Pound US\$'000	Norwegian Kroner US\$'000	African Rand US\$'000
Trade and other receivables	-	958	4	-	-
Cash and bank balances	4	5,576	42	-	-
Trade and other payables	(9,752)	(5,300)	(7)	(431)	(187)
	(9,748)	1,234	39	(431)	(187)

Sensitivity analysis

A 5% (2010 - 5%) strengthening of United States Dollar against the following currencies at the end of reporting period would increase/(decrease) the consolidated loss before tax as shown below:

	Consolidated Income Statement	
	2011 US\$'000	2010 US\$'000
Euro Dollar	(487)	(487)
Singapore Dollar	(53)	43
Great Britain Pound	3	2
Norwegian Kroner	(23)	(22)
African Rand	-	(9)

A 5% (2010 - 5%) weakening of the United States Dollar 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)

for the financial year ended 31 March 2011

27 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.

As at the end of reporting period, the interest rate profile of the Group's interest-bearing financial instruments are as follows:

	2011 US\$'000	2010 US\$'000
Variable rate instruments		
Financial liabilities	124,996	236,832

Sensitivity analysis

A 1% point increase in interest rate would increase the Group's loss before tax by approximately US\$1.25 million (2010 - US\$2.37 million).

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 remain 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 one to 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.

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.

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

Price risk (cont'd)

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated statement of financial position as available-for-sale. These securities are listed in United States. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If prices for equity securities listed in United States change by 5% with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

Group	Increase/(Decrease)			
	2011 Profit after tax US\$'000	Other comprehensive income US\$'000	2010 Profit after tax US\$'000	Other comprehensive income US\$'000
Listed in United States				
- increased by	627	627	-	-
- decreased by	(627)	(627)	-	-

(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's and the Company's major classes of financial assets are cash and bank balances and trade and other receivables.

For trade and other receivables, 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 and other receivables is mitigated substantially by its credit evaluation process, credit policies, and credit control and collection procedures.

The Group establishes an allowance for impairment that represents its estimates of incurred losses in respect of trade and other receivables. The collective loss allowance is determined based on historical data of payment statistic for similar financial assets.

Cash and bank balances are held with reputable financial institutions.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

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

(c) Liquidity risk (cont'd)

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 2011			
	Carrying amount US\$'000	Contractual cash flows US\$'000	< 1 year US\$'000	1-2 years US\$'000
Non-derivative financial liabilities				
Interest-bearing borrowings (Note 13)	(124,996)	(129,266)	(129,266)	–
Trade and other payables (Note 14)	(33,713)	(33,713)	(33,713)	–
	(158,709)	(162,979)	(162,979)	–
	31 March 2010			
	Carrying amount US\$'000	Contractual cash flows US\$'000	< 1 year US\$'000	1–2 years US\$'000
Non-derivative financial liabilities				
Interest-bearing liabilities (Note 13)	(236,832)	(252,087)	(47,078)	(205,009)
Trade and other payables (Note 14)	(42,230)	(42,230)	(42,230)	–
	(279,062)	(294,317)	(89,308)	(205,009)

28 Financial instruments

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The Group	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
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As 31 March 2011

Assets/(liabilities)

Financial assets, available-for-sale	12,544	–	–	12,544
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The fair value of financial instruments traded in active markets is based on quoted market prices at reporting period. The quoted market price for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

29 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 March 2011

30 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.

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.

	2011 US\$'000	2010 US\$'000
Senior notes	74,000	–
Term loan - secured	50,585	35,000
Short term loan - secured	411	–
Loan from controlling shareholder - unsecured	–	201,832
Less: Cash and cash equivalents	(29,187)	(29,442)
Net debt	95,809	207,390
Shareholder's equity	453,431	284,428
Gearing ratio	0.2	0.7

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.

31 Comparative figures

Certain comparative figures have been reclassified to conform with current year's management reporting structure/presentation and changes and updates to the Singapore Financial Reporting Standards.

	As restated 2010 US\$'000	As reported 2010 US\$'000
<u>Consolidated Income statement</u>		
Other expenses	(97,477)	(159,477)
Impairment of property, plant and equipment	(62,000)	–
	(159,477)	(159,477)

32 Events after balance sheet date

On 1 April 2011, the Company exercised the option granted by KFELS to build a second KFELS B Class jack-up rig. The jack-up rig is scheduled for delivery in May 2013.

