



Årsregnskap for regnskapsåret 2012

Organisasjonsnr: 974 453 940
Navn/foretaksnavn: EMAS-AMC AS
Forretningsadresse: Lilleakerveien 2A
0283 OSLO

Brønnøysundregistrene
20.11.2020

Brønnøysundregistrene

Postadresse: 8910 Brønnøysund

Telefoner: Opplysningstelefonen 75 00 75 00 Telefaks 75 00 75 05

E-post: firmapost@brreg.no Internett: www.brreg.no

Organisasjonsnummer: 974 760 673



Brønnøysundregistrene - Regnskapsregisteret

OPNSHOP WPHON



VEDLEGG TIL ÅRSREGNSKAP

2012



EMAS-AMC AS Postboks 247 Lilleaker 0216 OSLO	Organisasjonsnr. 974 453 940	AS
--	-------------------------------------	----



Registrerte opplysninger per 16.11.2012		Eventuelle endringer dette regnskapsåret	
Startdato 01.09.2011	Avslutningsdato 31.08.2012	Startdato 01.01.2012	Avslutningsdato 31.08.2012
Konsernforhold Foreninger som følger regler for frivillig virksomhet, kan ikke være morselskap	Morselskap JA	Endret konsernforhold ☐ Morselskap ☐ Ikke morselskap	

Kun for aksjeselskap som har meldt fravalg av revisjon

Selskapet har besluttet at årsregnskapet ikke skal revideres ☐ Ja

Årsregnskapet er utarbeidet av ekstern autorisert regnskapsfører ☐ Ja

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet ☐ Ja

Årsregnskapet er satt opp etter reglene for frivillig virksomhet ☐ Avkrysning er kun aktuelt for foreninger (FLI) som er registrert i Frivillighetsregisteret

Hvis enheten ikke følger norsk regnskapslov eller frivillighetsregisterloven, kryss av ☐ IFRS selskap ☐ IFRS konsern

Hvis enheten velger å avvike fra regnskapsloven § 6-1, kryss av ☐ Funksjon selskap ☐ Funksjon konsern

Følges regnskapsreglene for små foretak? ☐ Ja ☒ Nei

Jeg bekrefter at vedlagte årsregnskap er fastsatt av kompetent organ den 17.12.2012 Dato

Sted/dato, Underskrift av representant for enheten
LYSAKER

Bare til bruk for Regnskapsregisteret

198

G	☒	NYVE	☒	Admr	☐	Kregn	Ja	☒	Nei	☐	Aktiv. regn	☐		
M	☐	Rets	☐									Ant.s	249	
	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐		
	ov.b	årsb	res	bal	e.bal	gj.bal	rev	i-rev	k-res	k-bal	k-n	k-rev	i-k-rev	n
	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
	k-regn	kto	d.k	ik-fv	konsf	ifrs	fr-rev					funk	u.off	brev

BR-1001-11



INCOME STATEMENT

Amounts in NOK 1000	NOTE	01.01 - 31.08.2012	2011
Revenue	2	840,911	977,618
Other operating income	2	26,014	8,609
Total revenue		866,925	986,227
Cost of sales	18	642,336	872,670 *
Employee benefits expenses	3.7	124,547	122,854
Depreciation expenses	5	13,431	11,704
Impairment charges	5	242	43,324
Other operating expenses		28,290	51,354 *
Total operating expenses		808,845	1,101,907
Operating profit		58,080	-115,680
Financial income	4	21,878	29,647
Financial expenses	4	30,684	20,682
Operating result before tax		49,273	-106,714
Income tax expense	6	-1,913	-8,402
Operating result after tax		51,186	-98,313
Transfers			
To other equity		51,186	
Uncovered loss			-98,313
Total transfers		51,186	-98,313

* The figures for the year ending 2011 has been reclassified to ensure comparability with the presentation of the figures for the period ending 31.8.2012



BALANCE SHEET

Amounts in NOK 1000	NOTE	31.08.2012	31.12.2011
ASSETS			
Deferred tax assets	6	14,222	11,575
Total intangible assets		14,222	11,575
Machinery and plant	5	115,009	119,790
Equipment	5	18,279	10,376
Total tangible fixed assets		133,288	130,166
Net pension plan assets	7	1,672	2,960
Investments in subsidiaries	8	891	891
Total financial fixed assets		2,564	3,851
Total fixed assets		150,073	145,592
Inventories	17	8,868	0
Trade receivables	10	384,168	222,713
Other receivables	10	98,213	118,271
Total receivables		482,381	340,984
Cash and bank deposits	11	9,836	55,572
Total current assets		501,085	396,555
Total assets		651,158	542,147



BALANCE SHEET

Amounts in NOK 1000	NOTE	31.08.2012	31.12.2011
EQUITY AND LIABILITIES			
Share capital	13	218,277	218,277
Share premium reserve	13	72,213	72,213
Other paid-in equity	13	87,785	87,785
Total paid-in equity		378,276	378,276
Uncovered loss	13	-125,496	-176,683
Total retained earnings		-125,496	-176,683
Total equity		252,780	201,593
LIABILITIES			
Long-term liabilities			
Pension liabilities	7	12,160	12,899
Total provisions		12,160	12,899
Current liabilities			
Trade creditors	10	141,614	197,759
Public duties payable		13,155	11,743
Other short-term liabilities	10	231,449	118,153
Total short-term liabilities		386,218	327,655
Total liabilities		398,378	340,554
Total equity and liabilities		651,158	542,147

Lysaker, December 17th 2012

Tek Lionel Lee Chye
Chairman of the
Board
Asle Bjørnstad
Svein Haug
Regional Head
Chin Kwang Tay
Karian Aines
Kumar Chranji Lal Amarnath Adarash
Jon Jørgen Gudbrandsen



NOTE 1 ACCOUNTING PRINCIPLES

Emas-AMC AS is incorporated in Norway. The Annual Financial Statement is based on the Norwegian Accounting Act of 1998 and good accounting practice. Emas-AMC AS is a subsidiary of Ezra Holdings Limited and has two wholly owned subsidiaries Emas-AMC Pty and Emas-AMC Inc. This financial statement solely refers to Emas-AMC AS (the company), as exemption has been given for producing an annual report for the group. The overall financial figures for Emas-AMC AS with its two subsidiaries will be consolidated via the parent company, Ezra Holdings Limited.

The 2011 financial statement, which was for the consolidated group followed the Norwegian fiscal year. This is the first annual financial statement which follows the financial calendar of Ezra Holdings Limited which goes from 1 September to 31 August. Thus this year's statement covers the financial year 2012 from 01.01.12 to 31.08.12. The next annual financial statement will be fully aligned with the annual reporting of the parent company. This report is in English only as an exemption has been given for having a Norwegian version

Revenues

Work performed on offshore operations related to fixed price contracts with extended contract time are assessed according to percentage of completion and recognized in accordance with the construction, when the outcome of the contract can be reliably measured. The percentage of completion is measured base on incurred cost compared to total cost. Other fixed price contracts (a small portion of the turnover) are recognized based on completed contract method.

Subsidiaries

Investments in subsidiaries are measured in accordance with the cost method in the parent company's financial statement. The investments are measured at cost, unless any impairment has incurred. Impairments are made down to the fair value only when the decline in fair value is considered permanent. Impairments are reversed when the cause for the impairment no longer exists.

Taxes

Tax expenses consist of both tax payable and changes in deferred tax. Deferred tax/deferred tax assets are calculated based on the difference between recognized amount and the tax base for assets and liabilities.

A deferred tax asset is recognized when it is probable the company will have sufficient taxable income in future periods to utilize the deferred tax asset. Deferred tax assets not recognized in prior periods are recognized if it becomes probable that the Group will be able to utilize the deferred tax asset. Deferred tax assets recognized in earlier period are expensed if it is no longer probable that the deferred tax asset will be utilized.

Taxes payable related to foreign operations are calculated based on the tax rate applicable in the relevant jurisdictions. These are expensed in the financial statement for 2012. In 2012, this applies to the US activities. The applied tax rates are 35 %.

Classification of assets and liabilities

Receivables and debt related to the operating cycle are classified as current assets and current liabilities. Prepayments from customers are classified as current liabilities. Other receivables and debt due within one year are classified as current assets or liabilities. Current assets are measured at the lowest of cost and fair value. Current liabilities are measured at the nominal amounts.

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost of inventories is allocated based on the FIFO method.

Trade receivables and other receivables are measured at face value less expected loss. Assessments of expected losses are made on an individual basis for each receivable.

Assets meant for lasting ownership and use are classified as non-current assets. Non-current assets are measured at cost less any depreciation for an asset with limited life. Impairment is recognized for non-current assets if the fair value booked value is greater than the fair value, and the decline in fair value is not considered temporary. Depreciation is made on a linear basis over the expected economic life of the asset. The depreciation period for the different assets range from 3-10 years, based on expected economic life.

Leases where substantially all the risks are on the lessor, are classified as operating leases. Rental payments are classified as an operating expense and are recognized over the contract period.



Cash Flow

The cash flow statement is prepared based on the indirect method.

Pension

The Company is required by law to have a pension plan for its employees; the pension plan is in line with the legal requirements. From July 1, 2008 the employee pension plan was changed from a Defined Benefit Plan to a Defined Contribution Plan. Employees above the age of 58 years at the time of transition will continue in the defined benefit plan. A compensation scheme was to ensure that no employee incurred a loss of rights based on this change in pension plan. The company also offers an early retirement pension plan (AFP). A new early retirement plan was put in place as of January 1, 2011; this plan is a multi-employer plan. There are no reliable calculations available for this plan, so it is accounted for as a defined contribution plan.

The company has a defined contribution plan in place for the remainder of its employees.

Foreign currency

Cash, cash equivalents, receivables and debts in foreign currencies are measured at the currency rate at year end.

The company occasionally uses hedging instruments to mitigate any remaining currency exposure. Currency risk arises mainly from operational activities related to the projects. Derivative financial instruments are recognized at fair value. Changes in fair value in terms of gains / losses are booked in the income statement as financial income / -expenses.

Presentation

All amounts are presented in NOK 1000 unless otherwise specified.

Event after reporting date

Any events incurred after the reporting date with material effect on the company's financial position are disclosed in the notes.



NOTE 2 OPERATING INCOME

Amounts in NOK 1000

	01.01 - 31.08.2012	2011
Revenue	840,911	977,618
Other operating income	26,014	8,609
Total	866,925	986,227

Geographical distribution

Norway	46 %	80 %
USA	15 %	7 %
Australia	6 %	0 %
Great Britain	0 %	10 %
Singapore	5 %	2 %
Sweden	28 %	1 %
Total	100 %	100 %

All revenues are related to the core operations of the company's marine installations.

Other operating income consists of reimbursable costs

NOTE 3 SALARIES, EMPLOYEES AND REMUNERATIONS

Amounts in NOK 1000

Payroll expenses	31.08.2012	2011
Salaries	103,658	93,174
Social security	10,940	14,345
Pension costs	7,070	9,450
Other benefits	2,879	5,885
Total payroll expenses	124,547	122,854

Number of employees during the year 113 104

Total payroll expenses also includes payments for consultants

Remunerations key management	01.01.12-31.08.12	Salary	Bonus	Other benefits	Pension
General Manager		1,709,167	270,000	8,778	43,753

The General Manager's contract may be terminated given a six month notice period. Upon termination, six months salary will be paid by the company.

No remuneration is paid to the Board of Directors.



	01.01 - 31.08.2012	2011
Audit fees, exclusive VAT		
Mandatory audit	840,000	866,300
Other fees	220,804	236,778
Total fees to auditor	1,060,804	1,103,078

NOTE 4 FINANCIAL ITEMS

Amounts in NOK 1000

	01.01 - 31.08.2012	2011
Financial income		
Interest income from other group entities	1,959	2,298
Other interest income	215	782
Other financial income (agio)	19,704	26,567
Total financial income	21,878	29,647

	01.01 - 31.08.2012	2011
Financial expenses		
Interest expenses from other group entities	-	30
Other interest expenses	2	31
Other financial expenses (agio)	30,683	20,620
Total financial expenses	30,684	20,682

NOTE 5 FIXED ASSETS AND LEASES

Amounts in NOK 1000

Tangible fixed assets	Equipment	Machinery and plant	Capitalized vessel equipment	Total
Accumulated cost as of 01.01.12	11,777	174,944	-	186,721
Additions	11,247	489	5,214	16,950
Disposals	-156	-	-	-156
Accumulated cost as of 31.08.12	22,869	175,433	5,214	203,516
Accumulated depreciations 31.12.11	1,401	11,830	-	13,231
Accumulated depreciations 31.08.12	4,348	21,999	314	26,661
Accumulated write downs 31.08.12	242	43,324	-	43,566
Net amount as of 31.08.12	18,279	110,109	4,900	133,288
Depreciations for the financial year	2,947	10,170	314	13,431
Write down for the financial year	242	-	-	242
Expected economic life	3-5 year	5-10 year	3-5 year	
Depreciation method	linear	linear	linear	

>>



>> NOTE 5 (Continued)

Amounts in NOK 1000

Operating lease arrangements

	31.08.12	31.12.11
Lease payments recognized in operating expenses for the year	401,875	358,972

The operating lease payments which are related to hire of the vessels equals 397 540. The fixed hire periods various with one expiring in August 2013, one in November 2021 and one in July 2015; the latter contains an option to extend the charter period by one year. None of the lease agreements contains a purchase option.

The total operating lease commitments as per 31.08.2012 were TNOK 2 796 626. These considers mainly of charter hire obligations. The remaining obligations are related to office facilities as at 31.08.2012, TNOK 32 078. The lease agreement lasts until 31.4.2018 with option to extend with 5 years, however Emas-AMC can terminate the agreement 30.4.2016 with 4 months compensation to the lessor.

The company outstanding lease commitments fall due as follows

	31.08.12
Within one year	571,525
Years two to five inclusive	1,335,222
After five years	889,879
Total	2,796,626

NOTE 6 TAX

Amounts in NOK 1000

Tax expenses for the year	31.08.2012	2011
Taxes payable	-	-
Changes in deferred tax	8,876	-8,929
Federal tax	733	448
Correction tax payable 2010	-	219
Additional tax paid to the US prior years	-	-140
Total tax expenses	9,609	-8,402

Tax calculation

Operating profit before tax	49,273	-106,714
Permanent differences	242	700
Changes in temporary differences	-100,554	6,566
Tax base current year	-51,039	-99,448

Temporary differences	31.12.2011	31.08.2012	changes
Property, plant and equipment	5,382	11,751	-6,369
Construction contracts	6,803	109,361	-102,558
Other differences	-14,115	-22,488	8,373
Total temporary differences	-1,930	98,624	-100,554

>>>

**>> NOTE 6 (Continued)**

	31.12.2011	31.08.2012
Tax loss carried forward	-99,448	-150,412
Tax credits carried forward	-14,016	-14,016
Base for deferred tax asset	-115,394	-65,804
Adjustments to deferred tax asset		
	31.12.2011	31.08.2012
28% deferred tax asset	-32,310	-18,425
Deferred tax asset not recognized	20,735	4,203
Recognized deferred tax asset	-11,575	-14,222

According to Norwegian law, the tax loss can be carried forward indefinitely

The increase in deferred tax asset is presented as a reduction in tax expenses in the P&L.

Excess payment of tax in the US in prior years of TNOK 302 and prepayment of tax for the financial year 2012 of TNOK 2259 is included in other receivables in the balance sheet.

NOTE 7 PENSION

The company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenstepensjon"). The company's pension scheme meets the requirements of that law.

Pension expenses relate to the employees' right to future pension payments based on the year's performance. In a defined contribution plan, the company is liable to pay a fixed amount based on the salaries paid. In a defined benefit plan, the company is liable for a pension payment as a fixed ratio of the salary earned in the year prior to retirement.

In connection with the change from defined benefit to defined contribution, a compensation scheme was established to compensate the employees for the change in pension plan. The compensation was calculated as the difference between pension liability under the defined benefit plan and funds under the defined contribution plan at the age of 67. The amount of compensation is adjusted annually based on changes in salaries and interest accrued at market rates. Should the employee resign prior to the age of 67, the compensation amount is reduced.

The plan for early retirement was in 2011. The existing plan was closed to new members, and calculated liability as a cost reduction in the P&L. A provision of NOK 6,000 per employee was made to cover the early retirement plan.

The previous early retirement plan yielded a pension from the age of 62 and 67, whereas the new plan offers a lifelong addition in pension. The new pension plan is a multi-employer plan. Data for calculating the liability is not available, and the plan is therefore treated as a defined contribution plan.

The pension plans includes 146 members, of which 110 members fall under the defined contribution plan and 36 are covered by the closed defined benefit plan.

From 2011 the defined benefit plan is funded through DNB Livsforsikring AS.