Jasper Drilling Pte Ltd, a subsidiary of the Company, entered into a contract with AGR Peak Well Management Limited in May 2011 to deploy the drillship Explorer for a drilling program in Republic of Guinea. Under the contract, the Explorer will drill one firm well with an option to drill another well. AGR has the option to contract the drillship for another five well drilling programme. Commencement of drilling is expected to be in October 2011.

In May 2011, the Group issued US\$165 million Senior Secured Bond with a tenor of 5 years. The proceeds were used to repay a bank loan, redeem the Senior Secured Second Lien Notes and fund working capital requirements for the Explorer.

In June 2011, the Company placed an additional 81,069,322 new ordinary shares to Hygrove Investments Limited at S\$0.096 per new share. The proceeds raised were used to partially pay for the construction of the second jack-up rig.

The name of the following subsidiaries had been changed:

FROM	TO
Jasper JU1 Private Limited	Jasper Adventurer Pte. Ltd.
Jasper JU2 Private Limited	Jasper Beacon Pte. Ltd.
Jasper Explorer Limited	Jasper Explorer PLC

STATISTICS OF SHAREHOLDINGS

As at 27 June 2011, the shareholdings of the Company are as follows:

SHARE CAPITAL

Number of shares	4,037,499,966
Class of shares	Ordinary
Voting Rights	1 vote per ordinary share

Note:

The Company issued 980,000 ordinary shares on 30 June 2010 pursuant to the Company's Incentive Plan. A further 25,233,765 ordinary shares were issued on 1 June 2011 pursuant to the Incentive Plan. The Company issued and allotted 120,715,156 and 81,069,322 ordinary shares to Hygrove Investments Limited on 16 March 2011 and 21 June 2011 respectively pursuant to a placement agreement. In addition, on 16 March 2011, the Company issued 1,946,320,563 shares to Morton Bay (Holdings) Pte Ltd in full repayment of its shareholder loans, thereby bringing the total share capital of the Company to 4,037,499,966 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	3,421,646,035	–
Ashmore Global Special Situations Fund 2 Limited	–	3,421,646,035
Ashmore Global Special Situations Fund 4 Limited Partnership	–	3,421,646,035
Asset Holder PCC No.2 Limited	–	3,421,646,035
Ashmore Investment Management Limited	–	3,421,646,035

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 27 June 2011, approximately 14.35% 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	8,083	48.30	2,868,468	0.07
1,000 – 10,000	6,220	37.16	24,626,962	0.61
10,001 – 1,000,000	2,404	14.36	142,041,540	3.52
1,000,001 and above	30	0.18	3,867,962,996	95.80
Total:	16,737	100.00	4,037,499,966	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	DBS Nominees Pte Ltd	3,430,172,664	84.96
2	Hygrove Investments Limited	201,784,478	5.00
3	Raffles Nominees Limited	47,780,293	1.18
4	Cyber Express Enterprises Limited	40,000,000	0.99
5	Yeoh Seng Huat Geoffrey	32,922,353	0.82
6	United Overseas Bank Nominees Pte Ltd	17,063,686	0.42
7	Citibank Nominees S'pore Pte Ltd	15,908,313	0.39
8	Yap Chin Kok	10,000,000	0.25
9	Phillip Securities Pte Ltd	8,364,608	0.21
10	OCBC Securities Private Ltd	7,884,078	0.20
11	Chew Suyin	7,598,000	0.19
12	UOB Kay Hian Pte Ltd	5,837,860	0.14
13	Lee Mee Kium	5,144,624	0.13
14	Cheng Yin Mui	4,875,080	0.12
15	DBS Vickers Securities (S) Pte Ltd	4,687,840	0.12
16	HSBC (Singapore) Nominees Pte Ltd	3,719,960	0.09
17	Kim Eng Securities Pte. Ltd.	3,331,360	0.08
18	OCBC Nominees Singapore Pte Ltd	3,148,139	0.08
19	Helmut Ernst van Roijen	1,960,000	0.05
20	Tan Kim Chiang	1,711,000	0.04
Total:		3,853,894,336	95.46

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of the Company will be held at GV Vivocity 1 HarbourFront Walk #02-30 Vivocity Singapore 098585 on Friday, 29 July 2011 at 9.30 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Audited Consolidated Financial Statements of the Company for the year ended 31 March 2011 together with the reports of the Directors and Auditors thereon.
2. To re-elect Mr Geoffrey Yeoh, a Director who retires by rotation pursuant to Article 91 of the Company's Articles of Association.
3. To re-elect Mr David Chia, a Director who retires by rotation pursuant to Article 91 of the Company's Articles of Association.
4. To approve Directors' fees of S\$280,000 for the year ended 31 March 2011. (2010: S\$205,000)
5. To re-appoint Foo Kon Tan Grant Thornton LLP as Auditor and to authorise the Directors to fix their remuneration.
6. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

As Special Business

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

7. ISSUE OF NEW SHARES

"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."