>>



>> NOTE 7 (Continued)

Pension cost	01.01 - 31.08.2012			2011		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Current service cost	644	1,587	2,231	1,241	2,085	3,326
+ Interest cost	469	161	630	1,140	302	1,442
- Return on plan assets	(700)	-	(700)	(1,542)	-	(1,542)
= Pension cost	413	1,748	2,161	838	2,387	3,225
+ Adm. cost	178	-	178	499	-	499
Net pension cost	591	1,748	2,339	1,338	2,387	3,725
+ Social security (AGA)	83	247	330	525	-	525
- Amortisation of net actuarial losses (gains)	614	55	669	-	197	197
Net periodic pension cost	1,288	2,050	3,338	1,526	2,584	4,447
Contribution defined contribution plan			3,386			4,623
New early retirement plan			346			520
Cost related to defined contribution plans			3,732			5,143
Total pension cost			7,070			9,590

	31.08.2012			2011		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance pension liability/ (asset) as of 01.01	(2,960)	12,899	9,939	(1,174)	10,706	9,532
+ NPPC during year	1,287	2,051	3,338	1,526	2,921	4,447
- Paid pension premium	-	(2,790)	(2,790)	(3,312)	(727)	(4,039)
Closing balance pension liability (asset) 31.12	(1,673)	12,160	10,487	(2,960)	12,900	9,940

Financial Status	Funded pension liabilities		Unfunded pension liabilities	
	31.08.2012	31.12.2011	31.08.2012	31.12.2011
Projected Pension Liabilities (PBO)	30,004	27,544	9,524	10,523
- Plan assets	(26,120)	(26,216)	-	-
Net over/(under) coverage	3,884	1,327	9,524	10,523
+ utsatt overgangsbetøp ved implementering	-	-	-	-
+ ikke resultatferte planendringer	-	-	-	-
+ Unamortized actuarial gains and losses	(5,350)	(3,921)	1,134	782
+ Social security	(207)	(366)	1,503	1,594
Recognized pension liabilities	(1,673)	(2,960)	12,161	12,899

>>



>> NOTE 7 (Continued)

Pension liabilities	31.08.2012			2011		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance	27,544	10,523	38,067	28,795	7,878	36,673
Current service cost	644	1,587	2,231	1,241	2,085	3,326
Interest	469	161	630	1,140	302	1,442
Pension paid	(1,007)	(2,445)	(3,452)	(613)	(638)	(1,251)
Actuarial gains and losses	2,355	(303)	2,052	(3,019)	895	(2,124)
Closing balance pension liabilities	30,005	9,523	39,528	27,544	10,522	38,066

Pension funds	31.08.2012			2011		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance	26,216	-	26,216	27,669	-	27,669
Expected return on assets	700	-	700	1,542	-	1,542
Deposits	-	-	-	2,903	-	2,903
Payment	(1,007)	-	(1,007)	(613)	-	(613)
Actuarial gains and losses	389	-	389	(4,785)	-	(4,785)
Adm. cost	(178)	-	(178)	(499)	-	(499)
Closing balance pension funds	26,120	-	26,120	26,216	-	26,216

Actual return on plan assets						
Expected return on assets	700	-	700	1,542	-	1,542
Actuarial gains and losses, pension fund total	389	-	389	(4,785)	-	(4,785)
Actuarial gains and losses, pension fund other	(1,089)	-	(1,089)	3,243	-	3,243
Actual returns	-	-	-	-	-	-

Distribution pension funds	31.08.2012			2011		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Current bonds	15.2 %	-	15.2 %	15.2 %	-	15.2 %
Cash unit trust	17.5 %	-	17.5 %	21.7 %	-	21.7 %
Shares	10.2 %	-	10.2 %	10.4 %	-	10.4 %
Available for sale bonds	37.1 %	-	37.1 %	33.4 %	-	33.4 %
Investments property	18.6 %	-	18.6 %	18.0 %	-	18.0 %
Other	1.4 %	-	1.4 %	1.2 %	-	1.2 %
Total	100 %	-	100 %	100 %	-	100 %

Financial Assumptions	31.08.2012		2011	
	Funded	Unfunded	Funded	Unfunded
	01.01.2012	01.01.2012	01.01.2011	01.01.2011
Discount rate	2.60 %	2.60 %	4.00 %	4.00 %
Expected return	4.10 %	4.10 %	5.40 %	5.40 %
Salary increase	3.50 %	3.50 %	3.75 %	4.00 %
G-regulation	3.25 %	3.25 %	3.75 %	3.75 %
Adjustment of current pension	2.50 %	2.50 %	2.50 %	3.00 %
	31.08.2012	31.08.2012	31.12.2011	31.12.2011
Discount rate	2.60 %	2.60 %	4.00 %	4.00 %
Expected return	4.10 %	4.10 %	5.40 %	5.40 %

**NOTE 8 SUBSIDIARIES***Amounts in NOK 1000*

Company name	Business offices	Share	Voting right	Equity (accumulated loss)	Net profit (loss) 31.08.12
EMAS-AMC Pty.Ltd.	Perth, Australia	100 %	100 %	-38,212	-32,910
EMAS-AMC US Inc.	Houston, USA	100 %	100 %	-125,269	25,330

EMAS-AMC US Inc commenced its operation in January, 2002. Both subsidiaries were incorporated by Aker Marine Contractors AS (currently EMAS-AMC AS), and there is no goodwill or non-controlling interest in the group. Investments in subsidiaries are recognized using the cost method.

NOTE 9 GOING CONCERN AND FINANCIAL RISK**CREDIT RISK**

The company has a low exposure to credit risk as the customer base is largely made up of a limited number of large oil companies with good creditworthiness. The company has a process in place where credit assessments are made prior to entering into contracts with new customers and smaller companies. Credit assessments are also performed on key suppliers. If deemed necessary, credit risk is mitigated by implementing adequate payment securities such as bank guarantees or by monitoring customer payments. The Company has not suffered any losses due to payment defaults by any of our clients.

CURRENCY RISK

During the tender phase and upon contract execution of a new project, currency inflows and outflows are analyzed and any resulting currency exposure is minimized by the use of natural hedging i.e. multi-currency contracts. The company occasionally uses hedging instruments to mitigate any remaining currency exposure.

LIQUIDITY RISK

Liquidity risk is considered low as the company is continuing to successfully execute profitable projects. Further, any potential short term fluctuations in cash balance could potentially be covered by an intercompany loan from the parent company

INTEREST RATE RISK

The company has no significant interest rate exposure.



NOTE 10 RECEIVABLES AND DEBT

Amounts in NOK 1000

Trade receivables	31.08.2012	2011
Inter-company	51,226	46,138
External	332,942	176,575
Provision for losses	0	0
Total trade receivables	384,168	222,713

Other receivables	31.08.2012	2011
Inter-company	37,592	92,798
Excess payment of tax (US)	302	1,501
External	60,319	23,972
Total other receivables	98,213	118,271

All receivables are due within one year.

Trade creditors	31.08.2012	2011
Inter-company	28,271	37,061
External	113,343	160,698
Total trade creditors	141,614	197,759

Other short-term liabilities	31.08.2012	2011
Inter-company	0	5,978
Unearned income	70,225	21,683
Accrued expenses	149,027	70,793
Employee benefits	12,197	19,698
Total short-term creditors	231,449	118,153

All debts are to be settled within one year.

NOTE 11 BANK DEPOSITS

None of the company's cash balances are restricted. DNB Singapore Branch has provided a guarantee of NOK 10 million for the withholding of tax.

NOTE 12 SHARES AND SHAREHOLDERS

Parent company	Number	Face value	Recognized
The share capital consists of EMAS-AMC AS has 1 shareholder as of 31.8.2012	216,116	NOK 1010	218,277,160

	Shares	Total	Share	Voting right
Ezra Holdings Ltd	216,116	-	216,116	100 %
Total	216,116	-	216,116	100 %

**NOTE 13 EQUITY***Amounts in NOK 1000*

	Share Capital	Share Premium Account	Other EQ	Other EQ/ Uncovered loss	Total Equity
Equity as per 31.12.2011	218,277	72,213	87,785	(176,683)	201,593
Net profit for the year				51,186	51,186
Equity as of . 31.08.12	218,277	72,213	87,785	-125,497	252,780

NOTE 14 CONSTRUCTION CONTRACTS

At the end of August 2012 there were eight ongoing construction contracts.

Amounts in NOK 1000

Book amounts construction contracts	31.08.2012	2011
Performed not invoiced construction	78,667	4,921
Invoiced not performed construction	70,225	18,933
Current projects	31.08.2012	
Total production	651,487	
Total expenses	542,126	
Estimated profit	109,361	

At 31.12.2011 the Company had only a few ongoing projects and it was judged that the presentation of the status of ongoing projects was sensitive information. Therefore, no comparative numbers for 2011 are presented.

NOTE 15 GUARANTEE LIABILITIES**Guarantee liabilities not recognized**

Emas-AMC AS provides guarantees of project performance and prepayments from customers on projects in the normal course of its business. These guarantees are usually from a financial institution.

As of 31.08.2012 total bank guarantees issued in favor of EMAS AMC's clients amounted to NOK 114 Million. As of 31.08.2012 bank guarantees issued by our suppliers in our favor on projects amounted to NOK 9.7 Million.

Guarantee liabilities recognized

There are no recognized guarantee liabilities.

**NOTE 16 TRANSACTIONS WITH RELATED PARTIES**

There are no transactions with key management. Accounts with group companies are disclosed in note 10.

Emas-AMC has hired the Vessel Lewek Connector on a bareboat charter from the company AMC Connector AS. The latter is owned 50% by Ezra Holdings Ltd (parent company of Emas-AMC). The amount paid in 2012 equals TNOK 96.217.

Transactions with related companies

<i>Amounts in NOK 1000</i>	31.08.2012	2011
Sales to subsidiaries	146,649	10,978
Sales to parent company	55	23,094
Sales to other group companies	38,374	17,098
Total sales to related companies	185,078	51,170
Purchases from subsidiaries	66,97	29,738
Purchases from parent company	0,00	2,728
Purchases from other group companies	47,036	58,734
Total purchases from related companies	47,103	91,200

NOTE 17 INVENTORIES

	31.08.2012	2011
Inventories, mainly fuel aboard ships	8,868	0

NOTE 18 COST OF SALES

<i>Amounts in NOK 1000</i>	31.08.2012	2011
Bunkers	17,733	87,084
Rental of ships	237,540	475,544
Purchase of materials	1,444	42
Purchase of services	319,173	219,985
Others	66,446	90,015
Total	642,336	872,670



NOTE 19 SUBSEQUENT EVENT

After the end of the fiscal year, Ezra sold its 50 percent ownership in the Lewek Connector ship owning company Aker Connector CAS. Lewek Connector is on a long term bare boat charter to the company from the new owner Ocean Yield.

NOTE 20 FINANCIAL INSTRUMENTS, DERIVATIVES

Amounts in NOK 1000

	Cost	Fair value 31.8.12	Net change 1.1. - 31.8.12
Derivatives	-	-12	830

Fair value is based on market values. Market values are calculated using mid-rates based on available market rates at present.



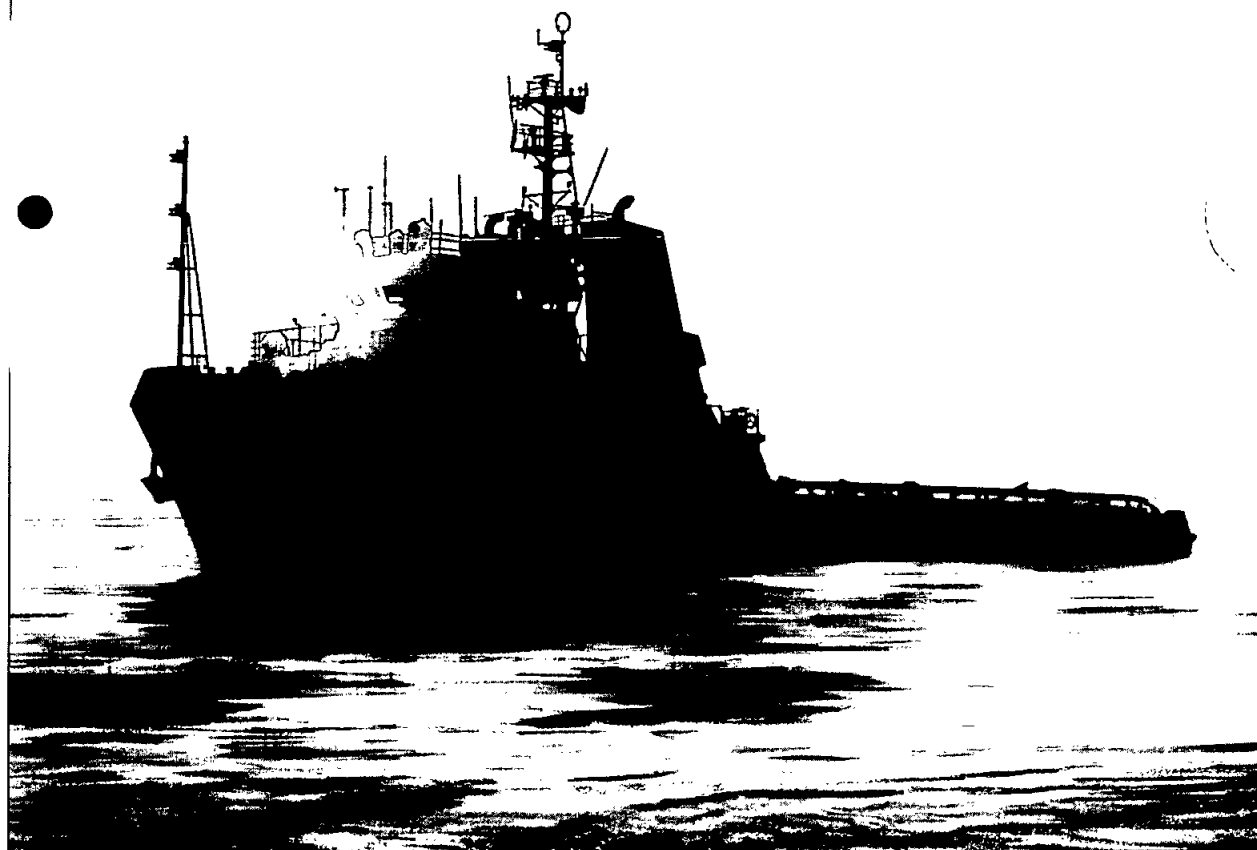
CASH FLOW

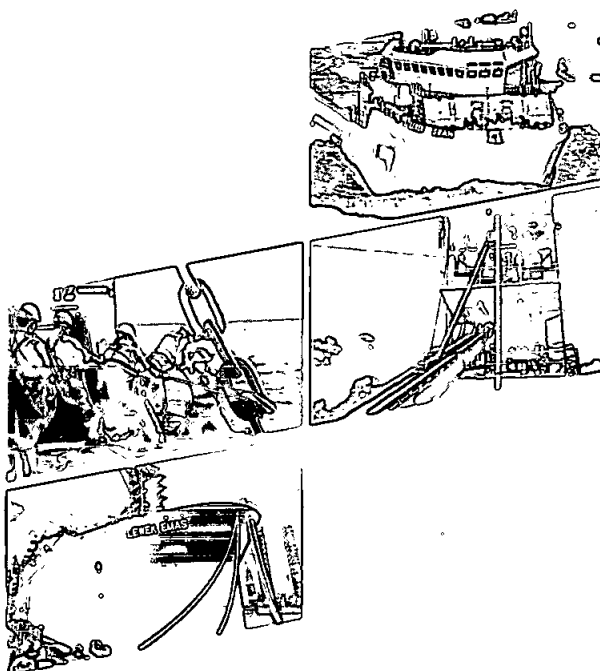
Amounts in TNOK	01.01 - 31.08.2012	2011
Profit before income taxes	49,348	-106,714
Taxes paid in the period	-2,992	-2,259
Depreciation	13,431	11,704
Impairment of fixed assets	242	43,324
Change in inventory, trade debtors, trade creditors	-226,468	105,675
Change in other accruals	88,271	-77,308
Net cash flow from operations	-78,168	-25,578
Proceeds from sale of fixed assets	156	-
Purchase of fixed assets	-16,950	-43,214
Net cash flow from investments	-16,794	-43,214
Repayment of loan intercompany	55,207	-
~~Repayment of short term loans~~	~~-6,978~~	
Proceeds from issuance of equity	-	61,724
Repayment of equity	-	-
Net cash flow from financing	49,229	61,724
Net change in cash and cash equivalents	-45,735	-7,068
Cash and cash equivalents 01.01	55,572	62,640
Cash and cash equivalents 31.08.12/31.12.11	9,836	55,572



20/20 VISION THE EMAS STORY

ANNUAL REPORT 2012





CONTENTS

06	Corporate Profile
08	Financial Highlights
12	Chairman's Message
16	Vice-Chairman's Message
18	Board Of Directors
22	Management Team
25	Corporate Milestones
31	Operations Review
40	Corporate Structure
42	Corporate Directory
44	Corporate Governance Report
54	Financial Statements

CONGRATULATORY MESSAGE FROM DEPUTY PRIME MINISTER AND MINISTER FOR FINANCE THARMAN SHANMUGARATNAM FOR EZRA HOLDINGS'S 20TH ANNIVERSARY

■ Ezra is an example of a Singapore enterprise that has grown and become a leading regional and global player. In just over two decades, it has built up its operations in offshore construction and support services in five continents and expanded from ship handling to managing its own fleet and now doing specialised work in subsea construction.