8. ISSUE AND ALLOTMENT OF SHARES PURSUANT TO THE JASPER SHARE OPTION PLAN AND JASPER SHARE INCENTIVE PLAN

"That authority be and is hereby given to the Directors to issue and allot shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted under the Jasper Share Option Plan ("Option Plan") and/or the vesting of awards granted or to be granted under the Jasper Share Incentive Plan ("Incentive Plan") provided that the aggregate number of shares to be issued pursuant to the Option Plan and the Incentive Plan does not, in aggregate, exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."

9. RENEWAL OF SHARE BUY-BACK MANDATE

"That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act (Cap. 50) of Singapore (the "Companies Act"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("Share Buy-Backs") in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-
 - (i) on-market Share Buy-Backs (each an "On-market Share Buy-Back") transacted on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or
 - (ii) off-market Share Buy-Backs (each an "Off-market Share Buy-Back") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with the applicable provisions of the Companies Act and the Listing Manual, be and is hereby authorised and approved generally and unconditionally (the "Share Buy-Back Mandate");

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
 - (ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company in general meeting;
- (c) in this Resolution:
- “Prescribed Limit” means 10% of the total number of Shares as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);
- “Relevant Period” means the period commencing from the date of the passing of this Resolution and expiring on the date the next Annual General Meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;
- “Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share, which shall not exceed:-
- (i) in the case of an On-market Share Buy-Back, 5% above the average of the closing market prices of the Shares over the last 5 market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day of the On-market Share Buy-Back by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and
 - (ii) in the case of an Off-market Share Buy-Back pursuant to an equal access scheme, 20% above the average of the closing market prices of the Share over the last 5 market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and
- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated by this Resolution.”

10. RENEWAL OF IPT MANDATE

“That:

- (a) approval be and is hereby given for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions described in the addendum to this Annual Report (“Addendum”), with any party who is of the class or classes of Interested Persons described in the Addendum, provided that such transactions are made on normal commercial terms in accordance with the guidelines and procedures for review and administration of the Interested Person Transactions as described in the Addendum (the “IPT Mandate”);
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company;

- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the SGX-ST Listing Manual which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

By order of the Board

Lee Mee Kium
Company Secretary
14 July 2011

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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Additional information relating to items of Ordinary and Special Business

- Item 2 *Mr Geoffrey Yeoh is the Executive Director and Chief Operating Officer of the Company. He is also a member of the Nominating Committee.*
- Item 3 *Mr David Chia is an Independent Director. He is Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee. He will, upon re-election as a Director, be considered independent for the purpose of Rule 704(8) of the Listing Manual Rules of the SGX-ST.*
- Item 7 *This ordinary resolution empowers 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.*
- Item 8 *This ordinary resolution is to authorise the issue of shares on the exercise of options granted under the Option Plan and the vesting of awards under the Incentive Plan not exceeding (for the entire duration of the Option Plan and the Incentive Plan respectively) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time. The Option and Incentive Plans will respectively expire on 30 July 2019 unless extended by the Company in a general meeting.*
- Item 9 *This ordinary resolution renews the Share Buy-Back Mandate and will authorise the Directors, from time to time, to purchase the Company's issued ordinary shares subject to and in accordance with the terms set out in the Addendum, the SGX-ST Listing Manual and such other laws and regulations as may for the time being applicable.*
- Item 10 *This ordinary resolution relates to the renewal of a mandate given by Shareholders on 28 July 2010 allowing the Company, its subsidiaries and associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST. Please refer to the Addendum.*

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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 (%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held on Friday, 29 July 2011, 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 Geoffrey Yeoh as a Director				
3.	Re-election of Mr David Chia as a Director				
4.	Approval of Directors' Fees				
5.	Re-appointment of Auditor				
6.	Approval of Share Issue Mandate				
7.	Authority to issue shares under the Jasper Share Option Plan and Jasper Share Incentive Plan				
8.	Renewal of Share Buy-Back Mandate				
9.	Renewal of Interested Person Transactions Mandate				

* 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 _____ 2011.

Total number of shares held

Signature(s) of Member(s)/Common Seal
PLEASE READ NOTES OVERLEAF

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.



Investments Limited

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Company Registration No.: 198700983H