Ezra has also climbed the productivity ladder by investing heavily in equipment and technology and sending its people for training and exposure in different markets. The talent and skills it has built up will, I am sure be major assets as it seeks to expand in an increasingly competitive environment.

I congratulate Ezra Holdings on your achievements and wish you continued success as an internationalised Singapore enterprise.

Tharman Shanmugaratnam
Deputy Prime Minister & Minister For Finance





CORPORATE PROFILE EZRA HOLDINGS LIMITED

**TOGETHER, WE WILL
CONTINUE TO ENHANCE
OUR CAPABILITIES AND
PUSH THE LIMITS OF
TECHNOLOGY AS WE
TAKE ON AND EXECUTE
MORE COMPLEX OIL AND
GAS PROJECTS AROUND
THE GLOBE.**

**WE HAVE THE RIGHT
PEOPLE, RIGHT
SOLUTIONS AND WE ARE
READY FOR THE FUTURE.**

Founded in 1992, Ezra Holdings Limited (the "Company" and together with its subsidiaries, "Ezra" or the "Group") is a leading offshore contractor and provider of integrated offshore solutions to the global oil and gas industry. The Group has four main business divisions, namely Subsea Services, Offshore Support Services, Marine Services and Production (through EOC Limited), offering a full range of seabed-to-surface engineering, construction, marine and production services globally. Under the EMAS branding, the Group operates in more than 16 locations across five continents spanning Africa, the Americas, the Asia-Pacific, and Europe. With our operational expertise as well as our fleet of young and sophisticated vessels, we are able to support our clients' increasingly complex needs with effective, efficient and reliable service solutions in challenging environments around the world.

Founded on a relentless commitment to quality and value, Ezra has built up a well-respected track record and a strong network of clients, including oil majors as well as national and independent oil companies. Through the combined efforts of our four main business divisions, Ezra consistently strives to create value for our clients and stakeholders.

Philosophy

At Ezra, we are customer-driven. We continually seek to:

- be the preferred provider of global offshore construction and support services, focused on offshore oil and gas support activities;
- provide efficient, timely, quality, consistent and cost-effective services to our customers;
- pursue our aim of maintaining one of the youngest and most advanced offshore support fleet and logistics facilities;
- maintain our distinctiveness; and
- deliver long-term value and growth to our shareholders.





FINANCIAL HIGHLIGHTS

REVENUE

US\$ 984.2 MILLION

GROSS PROFIT

US\$ 186.2 MILLION

NET ATTRIBUTABLE PROFIT

US\$ 65.0 MILLION

The Group's revenue increased by US\$425.1 million to US\$984.2 million for the financial year ended 31 August 2012 ("FY2012").

The Subsea Services Division contributed US\$551.6 million to the Group's revenue; the Offshore Support Services Division contributed US\$275.2 million while the Marine Services Division contributed US\$157.4 million.

The Group's net debt to equity ratio increased slightly from 1.0 times as at 31 August 2011 to 1.1 times as at 31 August 2012.

Revenue

The Group's revenue increased by US\$425.1 million (76%) for FY2012 compared to the financial year ended 31 August 2011 ("FY2011"). The increase was due to an increase in revenue of US\$372.1 million from the Subsea Services Division and US\$55.8 million from the Offshore Support Services Division. The increase is partially offset by a decrease in revenue by US\$2.8 million from the Marine Services Division.

The increase in revenue from the Subsea Services Division was due mainly to the 12 months of contribution by EMAS AMC in FY2012, as compared to six months in FY2011.

The increase in revenue from the Offshore Support Services Division for FY2012 was due mainly to the inclusion of 12 months of operations of five Platform Supply Vessels and three Anchor Handling Tug and Supply ("AHTS") vessels, as compared to two to eight months of operations in FY2011. In addition, newly delivered vessels also contributed to the increase. The increase in revenue was partially offset by vessels that underwent drydocking, repair and maintenance during the financial year.

The revenue for the Marine Services Division decreased slightly due to a higher proportion of internal work performed by the yards in Vietnam.

Gross profit

The Group's gross profit increased from US\$114.2 million in FY2011 to US\$186.2 million in FY2012 and gross profit margin remained relatively constant at approximately 20% and 19% in FY2011 and FY2012 respectively.



Other operating income, net

The increase in other income was due mainly to a one-off gain on disposal of AFS investments, the turnaround of foreign exchange difference from a foreign exchange loss in FY2011 to a foreign exchange gain in FY2012, and an increase in fair value gain relating to the fair value adjustments in respect of derivative instruments held by the Group.

The increase in other operating income was partially offset by lower gain on disposal of fixed assets in FY2012 as compared to FY2011.

Administrative expenses

The increase in administrative expenses in FY2012 was due mainly to the inclusion of a full-year of administrative expenses from EMAS AMC which was acquired on 1 March 2011, and higher personnel and administrative costs incurred to support increased business activities and geographical expansion. In addition, the increase is also due to an increase in the provision of doubtful debts of US\$2.1 million in FY2012.

Financial expenses

Financial expenses increased by US\$11.5 million (43%) in FY2012. This was mainly due to the increase in bank term loans and bills payable to finance the Group's expansion programme.

Profit before tax

Profit before tax increased by 67% to US\$86.5 million in FY2012. This was mainly due to the higher gross profit generated, higher other income and higher share of profits from joint venture companies, partially offset by higher administrative and financial expenses and lower share of profits from associated companies.

Tax

Tax expense in FY2012 amounting to US\$21.6 million relates mainly to the corporate tax expense of the

Company and its subsidiaries and withholding tax expense incurred by vessels operating in overseas waters. Charter income derived from Singapore and foreign flagged vessels which operate in international waters continue to remain tax exempt under Section 13 of the Singapore Income Tax Act and Maritime Sector Incentive - Approved International Shipping Enterprise Scheme.

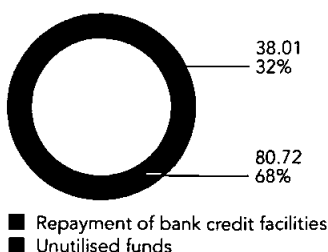
Utilisation Of Proceeds

Proceeds from Share Placement

On 16 March 2012, the Company issued and allotted 110,000,000 new ordinary shares in the capital of the Company (the "Placement Shares") pursuant to a private placement at an issue price of S\$1.10 for each Placement Share to raise gross proceeds of S\$121 million.

To date, S\$38.0 million of the proceeds has been utilised for paying down existing debt.

UTILISATION OF SHARE PLACEMENT PROCEEDS (in SGD Millions)





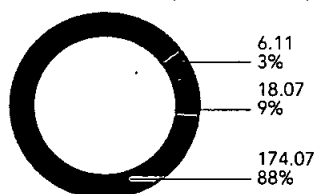
FINANCIAL HIGHLIGHTS

Proceeds from Fixed Rate Notes

On 7 September 2012, the Company issued S\$200 million of Fixed Rate Notes due 2015 (the "S\$200m Notes"). The Notes were issued under the US\$500 million Multicurrency Debt Issuance Programme established by the Company on 28 August 2012.

To date, the proceeds have been fully utilised for paying down existing debts, capital expenditure and general working capital purposes.

UTILISATION OF FIXED RATE NOTES PROCEEDS (in SGD Millions)



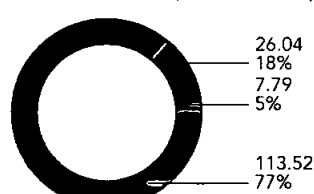
- General working capital
- Purchase of subsea equipment
- Repayment of bank credit facilities
- Unutilised funds

Proceeds from Perpetual Securities

On 18 September 2012, the Company issued S\$150 million of Fixed Rate Subordinated Perpetual Securities (the "Securities"). The Securities were issued under the US\$500 million Multicurrency Debt Issuance Programme established by the Company on 28 August 2012.

To date, S\$33.8 million of the proceeds has been utilised for paying down existing debt and general working capital purposes.

UTILISATION OF PERPETUAL SECURITIES PROCEEDS (in SGD Millions)



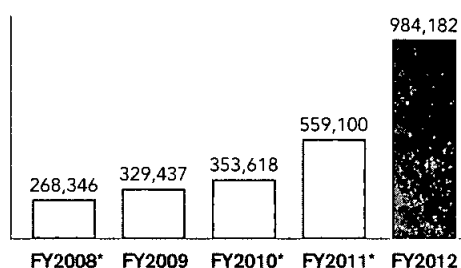
- Repayment of bank credit facilities
- General working capital
- Unutilised funds
- Unutilised funds

FINANCIAL SUMMARY

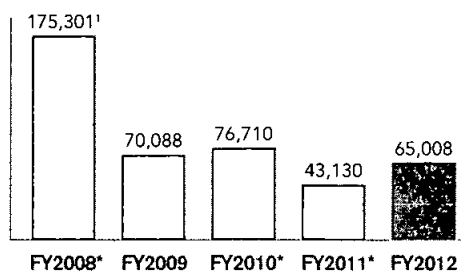
US\$'000	FY2008 (Restated)	FY2009	FY2010 (Restated)	FY2011 (Restated)	FY2012
Revenue	268,346	329,437	353,618	559,100	984,182
Net Profit Attributable to Owners of Company	175,301	70,088	76,710	43,130	65,008
Shareholders' Fund	369,962	534,143	593,417	848,350	1,011,391
Earnings per Share (US Cents)	30.23	11.70	10.98	5.28	7.12
Net Asset Value per Ordinary Share (US Cents)	63.79	81.18	90.20	98.43	103.87



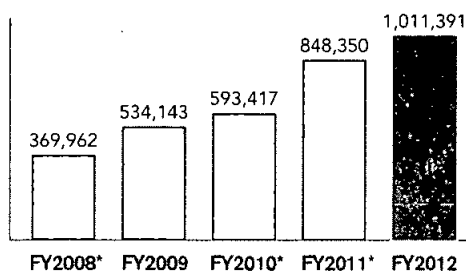
REVENUE (US\$ '000)



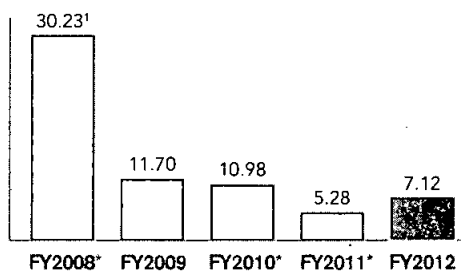
NET PROFIT ATTRIBUTABLE TO OWNERS OF COMPANY (US\$ '000)



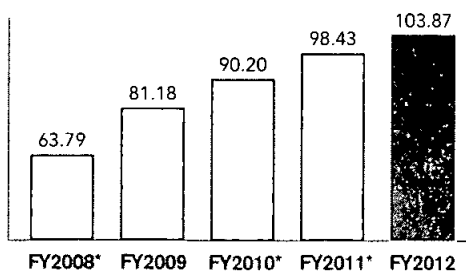
SHAREHOLDERS' FUND (US\$ '000)



EARNINGS PER SHARE (US Cents)



NET ASSET VALUE PER ORDINARY SHARE (US Cents)



* Restated

¹ Partly attributable to gain on disposal of an equity interest in EOC Limited in FY2008



CHAIRMAN'S MESSAGE

RIGHT PEOPLE.
RIGHT SOLUTIONS.
RIGHT NOW.

The oil and gas industry continues to be resilient amidst the challenging global economic conditions. Barclays Capital's report on "Global 2013 E&P Spending Outlook" predicts that global exploration and production (E&P) spending will reach a new record of US\$644 billion in 2013. According to another report by DnB Markets, two-thirds of the 64 oil companies surveyed in the report expect to increase E&P spending in 2013. The higher growth expectations are supported primarily by a shift in industry focus to the subsea segment where we also expect new projects coming onstream over the next three years. PFC Energy also projects deepwater capex to reach US\$90 billion in 2016 while expenditure on infrastructure is expected to comprise around 60% of the total E&P capex. All of these represent good opportunities for subsea contractors like us. The Ezra group of companies is currently bidding for up to US\$7 billion in projects globally.

Three years ago, we initiated Ezra's strategic move from being a predominantly Asia-centric player to a global offshore oil and gas services provider. Today, with nearly two-thirds of our revenue being derived from outside Southeast Asia, it is clear that we are on track with our strategy. Despite a challenging business year, I am pleased to report that our divisions have done well in terms of financial performance in FY2012. Our year-end results showed a 51% increase in net attributable profit, to US\$65 million for the current fiscal year. EMAS Marine, which manages our Offshore Support Services Division, has seen continued resilient demand for its vessels this year and has generally provided us with a steady stream of income. As the demand for high-end

Offshore Support Vessels (OSVs) remain strong, we will continue to explore opportunities to add to our fleet where possible.

With the earlier-than-expected achievement of US\$1 billion in orderbook, EMAS AMC has also seen the commencement of newly awarded subsea projects in West Africa, the Gulf of Mexico and the North Sea.

Our engineering and fabrication division, TRIYARDS has also done just as well. Notable projects which have augmented its US\$613.1 million orderbook as at 31 August 2012 include the world's first 450-foot leg length mobile Self-Elevating Unit (SEU) and the *Lewek Constellation*, an ice-class deepwater multi-lay vessel with heavy-lift capabilities. The listing of TRIYARDS on the Mainboard of the Singapore Exchange on 18 October 2012 should be viewed as an opportunity for investors, adding to investment flexibility for current shareholders. As TRIYARDS repositions itself to pursue growth independently of Ezra, we believe that its track record in the fabrication of SEUs and high-end OSVs, coupled with the offshore equipment manufacturing capabilities in TRIYARDS Houston, all add to a winning formula.

Financial Performance and Growth

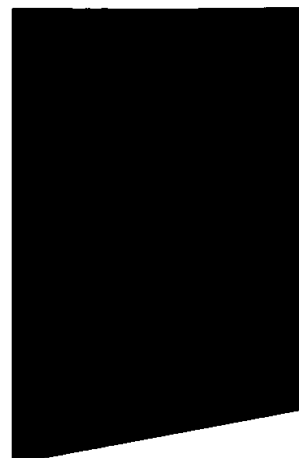
FY2012 was a year of significant progress for Ezra. The Group is reaping the benefits from our long-term strategy to move into subsea engineering and project management. We managed to complete the integration of the subsea business in just 18 months, and turned the division around at the same time.

For the financial year ended 31 August 2012 (FY2012), the Group posted revenue of US\$984.2 million, up





7.



76% from US\$559.1 million in the previous year. This surge in revenue largely reflects the successful integration of our subsea services operations held under the EMAS AMC group, which was acquired in March 2011. The subsea services division trebled its turnover to US\$551.6 million in FY2012 from US\$179.5 million the year before.

Ezra delivered a 51% increase in net attributable profit to US\$65.0 million in FY12. The Subsea Services Division reported a profit from operations of US\$30.7 million against a loss of US\$18.3 million in FY2011. Overall Group EBITDA has also increased from US\$107.2 million in FY2011 to US\$174.3 million in FY2012.

In line with Ezra's ongoing efforts to strategically position the Group to capitalise on the robust growth prospects and enhance shareholder value, the Group continues to engage in active management of its capital structure and resources to maintain financial flexibility. To strengthen its balance sheet, diversify its sources of funding and extend its debt maturity profile, Ezra recently issued S\$200 million in fixed rate notes due in 2015 and another S\$150 million in fixed rate subordinated perpetual securities under the Group's US\$500 million Multicurrency Debt Issuance Programme established on 28 August 2012.

We are pleased that our shareholders were able to participate in the strong performance of TRIYARDS on the listing date. Based on the opening price of S\$0.80 per share, more than S\$70 million in market value was distributed as a dividend to shareholders through the listing. With a 67% stake in TRIYARDS, Ezra will continue to gain from the company's rapid development as it establishes itself as a leading fabrication yard for SEUs, specialised offshore equipment and sophisticated offshore support vessels in Asia.

Together with the successful listing of TRIYARDS, the robust performance of EMAS AMC represents another milestone achievement for the Group in FY2012.

Our Heritage

This year marks the celebration of EMAS turning 20 years and to commemorate the occasion, we hosted a half-day conference and gala dinner which showcased

a story of growth and success since our inception in 1992. I am proud of how far we have come from owning our first vessel in 1999 to now managing a global fleet of over 50 vessels today.

World shipbuilding demand was at its highest in 2003 since the 1970s and regional ship repair activity was on an uptrend. The challenge we faced then was to raise funds and that was when we decided to seek a public listing on the Singapore Stock Exchange (SGX SESDAQ). We launched our IPO in August 2003, which was well-received. With funds from the IPO proceeds, internal resources and bank borrowings, we managed to arrange to purchase six more offshore vessels and quickly doubled our fleet size to 12. Subsequently in 2005, we moved to the SGX Mainboard.

The *Lewek Arunothai* was the first floating production storage and offloading (FPSO) vessel we converted and is now considered one of the largest gas FPSOs in the world. EMAS has also stood out from the competition by obtaining our own in-house turret designs. In 2008, we acquired London Marine Group (LMG), a London-based company which specialised in the engineering design and provision of mooring systems for FPSOs, FSRUs and FSOs, including external and internal turrets, disconnectable turrets and spread mooring systems.

Our Achievements

When EMAS acquired AMC in March 2011, we targeted to achieve US\$1 billion in subsea orderbook and have delivered that milestone within a year of operations.

On top of a steady financial performance, we have also delivered quality projects such as:-

- Statoil riser replacement program: 18 riser operations have been successfully executed (comprising the recovery of nine risers and installation of nine risers) Also, 16 risers have been successfully replaced on two of the oil major's floating platforms in the North Sea.
- The first of several power cable installations for ABB in April this year: The project, part of the East-West Interconnector Project, required the installation of 107 km of power cables between Wales and Ireland.



- A subsea installation and decommissioning project for BP in the Atlantis Field in the Gulf of Mexico, one of the first post-Macondo project awards in the region.
- The successful installation of one of the world's largest FPSO equipped with large external turrets and topside modules of over 20,000 tonnes at the PSVM field, offshore Angola for MODEC.

Our continued stream of new contract wins across the globe by our various divisions reinforces our position as a top-tier player in the industry. Our strategy to focus on subsea services for our next phase of growth has paid off as we are now involved in numerous projects around the world.

The offshore energy industry has started to recognise EMAS as a trusted global player. Our projects now come from beyond the Asia-Pacific region, and include the challenging environments of the Gulf of Mexico and the North Sea. I am delighted with the momentum and track record we have achieved and am confident that we will be able to sustain this growth with all our divisions competing for projects around the world.

We are constantly investing in high-end vessels. This year, we have taken delivery of some of the latest PSVs, AHTS and multi-functional support vessels. We are currently constructing the state-of-the-art *Lewek Constellation* which will be a game-changer once delivered in 2014. The most recent progress update of its construction includes the successful launch of its 27,000 metric tonne (MT) ship hull in November 2012. With her launch weight of 27,000MT, she is the heaviest ship hull in the world to be launched via airbags.

Our Social Responsibility

In March this year, we also launched the EMAS Corporate Social Responsibility (CSR) initiative with the objective of giving back to the community and reminding employees to be socially responsible citizens wherever we operate. The initiative has taken off and we now have several projects which span the globe.

Our Future

Having served the company for the last 20 years and seeing how much the company has transformed – from a small vessel owner to a global project management company – I feel both satisfied and proud that my

team's efforts have set Ezra on a firm growth path.

In the interest of good succession planning, I will be stepping down as Chairman in December 2012. Taking my place will be Mr Koh Poh Tiong, who was instrumental in transforming Asia Pacific Breweries (APB) and Tiger Beer into a renowned international brand. With him leading the team, I am certain that Ezra is in good hands. I will remain on the board, in an advisory capacity, as a Non-Executive, Non-Independent Director.

I would like to thank all our partners and stakeholders as well as all colleagues for their contribution to Ezra Holdings. Relationships have always been at the core of our business and our client service strategy has no doubt paid off.

Let us continue to create, innovate and think ahead. Our strong ties and collaborative efforts with our clients and business partners have set us apart from our competitors. I am very proud to say that together, we have delivered and will continue to deliver. Together, we will continue to enhance our capabilities and push the limits of technology as we take on and execute more complex oil and gas projects around the globe.

We have the right people, right solutions and we are ready for the future.

Mr Lee Kian Soo
Executive Chairman
4 December 2012

VICE-CHAIRMAN'S MESSAGE

Dear Valued Shareholders,

This has been an exciting year for Ezra. We are celebrating our 20th anniversary with several significant milestones. For one thing, our subsea focus is beginning to yield dividends. We also successfully listed TRIYARDS on the Singapore Exchange Mainboard. These milestones reflect well on Ezra's commitment to streamline its operations and to focus on its core businesses. Through these successful endeavours, we will continue to bring value to you.

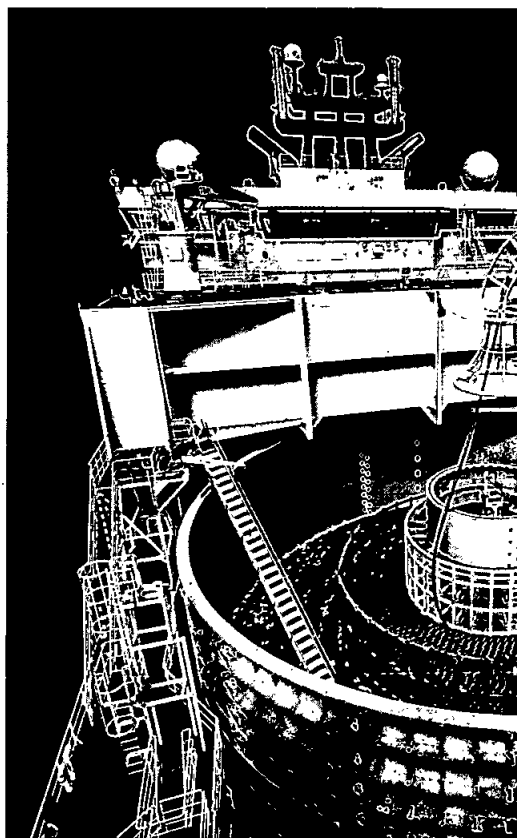
I am also heartened by the strong internationalisation focus of Ezra. I joined the Ezra Board because I could see strong potential in the company to become competitive globally. In my corporate career, it has been my passion to build Singapore companies into global brands. With a strong team here at Ezra now, I believe that Ezra, and its operating brand EMAS, can become a world renowned brand in offshore construction and provision of quality offshore support vessels, as long as we remain focused and steady in the face of challenges.

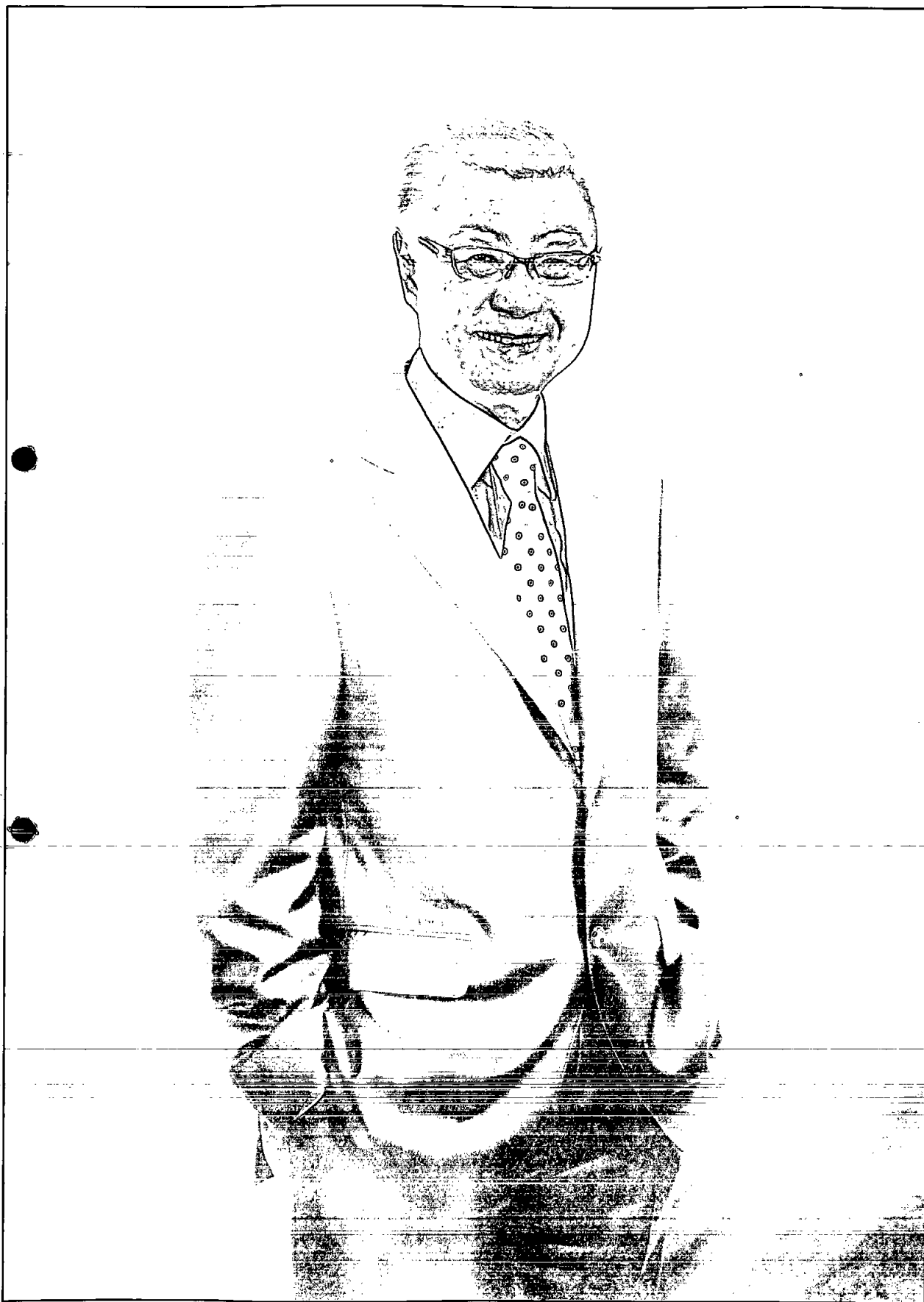
It is amazing how fast this company has grown in the past 20 years. I have seen and experienced this in the past year since joining the Ezra Board, and I deeply admire what Chairman K S Lee has been able to achieve. I am deeply humbled by the trust that he has placed in me to continue his legacy, driving the company forward in its next phase of growth. Let me extend my sincere thanks to him for all he has done for Ezra, and for giving me this opportunity to be part of an exciting and vibrant Singapore company.

I look forward to working closely with the Ezra Board, the management team and all of you to lead the company to greater heights.

Together we deliver!

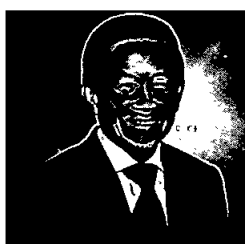
Mr Koh Poh Tiong
Chairman-Designate
4 December 2012







BOARD OF DIRECTORS

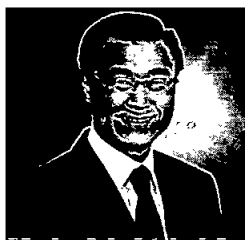


MR LEE KIAN SOO

Executive Chairman

(Appointed as Director on 1 August 2000 and re-elected on 17 December 2010)

Mr Lee, 67, is one of the founders of the Group and has been instrumental in bringing the Group to where it is today. With more than 30 years of experience in the shipping and offshore support services industry, Mr Lee has been responsible for the strategic planning, business development and marketing of the Group since its inception in 1992. He currently oversees the Group's business development and marketing functions. Prior to the founding of the Group, Mr Lee worked in various organisations including Jurong Shipyard, Sembawang Shipyard and the Offshore Supply Association.



MR KOH POH TIONG

Redesignate as Non-Independent Non-Executive Vice-Chairman with effect from 1 September 2012

(Appointed as Director on 1 October 2011 and re-elected on 31 December 2011)

Mr Koh, 66, is currently the Vice-Chairman and Senior Advisor of Ezra Holdings Limited. Mr Koh retired as CEO of Fraser & Neave Limited (Food & Beverage Division) in October 2011 having previously served as Chief Executive Officer of Asia Pacific Breweries from 1993 to 2008.

He continues to serve as a Director at The Great Eastern Life Assurance Company Limited, PSA International Pte Ltd and PSA Corporation Limited, SATS Ltd, United Engineers Limited, Petra Foods Limited and Raffles Medical Group. Mr Koh is currently the Chairman of National Kidney Foundation and Council Chairman of The Singapore Kindness Movement. In addition, Mr Koh was also the Chairman of the Agri-Food & Veterinary Authority and Director at Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd and Media Corporation of Singapore Pte Ltd.

Mr Koh is noted for his strong civic involvement and his long-standing interest in sports and education. He has served on the Singapore Youth Olympic Games Organising Committee, the Singapore Sports Council and the Football Association of Singapore, as well as on the MBA Advisory Board of the Nanyang Technological University. For his contributions to society and business, Mr Koh was conferred both the Public Service Medal and the Service to Education Medal in 2007. He was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998 by DHL and The Business Times.



MR LEE CHYE TEK LIONEL

Group Managing Director

(Appointed as Director on 23 March 1999 and re-elected on 31 December 2011)

Mr Lee, 39, is responsible for the overall management and operations of the Group, including the formulation and implementation of its business strategies and policies, marketing and charting its growth. Previously Mr Lee spearheaded the formation and growth of Ezra Marine Services Pte Ltd and ensured its continued success, and in recent years has been the driving force behind the growth of the Group. Mr Lee has more than ten years of experience in the industry. He holds a Graduate Diploma in Business Administration from the Western Sydney International College.



CAPT ADARASH KUMAR A/L CHRANJI LAL AMARNATH

Group Chief Operating Officer

(Appointed as Director on 24 March 2003 and re-elected on 17 December 2010)

Capt Kumar, 52, is the Group's Chief Operating Officer. He assists the Group Managing Director with the day to day running of the Group. Prior to being appointed Group Chief Operating Officer, Capt Kumar was the Chief Executive Officer of the Group's Offshore Support Services Division. He has more than 26 years of experience in the marine industry. Prior to joining the Group, he was an Assistant General Manager of Bumi Armada Navigation Sdn Bhd, an offshore support services provider based in Malaysia, and was responsible for its operations. He also held various positions on board vessels while working for the Malaysian International Shipping Corporation. Capt Kumar is a qualified Master Mariner and holds a Certificate of Competency as Master of a Foreign Going Ship issued by the Malaysian Marine Department.



BOARD OF DIRECTORS



MR TAY CHIN KWANG

Finance Director

(Appointed as Director on 12 July 2007 and re-elected on 22 December 2009)

Mr Tay, 47, is responsible for the financial operations of the Group. He is a fellow member of the Institute of Certified Public Accountants of Singapore. Mr Tay has over 19 years of experience in various accounting, finance management and business advisory functions across a broad spectrum of industries. Mr Tay has vast experience in corporate and business structuring, merger and acquisition and corporate finance. He was also previously the Chief Financial Officer of a Singapore Exchange Main Board-listed company. Mr Tay holds a Bachelor of Accountancy from the National University of Singapore.



MR ENG HENG NEE PHILIP

Independent Director

(Appointed as Director on 1 July 2012)

Mr Eng Heng Nee Philip, 66, is the Independent Non-Executive Chairman of Frasers Centrepoint Asset Management Ltd and mDR Limited. In addition to serving as Director and member on several Boards spanning the public and private sectors in Singapore, he is also Singapore's Non-Resident Ambassador to Greece and High Commissioner to Cyprus. Mr Eng spent 23 years with the Jardine Cycle & Carriage Group before retiring in February 2005 as Group Managing Director. He graduated from the University of New South Wales with a Bachelor of Commerce in Accountancy and is an Associate Member of the Institute of Chartered Accountants in Australia.



DR NGO GET PING

Independent Director

(Appointed as Director on 18 July 2007 and re-elected on 31 December 2011)

Dr Ngo, 54, is presently a Director of OSK International Investments Hong Kong Limited and an Independent Director of Tiong Nam Logistics Holding Bhd, Medi-Flex Limited, OSK Holdings Bhd, OSK Investment Bank Bhd and OSK International Asset Management Sdn Bhd. Dr Ngo is also a non-executive director of OSK International Investments Pte Ltd and OSK International Asset Management Pte Ltd. From 1985 to 1986, Dr Ngo was the contract manager for Intraco (S) Pte Ltd, a soil specialist construction company, from 1986 to 1987. The Investment Officer for Government of Singapore Investment Corporation Pte Ltd, from 1988 to 1993 the Associate Director for James Capel Asia Pte Ltd and from 1994 to 1996 the Senior Vice President with Nomura Securities (S) Pte Ltd. Dr Ngo's last employment was with CLSA (S) Pte Ltd from 1996 to 2006 where he held several positions including Head of Sales and Deputy Country Head. Dr Ngo holds a DPhil in Metallurgy from the University of Oxford (UK).



MR SOON HONG TECK

Independent Director

(Appointed as Director on 16 May 2008 and re-elected on 17 December 2010)

Mr Soon, 54, has over 20 years of manufacturing industry experience as Financial Controller, overseeing the financial operations, management reporting and the internal control system. He began his finance/accounting career with United Industrial Corporation Limited, a public listed company with its core business in property development, investment and detergent manufacturing and distribution, as Senior Accounts Executive/Internal Auditor in 1984. From 1987 to 1996, he held various positions at a French multinational corporation for its Singapore and Southeast Asia operations. Mr Soon holds a Bachelor Degree in Accountancy from the National University of Singapore. He is a Certified Public Accountant of the Institute of Certified Public Accountants of Singapore and a member of the Association of Chartered Certified Accountants.



MR KARL ERIK KJELSTAD

Non-Executive Director

(Appointed as Director on 1 March 2011 and re-elected on 31 December 2011)

Mr Kjelstad, 45, is presently part of the leadership team in Aker Solutions. He joined Aker Solutions as Executive Vice-President in July 2009 from the position of Senior Partner & President, Maritime Technologies at Aker ASA. He has been with the Aker group since 1998 and was President and CEO of Aker Yards ASA from January 2003 to June 2007. Prior to joining Aker, Mr Kjelstad was senior consultant at PA Consulting Group and from 1992 to 1996 held various management positions in the TTS Group. Mr Kjelstad holds a MSc in Marine Engineering from the Norwegian University of Science and Technology.



MANAGEMENT TEAM



MR C J D'CORT
CEO EMAS AMC

Mr D'Cort is the Chief Executive Officer of EMAS AMC. As the previous CEO of SapuraAcergy, he brings nearly 30 years of extensive experience in marine operations, engineering, project management, platform, pipeline and subsea installations (deep and shallow water) in various capacities throughout the world. Mr D'Cort's experience in the field of offshore construction has seen him evolve from an active engineering background to his recent and current CEO positions. He has experience in various corporate management, project management and global execution for international oil majors and national oil companies. Mr D'Cort holds a BSc. in Civil Engineering.



MR ROBIN KIRKPATRICK
CEO EMAS Marine

Mr Kirkpatrick is a mariner by profession, having attained the rank of Master at the age of 26, a position he held for ten years out of a total of 20 years serving on a range of specialised offshore support vessels. He moved from this senior marine position into a number of key management and director appointments in the international marine and upstream arenas. He was involved in a broad spectrum of activities, which includes operations, commercial, chartering, sale and purchase, HSES, marketing and business development. He has worked in companies such as Tidewater Marine and Halliburton. Mr Kirkpatrick brings to the Group a wealth of experience covering diverse geographical regions such as the North Sea, North West Europe, the Mediterranean, North and West Africa, Latin America, the Middle East and India. Mr Kirkpatrick joined the Group in April 2007 to set up the UK entity of the Group, Emas Offshore Limited, based in Aberdeen, Scotland and then to introduce the Group brand to clients active in Europe, Africa and the Americas. In December 2007, coincident with the adoption of the new Group divisional structure, he took up the role of Chief Operating Officer for the Offshore Support Services Division and is now based in Singapore where he maintains his global role and responsibilities.



MR BOB DAVIDSON

COO EMAS Energy

Mr Davidson is responsible for overseeing the EMAS Energy division. He has over 20 years of operational experience in the oil and gas well-service and drilling industry. His first ten years were spent as an Assistant Driller in the North Sea for a major drilling contractor. He then ventured into the hydraulic workover and snubbing service line and remained there for 12 years. He has led and managed a series of well blow-out campaigns with Halliburton in Iraq prior to relocating to Thailand to run their well services business. He joined PSL in 2005 and was instrumental in securing the HWO contract for Chevron and establishing PSL in-country. Originally from Scotland, Mr Davidson has lived and worked in Thailand for the last six years and has built up a network of contacts of both clients and vendors. Mr Davidson brings with him a proven track record and a wealth of experience, and is currently establishing EMAS Energy Services in Africa and Asia with contract awards in Thailand and Laos.



MR ALAN ALLRED

Global HSSEQ SVP

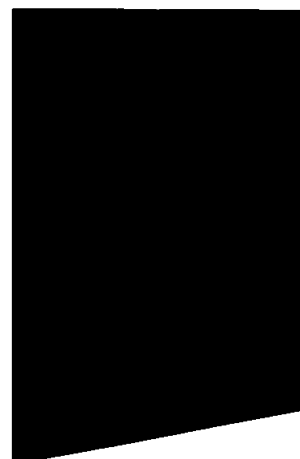
Mr Alan Allred is the Global Health, Safety, Security, Environmental and Quality (HSSEQ) Senior Vice President of EMAS. Mr Allred has 29 years of experience in the marine industry including management roles in HSSEQ, Risk, Records Management, Project Management and asset management including shipping, manufacturing and offshore construction. In his former role as the Vice-President of Aker Solutions, Mr Allred was responsible for maintaining successful HSSEQ focus, managing technical risk, overseeing the Project Execution Model (PEM) process, developing organisational and departmental key performance indicators and revitalising Document Control. He was elected as Chairman of the International Marine Contractors Association (IMCA) North America Section in 2007, and appointed by U.S. Secretary of Homeland Security Tom Ridge to the National Offshore Safety Advisory Committee (NOSAC) in 2004. Mr Allred holds a B.S. in Marine Science from Texas A&M University at Galveston, Texas.



MS CHERYL YAP

Group Financial Controller

Ms Cheryl Yap oversees the accounting, financial and taxation matters of the Group. She joined the Group in July 2007 and brings with her more than ten years of experience in finance and accounting gained from various industries. Prior to her appointment in Ezra, she served in finance managerial positions in US MNCs Arrow Electronics Inc., Moxor Peripherals Inc., and in a Singapore Exchange Main Board listed company. Her past experience include handling statutory and management reporting for a group of entities in the Asia Pacific region, financial planning and analysis, group consolidation, cash flow management and tax planning. She was also actively involved in business process re-engineering initiatives and implementation of ERP systems such as SAP and Oracle. Ms Yap is a Fellow of ACCA and a member of the Institute of Certified Public Accountants of Singapore.



MANAGEMENT TEAM



MR YEO KENG NIEN

Company Secretary

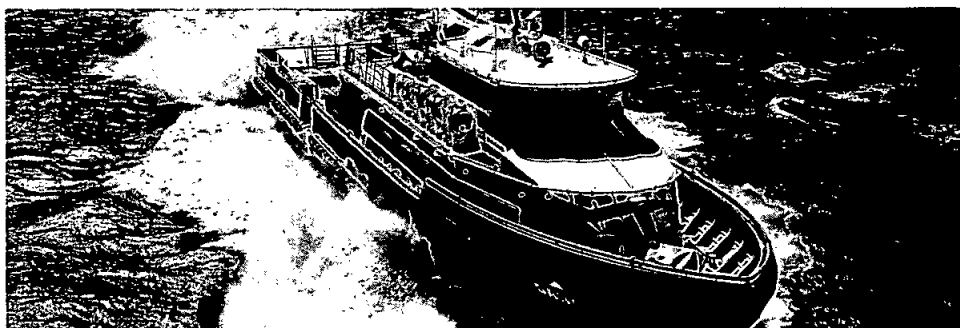
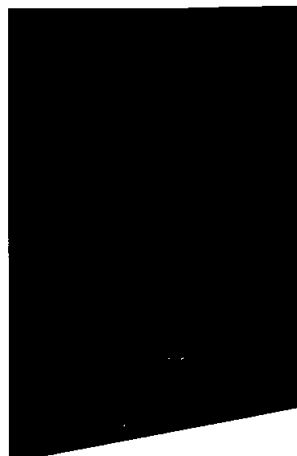
Mr Yeo is the Secretary of the companies in the Group and oversees the Group's corporate secretarial matters. He has over 14 years of experience in finance and auditing, having served as the Financial Controller in two Singapore companies (one of which is listed on Oslo Bors). Prior to that, Mr Yeo was with Deloitte & Touche and last held the position of audit manager. Mr Yeo holds a Bachelor of Accountancy degree from Nanyang Technological University, Singapore and is a Certified Public Accountant in Singapore.



MR JASON GOH

Group Corporate Finance, General Manager

Mr Jason Goh is responsible for matters relating to corporate finance and funding activities of the Group as well as investor relations and corporate communications. Prior to joining the Group in October 2009, Mr Goh was an Associate Director of Investment Banking at CLSA Merchant Bankers Limited where he advised on and executed a range of transactions including initial public offerings, placements and corporate advisory services to clients throughout Southeast Asia. Prior to that Mr Goh was in legal practice with Stamford Law Corporation where his focus was on mergers and acquisitions, capital markets and corporate finance matters. Mr Goh holds a Bsc (Double Honours) in Law (Second Upper) and Accounting (First Class) from the University of Southampton and started his career as a Management Associate at Citigroup's Global Corporate and Investment Bank.



MILESTONE MOMENTS

2000–2005: THE BEGINNINGS OF THE EMAS FLEET

EMAS transformed into a ship owner and operator following its first purchase of the AHTS *Lewek Falcon* in 1999. *Lewek Falcon* signaled the beginning of rapid growth from small capex to highly complex vessels at a rate of five vessels per year. During this period, EMAS operated aggressively to establish itself in the region, winning work in Malaysia, Indonesia and Brunei with key international and national oil companies like Shell, Chevron, Petronas and PTTEP.

2005–2007: BOLDLY INTO DEEPER WATERS

Having established a name for itself in South East Asia, EMAS began investing in the next wave of vessels capable of operating in the deeper fields. These vessels enabled us to go beyond South East Asia into greater Asia, exploring opportunities in places such as Australia, India and Middle East.

2007–2009: ENGINEERING MILESTONES IN NEW FIELDS

Staying true to course in providing clients with the best solutions, EMAS began to invest in engineering capabilities and higher capex construction and production assets. In 2007, EMAS launched *Lewek Champion*, a DP-enabled heavy-lift and pipelay construction barge which marked our foray into offshore construction. During this time, EMAS also ventured into the FPSO business with *Lewek Arunothai*.

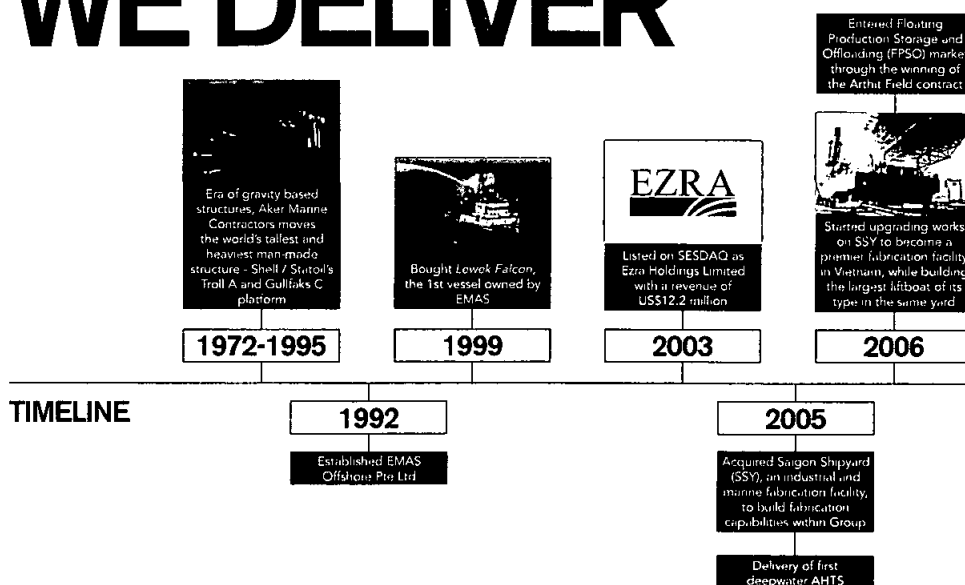
2010 ONWARDS: GLOBAL OFFSHORE OIL AND GAS CONTRACTOR

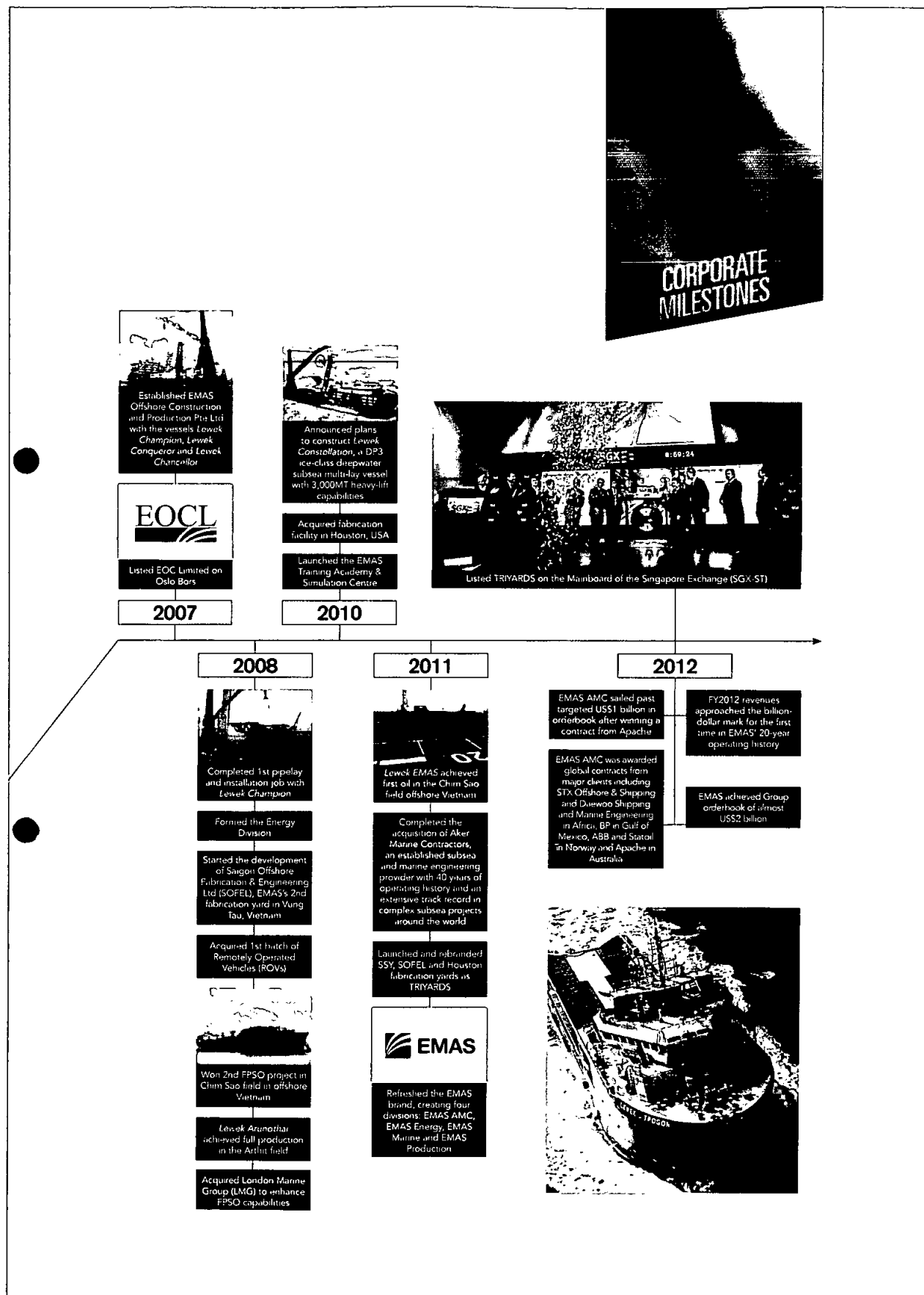
As offshore work moves beyond 3,000m water depths, EMAS saw the need to keep in step with clients through investments in the next generation of construction vessels.

With the acquisition of Aker Marine Contractors in 2011, EMAS is one of few global companies to be able to offer a diverse repertoire of offshore construction and subsea installation services. The Group is on its way to becoming a leader in global offshore oil and gas solutions, providing services from development to decommissioning.



TOGETHER WE DELIVER





CORPORATE MILESTONES

NOVEMBER 14, 2012

EMAS Production secured its first award from Hess Exploration and Production Malaysia B.V. for the charter of the Group's Floating, Production, Storage and Offloading (FPSO) vessel, the *Lewek Arunothai*. The Letter of Award will deploy the FPSO *Lewek Arunothai* on a three-year gas production project in the North Malay Basin, Malaysia. The FPSO will be used to support early production activities and is targeted to be on station from mid-2013. The award has a firm value of US\$272.1 million for three years with the potential of another US\$271.1 million should the full extension of three years be exercised.

NOVEMBER 8, 2012

Announced the award of two contracts with major South Korean clients worth a combined total of approximately US\$200 million. Subsea construction division EMAS AMC was awarded an EPCIC contract in Asia by STX Offshore & Shipbuilding Co. Ltd for the engineering, procurement, construction, installation and commissioning of a turret mooring and subsea system for use in offshore Africa. Engineering and project management work will commence immediately with offshore execution scheduled for 2015. Separately, EMAS AMC entered into an agreement with Daewoo Shipping and Marine Engineering for one of its accommodation and hook-up support vessels also for operations offshore Africa. Offshore operations are expected to commence in the first quarter of 2014.

OCTOBER 25, 2012

EMAS AMC announced the award of contracts worth more than US\$65 million, including options, for projects in the Gulf of Mexico and West Africa. The Gulf of Mexico work will see EMAS AMC introduce the *Lewek Falcon*, a versatile subsea construction vessel, into the Gulf of Mexico for a long-term campaign on the Walker Ridge Gathering System (WRGS). The scope of work will consist of the transportation and installation of suction piles, manifolds and jumpers along with pipeline pre-commissioning support, and work is expected to commence first half of 2013. Contracts strengthen order book and reaffirm Ezra's strong commitment to Gulf of Mexico, West Africa and deep water markets.

EMAS continued its rapid business expansion as FY2012 revenues approached the billion-dollar mark

for the first time in its 20-year operating history. EMAS AMC contributed significantly to profits with the successful integration of the subsea operations.

OCTOBER 18, 2012

Listing of TRIYARDS on the Mainboard of the Singapore Exchange (SGX-ST). The listing was by way of introduction, whereby Ezra distributed TRIYARDS shares by way of a dividend-in-specie to its shareholders on the basis of one TRIYARDS share for every 10 Ezra shares held. TRIYARDS had an opening price of S\$0.80 per share, representing a market capitalisation of approximately S\$236 million of which more than S\$70 million in market value was distributed to the shareholders of Ezra. TRIYARDS was previously the fabrication arm of Ezra, with an orderbook of US\$613.1 million in total contract value as at 31 August 2012.

OCTOBER 01, 2012

EMAS AMC announced the award of a contract worth approximately US\$47 million from Petroleum Technical Services Corporation Mechanical and Construction (PTSC M&C) for the transportation and installation of facilities for the Dua subsea field, to be developed as a subsea tie-back to the Chim Sao Field in offshore Vietnam.

SEPTEMBER 18, 2012

Announced the issuance of S\$150 million in subordinated perpetual securities (the "Securities") shortly following the issuance of S\$200 million in fixed rate notes (due 2015) (the "Notes") both off Ezra's US\$500 million Multicurrency Debt Issuance Programme established in August 2012; strengthening Ezra's balance sheet and improving its debt maturity profile. Both the Securities and Notes were listed on the SGX-ST in September 2012.

SEPTEMBER 06, 2012

EMAS AMC announced the award of a contract by ABB for the installation of subsea power cables. This is part of ABB's second contract with Statoil to supply subsea HVDC Light transmission systems to the Troll A platform in the North Sea. The Troll A concrete deepwater structure is the world's largest natural gas production platform at 473 meters tall and weighing 1.2 million tons; it is also the tallest structure ever to be moved by mankind, and contains approximately 40% of the natural gas reserves on the Norwegian Continental Shelf.



AUGUST 27, 2012

Announced Board changes in line with Group's ongoing succession plan. Mr Koh Poh Tiong was appointed as Senior Advisor with effect from 1 September 2012 and will succeed Mr Lee Kian Soo as Chairman at Ezra's next AGM in December 2012. Mr Lee will stay on as a Non-Executive, Non-Independent Director allowing the Board continued access to his deep industry experience and knowledge. Mr Wong Bheet Huan stepped down on 31 August 2012 to focus on TRIYARDS as its CEO and Executive Director. Ms Lee Cheow Ming Doris Damaris, Independent Director, also stepped down from the Ezra Board on 31 August 2012.

APRIL 12, 2012

EMAS AMC successfully completed the first of several riser replacements for Statoil on the Norwegian Continental Shelf with the utilisation of state-of-the-art construction vessel *Lewek Connector*. The scope of the riser replacement on Snorre B and the other floating platforms included riser recovery and installation work.

MARCH 05, 2012

EMAS AMC announced the award of a SURF (Subsea, Umbilical, Risers and Flowlines) contract for marine installation and pipelay from Statoil valued at approximately US\$55 million. The subsea development, Fram H-Nord, is situated in the Troll C/Fram area in the northern part of the North Sea. The contract scope includes the engineering, procurement, transport and installation of one 10" flexible production and one 4" gas injection flowline both 5.3 km long.

Continued stream of new contract wins across the globe by the various divisions pushes Group orderbook to almost US\$2 billion.

FEBRUARY 28, 2012

EMAS AMC announced the award of a contract by Apache Energy Limited to perform subsea transport and installation work for the Coniston Field Development located in Northwest Australia. The base scope for the contract works is approximated to be up to US\$70 million with various potential add-on work scope options of up to US\$30 million in additional contract value.

JANUARY 09, 2012

EMAS AMC announced the award of two contracts from Statoil for mooring chain and riser replacements in the North Sea on the Norwegian Continental Shelf. The combined contract value is estimated to be approximately NOK425 million and up to NOK600 million assuming contract options are exercised. The scope for the mooring chain replacement contract will include replacement work on part of the mooring system for several floating platforms.

NOVEMBER 29, 2011

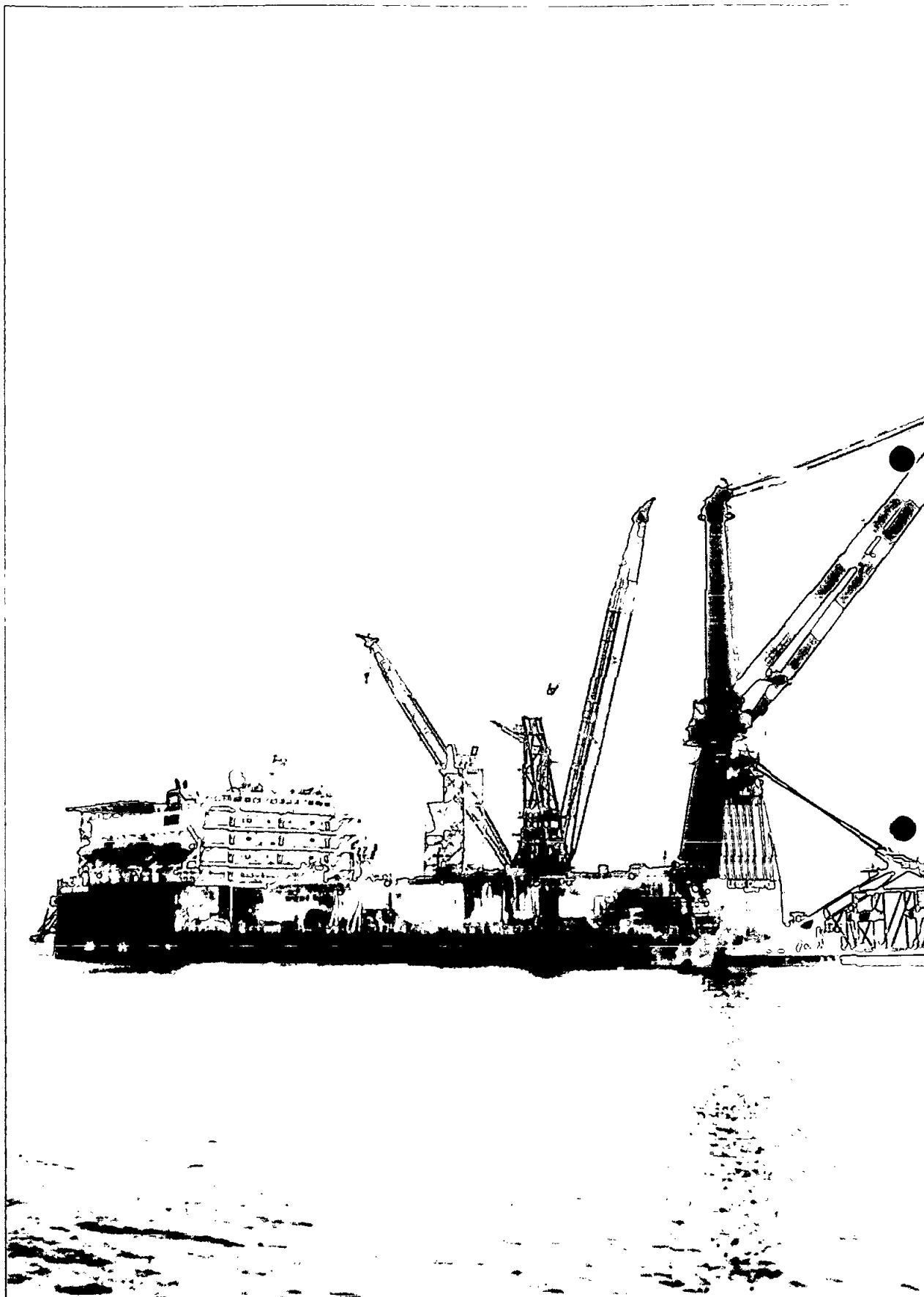
EMAS broke into the fast-growing South American offshore market when EMAS Marine announced the award of a new charter and charter renewals for four Offshore Support Vessels (OSVs) in South America & the Asia-Pacific. These awards worth approximately US\$231 million in total were from national oil companies and an oil major.

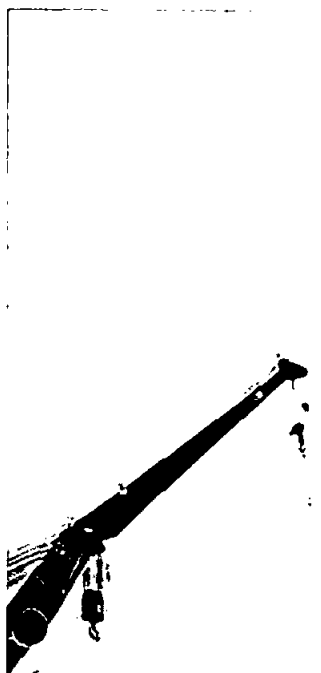
OCTOBER 28, 2011

EMAS AMC announced the award of a contract by BP Exploration & Production, Inc. (BP), to perform subsea work in the Atlantis field located in Green Canyon block 743 in the Gulf of Mexico. The project scope consists of the installation and replacement of subsea equipment comprised of manifolds, PLEMs (Pipeline End Manifolds), jumpers and associated hardware in 6,800 feet of water, as well as assisting BP with complete commissioning and start-up activities. The award further strengthened EMAS AMC's position in the Gulf of Mexico.

OCTOBER 10, 2011

Lewek EMAS, the floating production, storage and offloading (FPSO) vessel for Vietnam's high-profile Chim Sao oil project, successfully achieved first oil on 10 October 2011. The vessel is the latest and largest FPSO vessel co-owned by EOC, the 45.7% owned associate company and production division (EMAS Production) of the Group.



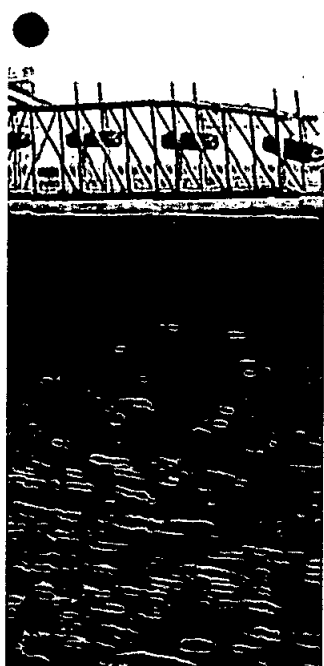


OPERATIONS REVIEW

Ezra Holdings Limited ("Ezra", and together with its subsidiaries the "Group") is a leading global offshore contractor and provider of integrated solutions to the offshore oil and gas industry. The Group operates under four main business divisions, namely Subsea Services, Offshore Support Services, Marine Services and Production (through EOC Limited), offering a comprehensive range of seabed-to-surface engineering, construction, marine and production services globally.

Under the EMAS branding, the Group operates in more than 16 locations across five continents spanning Africa, the Americas, the Asia-Pacific and Europe. With its operational expertise as well as its fleet of young and sophisticated offshore vessels, the Group delivers best-value solutions to the offshore oil and gas industry by combining its global footprint and proven engineering skills with a diverse offering of premium assets and services designed to fully meet clients' needs. Operating in unison, Ezra's core divisions are able to execute a full spectrum of seabed-to-surface engineering, construction, marine and production services globally.

Over the last three years and with the ongoing execution of its global growth strategy, the Group has been successful in the integration of its three regional clusters – Singapore, Oslo and Houston, and has transformed itself from a leading Asia-Pacific offshore and marine services player into a global offshore contractor and provider of integrated offshore solutions. FY2012 Group revenue approached the US\$1 billion mark for the first time in its 20-year operating history. Total FY2012 Group revenue of US\$984.2 million was up 76% from US\$559.1 million in FY2011. Net attributable profit also increased by 51% from US\$43.1 million in FY2011 to US\$65.0 million in FY2012.





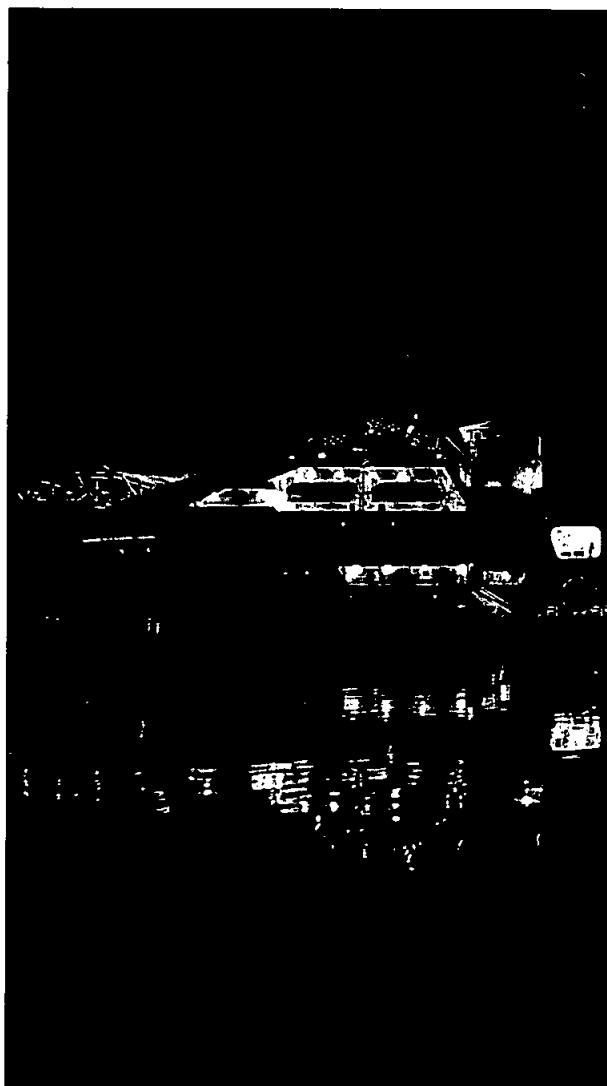
Subsea Services

The Group's Subsea Services Division provides comprehensive offshore seabed-to-surface construction services to the oil and gas industry globally. Services provided by the Subsea Services Division include Subsea, Umbilicals, Risers and Flowlines ("SURF") installation, power cable installation, floater and mooring systems installation, pipelay (Reel-lay and S-lay) and heavy-lift; floatover installations, and decommissioning and removal.

Since the acquisition of Aker Marine Contractors AS ("AMC") from Aker Solutions AS in March 2011, the Group has established itself as a global subsea construction player and provider of integrated offshore solutions. The acquisition expanded the Group's project management and global execution capabilities and with the integration of technical expertise in subsea construction, the Group has been able to successfully execute complex integrated world-class projects, offering a wider suite of offshore solutions for its clients. In FY2012, the Group has continued to grow its orderbook, having announced contract awards from oil majors and independent oil companies such as BP, Statoil, ABB, Apache Energy and MODEC. FY2012 also saw the Group further expand its growing global operations and presence beyond the Asia-Pacific region.

In FY2012, the Group added the *Lewek Connector*, a state-of-the-art DP3 SURF/cable laying subsea construction vessel, with a carousel capacity of 9,000 tonnes and capable of operating in water depths of up to 3,000 metres, to its subsea construction fleet. The Group also looks forward to the delivery of the *Lewek Constellation*, a DP3 ice-class subsea multi-lay vessel with heavy-lift capabilities of up to 3,000 metric tonnes. *Lewek Constellation* is currently under construction and is expected to be delivered in 2014. Being one of only a handful of its kind in the world, the *Lewek Constellation* will be a true game-changing asset in the subsea construction industry.

FY2012 also witnessed the execution of a number of notable projects by the Subsea Services Division. These include the installation of more than 100 kilometres of power and fibre optic cables for ABB in the Irish





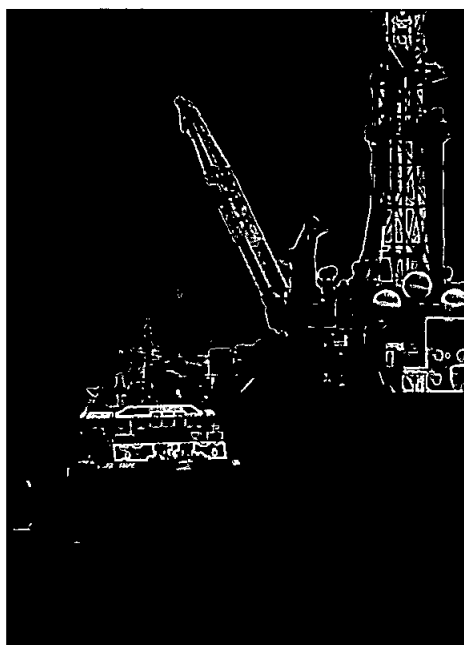
Sea, and the first of several riser replacements on two floating platforms in the Norwegian Continental Shelf for Statoil, under challenging conditions of up to 10 metres in wave height. These installation projects were the first projects to be carried out by the newly delivered *Lewek Connector*, and a strong testament to its excellent capabilities as a high-end construction vessel. The Subsea Services Division also completed a subsea installation and decommissioning project for BP in the Atlantis Field in the Gulf of Mexico, one of the first post-Macondo project awards in the region, and the installation of wellhead platforms and associated pipelines for Chevron in the Gulf of Thailand, a contract for a three-year period starting in 2012 with an option for an additional two years.

The Subsea Services Division experienced stellar growth in FY2012, growing its revenue to US\$551.6 million, a substantial increase of 207% from US\$179.5 million in FY2011. In less than 18 months since the acquisition of AMC, the Subsea Services Division has become the major revenue and growth driver for the Group, having contributed 56% of the Group's total revenue for FY2012, an increase from 32% a year earlier.

The focused execution of the Group's global growth strategy and its advanced subsea engineering and project management capabilities, combined with its modern fleet of high-end construction vessels, has further positioned the Group as a major competitor in the exclusive group of global top-tier subsea players. The Subsea Services Division is expected to add to its growing orderbook and continue to drive the Group's earnings going forward, based on its refocused business model, world-class technical capabilities and increased addressable market.

Offshore Support Services

The Group's Offshore Support Services Division owns, manages and operates a young and advanced fleet of offshore support vessels that supports the oil and gas industry throughout the oilfield lifecycle which spans exploration, construction, production and decommissioning. The Group charts these vessels to oil and gas companies and provides ship management services for both the Group's as well as third-party vessels.



As at 31 August 2012, the Group's Offshore Support Vessel ("OSV") fleet comprised 24 anchor handling, towing and supply ("AHTS") vessels, seven anchor handling tugs ("AHTs"), eight platform supply vessels ("PSVs") and three fast crew and utility vessels. The average age of the Offshore Support Services Division's fleet which the Group manages and/or operates is approximately four-and-a-half years. The Group's vessels are mostly deployed in offshore oil and gas projects in the Asia-Pacific region, India and West Africa. In FY2012, Ezra was awarded a long-term charter for its newbuild AHTS *Lewek Fulmar* for deployment in the fast growing South American market of Brazil, the Group's first OSV to be operating in the region. The Group continued to grow its offshore support fleet in FY2012 through the addition of two more PSVs, *Lewek Andes* and *Lewek Aquarius*, bringing the total number of PSVs in its fleet to eight.



Revenue for the Offshore Support Services Division of US\$275.2 million accounted for approximately 28% of the Group's total revenue in FY2012, an increase of 25% or US\$55.8 million from FY2011. The increase in revenue for this division was mainly due to the inclusion of additional revenue contributions from new fleet additions, which were partially offset by the offhire of some vessels for maintenance and dry docking.

Supported by one of the largest offshore support fleets in the region, the Group will continue to establish itself as a leading provider of offshore support services in the Asia-Pacific. The Group's strategy for the Offshore Support Division continues to focus on (i) maintaining a young and advanced fleet of vessels; (ii) maintaining its sound execution and safety track record; and (iii) continuing to expand its global presence outside the Asia-Pacific region, especially in particular geographies in support of the activities of the Subsea Services Division.

Moving forward, the division will also focus on improving its operational efficiency through more efficient fleet deployment and minimising vessel downtime and operating and marketing cost overheads. The Group will also continue to explore opportunities to grow its offshore support fleet and expects to take delivery of a further two PSVs in FY2013.

Marine Services

The Marine Services Division is an engineering and fabrication solutions provider focused on the oil and gas industry and offers a broad spectrum of engineering and fabrication services from its yards in Vietnam and Houston. The division's services are marketed under the TRIYARDS brand. These services include the fabrication and construction of self-elevating, self-propelled accommodation and construction units ("SEUs"), advanced construction and offshore support vessels, as well as offshore platforms, jacket and steel structures, and topsides. TRIYARDS also provides vessel and rig repair and overhaul services and installation, and also designs and fabricates specialised offshore equipment including heavy-lift cranes, winches, A-frames, catenary anchor leg mooring buoys and deck machinery.



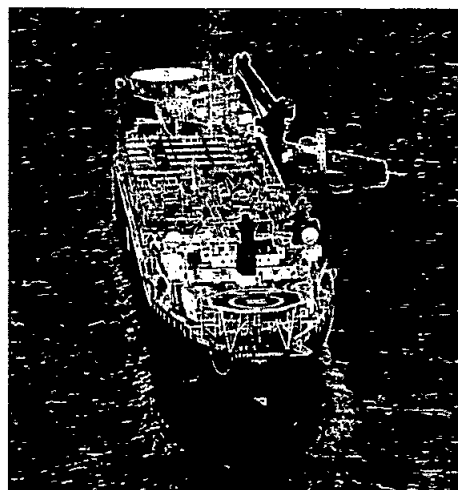
TRIYARDS achieved a major milestone in its history when it was listed on the Mainboard of SGX-ST on 18 October 2012. The listing was by way of Introduction through the distribution of TRIYARDS shares as a dividend in specie to existing Ezra shareholders. Ezra distributed approximately 33% of TRIYARDS' issued share capital, on the basis of one TRIYARDS share for every ten Ezra ordinary shares held, and continues to hold a majority stake of 67% in TRIYARDS.

TRIYARDS' listing was well-received by investors. Based on its opening traded price of S\$0.80 per share, Ezra effectively distributed more than S\$70 million in market value of TRIYARDS shares as a dividend to Ezra shareholders.

The Group believes the successful listing of TRIYARDS will enhance its branding and public image both locally and internationally. The listing also distinguishes the operations and management of both Ezra and TRIYARDS, thereby allowing Ezra to focus on its Subsea Services and Offshore Support Services Divisions, and also provides TRIYARDS access to capital markets for debt and equity funding and allows it the flexibility to pursue its own future growth opportunities.

Revenue from the Marine Services Division decreased by US\$2.8 million to US\$157.4 million in FY2012, due to a change in sales mix between internal and external work for the Group. Revenue contribution from the Marine Services Division comprised 16% of total Group revenue. TRIYARDS' current orderbook comprises two 450-foot SEUs, three offshore support vessels and the *Lewek Constellation*, which it is constructing for the Group.

Going forward, TRIYARDS' business strategy will be to continue to focus on the construction of SEUs and sophisticated construction and offshore support vessels, which include new specialised offshore units such as drilling rigs and MOPUs (mobile offshore production units). TRIYARDS also intends to expand into new product categories, such as aluminum-based vessels, develop its own offshore equipment product line and branding (cranes, A-frames, winches), as well as expand its ship repair business.



Production

The Production Division is represented by the Group's 45.7%-owned associate company EOC Limited ("EOC") which is separately listed on the Oslo Børs and headquartered in Singapore. EOC owns and operates two FPSOs (Floating Production Storage and Offloading). The EOC Group also owns two heavy-lift accommodation crane barges and a heavy-lift accommodation pipelay vessel, *Lewek Champion*.

EOC recently announced that it has secured a letter of award from Hess Exploration and Production Malaysia B.V., which will see its first FPSO vessel, *Lewek Arunothai*, being deployed on a three-year fast-track gas production project in the North Malay Basin, Malaysia. The FPSO is targeted to be on station from mid-2013.

EOC's second FPSO, *Lewek EMAS*, which it co-owns, has a storage capacity of up to 650,000 barrels of oil and is capable of producing 50,000 barrels of oil per day. It is currently on a long-term contract with Premier Oil (Vietnam) Offshore and has been operating in the Chim Sao field in offshore Vietnam since October 2011.



Positive industry dynamics for the offshore oil and gas industry

The price of oil has increased steadily following the global financial crisis of 2008 to 2009, largely due to the rising demand for energy, a global demand-supply imbalance and current geopolitical risks. Analysts believe that tight physical supply along with escalating geo-political tensions should continue to more than offset sluggish global economic growth and keep oil prices at sustained elevated levels.

Oil and gas majors, and national and independent oil companies, will continue to increase their exploration and production expenditure and capital investment budgets, spurred by sustained high oil price levels and depletion of current known onshore and shallow-water oil reserves. New technological advances that improve the technical and economic feasibility of deepwater developments have also driven oil majors to look to replenish their oil and gas reserves increasingly through deepwater offshore production.

The Group believes that due to these factors, the outlook for the global offshore oil and gas industry will remain positive for the next few years. With its strong portfolio of assets and its position as a major player in the offshore construction and offshore support services industries, the Group believes it is well positioned to benefit from this wave.

Continual focused execution of its Global Growth Strategy

In less than 18 months since the milestone acquisition of AMC in March 2011, and with the subsequent integration of AMC within the Group, Ezra has grown significantly from a predominantly Asia-Pacific focused oil and gas services provider, to a major global offshore construction and offshore support services player. The Group continues to build on its strategy to position the Subsea Services Division as the key growth driver of the Group, supported by the Offshore Services Division.

In FY2012, the Group announced a number of global subsea contract awards in the North Sea, West Africa, Gulf of Mexico, Australia and Asia-Pacific regions, demonstrating the true global reach of the Group's business and operations. These contracts were

awarded by top-tier clients such as Statoil, ABB and Apache Energy, which affirms its engineering and project management capabilities and execution track record, and validates the Group's ability to compete against the top-tier players in the global subsea construction industry.

The Group believes that having spent the last 18 months developing and growing the Subsea Services Division, and backed by an experienced management team, the right technical expertise and execution track record, as well as technologically advanced enabling assets, it is well positioned to be a major player in the industry. In addition, the Group has and will continue to engage in active management of its capital structure and resources to maximise its financial flexibility. With the purpose of diversifying its funding sources and extending its debt maturity profile, Ezra established a US\$500 million Multicurrency debt issuance programme on 28 August 2012, from which it has subsequently issued S\$200 million in fixed rate notes due 2015, and another S\$150 million in fixed rate subordinated perpetual securities.

The Group believes it has put in place a strong platform to build on. Going forward, the Group will continue to focus on bidding for and winning contracts to grow its orderbook, and the safe and successful execution of these projects, to enhance value for its shareholders.

Young and Technologically Advanced Fleet

The maintenance of a young and technologically-advanced fleet of subsea construction and offshore support vessels has consistently been a main strategic focus of the Group and has enabled the Group to maintain higher vessel utilisation and charter rates. Ezra maintains and operates a relatively young fleet with an average age of approximately four-and-a-half years, which compares favourably with the industry average of approximately 18 years.

The Group will continue to look to upgrade its fleet when the opportunity arises. Since being added to the subsea fleet in 2012, *Lewek Connector* has proved to be a key enabling asset for the Group and has since completed installation work for Statoil and ABB, operating in harsh and demanding conditions in the North Sea and Irish Sea respectively. With the



delivery of *Lewek Constellation* in 2014, the Group will have at its disposal one of the world's most sophisticated subsea construction vessels in its class globally and an industry game-changer, capable of global deployment for deepwater integrated subsea construction operations, including rigid pipelay, flexlay and heavy-lift, which are increasingly required due to the increasing complexity of subsea projects and as oil and gas production moves to ultra deepwaters.

In addition, the Group will also be adding two key vessels to its subsea fleet, having secured the exclusive charters for two additional strategic construction assets. These sophisticated vessels include a dynamically positioned dual reeled-lay vessel and an S-lay pipelay installation vessel. The Group will also take delivery of two newbuilds 3,500 dwt PSVs by in FY2013, which will be added to its offshore support vessel fleet.

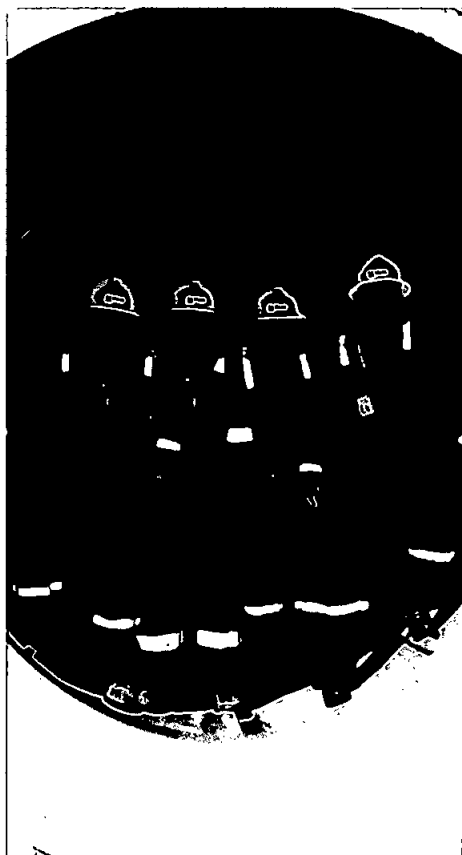
With its fleet of young, high-specification, technologically advanced vessels, Ezra believes that it has the required assets in place to complement its world-class subsea installation, project management and engineering expertise, and project execution track record. Where applicable, the Group will continue to explore means to add to and upgrade its world-class fleet to enhance its position as a major global player in the subsea construction and offshore support industries.

Our Health, Safety, Environment and Security ("HSES") Policy

Ezra recognises that having a strong health, safety, environment and security culture is important for any organisation operating in the offshore oil and gas industry, and has constantly strived to reinforce this culture among its employees. The Group adopts the International Safety Management Code ("ISM Code"), which is the basis of the Safety Management System within the Group and its fleet. The Group applies the highest HSES standards through regular rigorous quality control checks and service training, and actively implements the industry's best practices in ensuring operational and safety excellence.



The Group has regularly undergone audits carried out from time to time by major oil companies and has constantly met the required standards and benchmarks. The Group's ongoing commitment to constantly update its internal HSES policy and procedures in line with the best practices of the industry and major oil companies places the Group in a good position to develop further opportunities with existing as well as potential clients.



Global Corporate Social Responsibility (CSR)

In March 2012, Ezra put in place a global Corporate Social Responsibility (CSR) initiative as a small step towards giving back to the communities that it operates in, and to show that as a company, it cares.

As a global company, Ezra strives to be socially relevant in its operational regions worldwide. The Group has adopted a policy of corporate social responsibility and the focus areas include: (i) maintaining a high standard of corporate governance and transparency; (ii) recognising that its people are the key drivers behind its success and emphasising continued investment in its employees; (iii) focusing on environmental sustainability; and (iv) contributing to social causes. In particular, the Group is aware of the potential impact on the environment of our operations, and is committed to adopting green initiatives and policies by reducing energy consumption; having proper processes for the recycling or disposal of waste; and reducing water wastage in our facilities. The Group also aims to continuously engage the community and contribute actively to social causes. In FY2012, Ezra's staff in every region was involved in various acts of community service.

Asia-Pacific

EMAS Dollar-for-Dollar Programme

As part of ongoing efforts to raise funds for the underprivileged children of ACE@Boon Lay, a day care center for underprivileged children in the Boon Lay area which it has been supporting since 2004, EMAS held a jumble sale on 3 August 2012. Donations from staff included books, clothing, utensils, accessories, handbags, toys and home cooked food. The sale raised S\$1,700, with EMAS matching the amount dollar-for-dollar.

The money was used to organise activities for underprivileged children at ACE@Boon Lay. The first activity held on 5 September 2012 was a Laser Tag event for 20 children and 10 EMAS volunteers at West Coast Park.

EMAS recently raised funds for the Lions Befrienders Service Association (LBSA) through the sales of cactus keychains to the EMAS community. LBSA conducts



outreach programmes for elderly citizens who live alone and this fund-raising initiative was done in collaboration with Team4Exp, a project team under the Citi-YMCA Youth for Causes 2012 campaign. The team raised a total of S\$1,405 for the cause. EMAS will further support this CSR activity by providing dollar-to-dollar matching for the amount contributed by our staff.

In celebration of EMAS' 20th Anniversary this year and to continue building on CSR efforts, EMAS launched the "S\$20,000 For 20 Causes" programme. Under this programme, 20 causes will be identified, over the next four years, supported with S\$20,000 in donations.

During the recent EMAS 20th Anniversary Gala Dinner celebrations, donations were awarded to:-

- (i) National Kidney Foundation Singapore: In support of NKF's commitment to ensuring accessible dialysis for all Singaporeans regardless of socio-economic status.
- (ii) Singapore Polytechnic: For awards to top performing students in Nautical Studies and Maritime Engineering, spanning over five years.
- (iii) The Singapore Association for the Deaf: To assist integration of the Deaf into society and also as an extension of support to the Group as we already have two permanent employees who are deaf.

Other CSR efforts that staff were engaged in include:

- The EMAS IT department donated usable IT equipment to Care Channels for the setting up of a computer learning centre in developing countries.
- An EMAS Blood Donation Drive was held on 28 September 2012, at Klapsons Tower 15 and 50 bags of blood were collected from the donation.
- EMAS donated S\$3,000 towards the setting up of the fund-raising carnival by Temasek Junior College for the Andrew and Grace Home, a home for troubled teenagers. All proceeds from the carnival went to the Home.
- EMAS purchased S\$10,000 worth of food vouchers from the Ultimate Hawkerfest held on 20 October 2012. The proceeds went to the TOUCH Community Service, supporting over 20,000 beneficiaries. The

food vouchers were given to staff for free.

- Volunteers from the EMAS Communications department and Enterprise Risk and Planning department also helped paint the house of an underprivileged lady and her family. Donations by the company also helped provide her schooling children with a laptop, eight sets of mattresses, pillows, a cupboard, a new water tap and a new stove.

Europe

EMAS AMC in Oslo donated to the Moshi Burn Care Center in Tanzania via the Children's Burn Care Foundation.

The project was initiated as a personal engagement in 2008 and later developed into an employee initiative, before being expanded worldwide with the support of EMAS AMC and Aker Solutions. Support in the region of US\$6,000 has been provided so far.

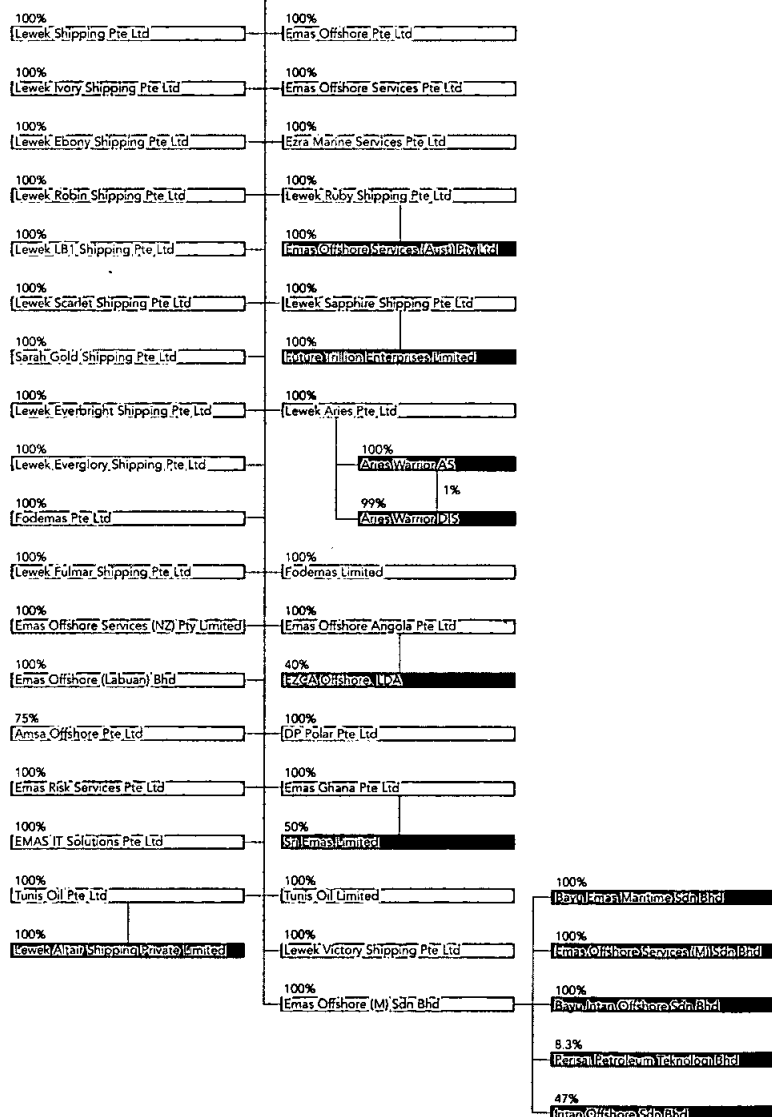
Americas

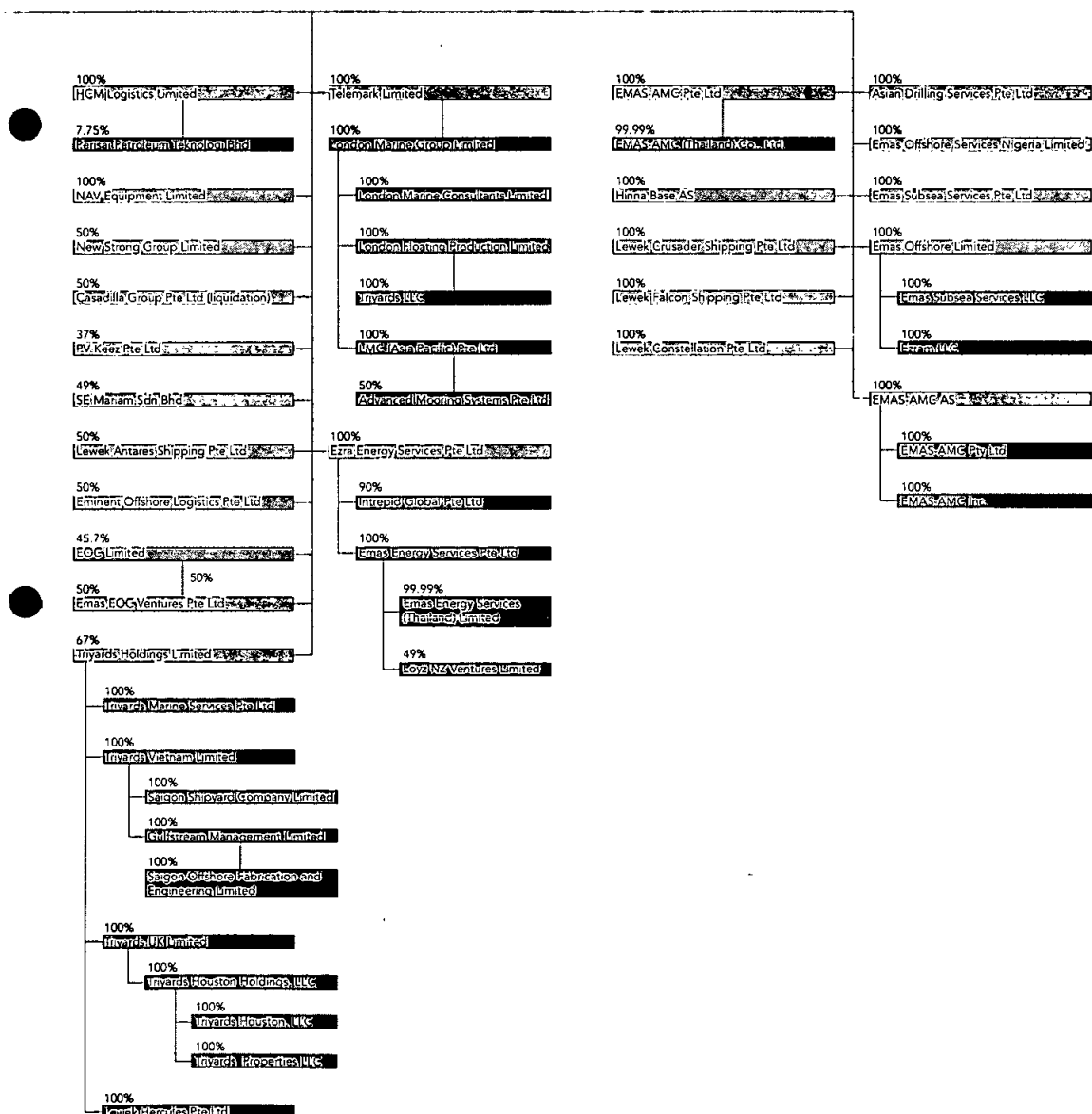
BP MS 150 was a two-day cycling event fundraiser organised by the National MS (Multiple Sclerosis) Society and the largest event of its kind in North America. This year, EMAS partnered with Aker Solutions to share resources and raise money for a good cause. On April 21 and after months of training, the team braved strong winds and set out to ride 150 miles from Houston to Austin. After months of training, each team member crossed the finish line with their own personal best. The team raised nearly US\$5,000, which EMAS will match dollar for dollar also as part of the EMAS Dollar-for-Dollar Programme.

EMAS also took part in the 26th Annual Junior Achievement Bowl-a-Thon: Stars and "Strikes" on August 16. The event consisted of three games of bowling to help raise funds for Junior Achievement (JA), an organisation which seeks to provide economic education to 231,000 students in the Greater Houston area and educate its future workforce. EMAS employees volunteered as team captains and helped to recruit employees as bowlers for their individual teams. The event was a great success and raised a total sum of US\$12,300 which will be used for JA's K-12 business education and after school programs.



EZRA HOLDINGS LIMITED







CORPORATE DIRECTORY

Directors

Mr Lee Kian Soo
Executive Chairman

Mr Koh Poh Tiong
Non-Executive Vice-Chairman (appointed on 1 October 2011)

Mr Lee Chye Tek Lionel
Group Managing Director

Capt Adarash Kumar A/L Chranji Lal Amarnath
Executive Director

Mr Tay Chin Kwang
Finance Director

Dr Ngo Get Ping
Independent Director

Mr Soon Hong Teck
Independent Director

Mr Karl Erik Kjelstad
Non-Executive Director

Mr Eng Heng Nee Philip
Independent Director (appointed on 1 July 2012)

Mr Wong Bheet Huan
Executive Director (resigned on 31 August 2012)

Ms Lee Cheow Ming Doris Damaris
Independent Director (resigned on 31 August 2012)

Audit Committee

Mr Soon Hong Teck
Independent Director (Chairman)

Dr Ngo Get Ping
Independent Director

Mr Koh Poh Tiong
Non-Executive Vice-Chairman

Mr Eng Heng Nee Philip
Independent Director

Nominating Committee

Mr Eng Heng Nee Philip
Independent Director (Chairman)

Dr Ngo Get Ping
Independent Director

Mr Soon Hong Teck
Independent Director

Mr Koh Poh Tiong
Non-Executive Vice-Chairman

Remuneration Committee

Dr Ngo Get Ping
Independent Director (Chairman)

Mr Soon Hong Teck
Independent Director

Mr Koh Poh Tiong
Non-Executive Vice-Chairman

Mr Eng Heng Nee Philip
Independent Director

Company Secretary

Mr Yeo Keng Nien (appointed on 25 May 2012)

Mr David Tan Yew Beng (resigned on 25 May 2012)

Registered Office

15 Hoe Chiang Road
#28-01 Tower Fifteen
Singapore 089316

20 Ubi Crescent
#01-02 Ubi Techpark
Singapore 449269

Telephone: (65) 6349 8535
Facsimile: (65) 6345 0139
Website: www.ezraholdings.com
Email: ir@ezraholdings.com

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner-in-charge: Mr Lim Tze Yuen
(appointed since financial year ended 31 August 2010)

Share Registrar

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

Principal Bankers

DBS Bank Ltd
12 Marina Boulevard
DBS Asia Central @ MBFC Tower 3
Singapore 018982

Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay
HSBC Building
Singapore 049320

Overseas Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank Limited
80 Raffles Place UOB Plaza
Singapore 048624

DNB Bank ASA, Singapore Branch
8 Shenton Way
Singapore 068811



044 Corporate Governance Report

FINANCIAL CONTENTS

054 Director's Report

061 Statement by Directors

062 Independent Auditor's Report

064 Statements of Financial Position

066 Income Statements

067 Statements of Comprehensive Income

068 Statements of Change Equity

072 Consolidated Cash Flow Statement

076 Notes to the Financial Statements

203 Statistics of Shareholdings

205 Notice Of Annual General Meeting

Proxy Form



CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board of Directors (the "Board") of Ezra Holdings Limited (the "Company") is committed to maintaining high standard of corporate governance and transparency within the Company and its subsidiaries (collectively, the "Group"). The Board believes that good corporate governance inculcates an ethical environment and enhances the interest of all shareholders.

This report describes the Group's corporate governance framework and practices that were in place throughout the financial year, with specific reference made to the Code of Corporate Governance 2005 (the "Code"). Where there are deviations from the Code, appropriate explanations are provided.

The Company is reviewing the recent revisions to the Code as approved by the Monetary Authority of Singapore on 2 May 2012 and will take steps to comply with the Revised Code, where applicable.

BOARD MATTERS

Board's Conduct of its Affairs

The Board assumes responsibility for stewardship of the Group and Company and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders. The Board works with management to achieve this and the management is accountable to the Board.

The Board comprises nine (9) Directors and its role is to:

- Set, review and approve corporate strategic aims which involves financial objectives and directions of the Group and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Establish goals for management and review and monitor the performance and achievement of these goals;
- provide entrepreneurial leadership and ensure management leadership of high quality, effectiveness and integrity;
- Set the Company's values and standards, and ensure that the obligations to shareholders and others are understood and met; and
- Establish a framework of prudent and effective controls which enables risk to be assessed and managed.

The Company has adopted internal guidelines setting forth matters that require Board's approval. The types of material transactions that require approval by the Directors under such guidelines are listed below:

- Quarterly financial results announcements and audited financial statements;
- Material announcement;
- Annual budget;
- Major transactions proposal which include funding, merger, acquisition and disposal transactions;
- Declaration of interim dividends and proposed final dividends; and
- Convening of shareholders' meeting.

To assist in the execution of its responsibilities, the Board has established a number of Board committees which includes a Nominating Committee ("NC"), a Remuneration Committee ("RC"), an Audit Committee ("AC") and Enterprise Risk Committee ("ERC"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis.

When new Directors are appointed to the Board, they are provided with a formal letter setting out the Director's duties and responsibilities. Orientation programmes are given to newly appointed directors where they are briefed on the Group's business activities, its strategic direction and regulatory environment in which the Group operates. In addition, newly appointed Directors are also introduced to the senior management team.

On an ongoing basis, the Company updates the Directors regarding new legislation and/or regulations which are relevant to the Group. Further, when there are events on updates, seminar or training in various areas such as accounting, legal and industry specific knowledge which are relevant to the Group, the Directors are encouraged to attend the programmes at Company's expense.



CORPORATE GOVERNANCE REPORT

The Board meets regularly to review and deliberate on the corporate strategies, key activities and major issues of the Group. Ad-hoc Board meetings are arranged whenever appropriate. The Board ensures that effective management is in place to oversee the proper conduct of the Group's business.

Board Composition and Guidance

The Board comprises nine (9) Directors, three of whom are independent. Their collective experience and contributions are valuable to the Group. The Directors as at the date of this report are listed as follows:

Executive Directors

Mr. Lee Kian Soo	Executive Chairman
Mr. Lee Chye Tek Lionel	Group Managing Director
Capt. Adarash Kumar A/L Chranji Lal Amarnath	Executive Director
Mr. Tay Chin Kwang	Finance Director

Non-Executive Directors

Mr. Koh Poh Tiong	Vice-Chairman
Dr. Ngo Get Ping	Independent Director
Mr. Soon Hong Teck	Independent Director
Mr. Eng Heng Nee Philip	Independent Director
Mr. Karl Erik Kjelstad	Non-Executive Director

The Board has examined its size and is of the view that the current arrangement is adequate given that the Independent Directors form at least one-third of the Board composition. The Independent Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary.

The NC adopts the definition of what constitutes an Independent Director from the Code and reviews the independence of each Director on an annual basis.

The Non-Executive Directors constructively challenge and help develop proposals on strategy and also review the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. Non-Executive Directors have also meet regularly without the presence of Management.

The profile of each Director and other relevant information are set out on page 18 of this Annual Report. The Board is of the view that its composition of the Board of Directors as a whole provides core competencies necessary to meet the Group's requirements, taking into account the nature and scope of the Group's operations.

Role of Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are held by separate individuals. Mr Lee Kian Soo is the Executive Chairman and Mr Lee Chye Tek Lionel, who is the son of Mr Lee Kian Soo is the Group Managing Director ("Group MD").

As announced on 27 August 2012, Mr Lee Kian Soo will retire as Executive Chairman at the Company's upcoming Annual General Meeting in December and Mr Koh Poh Tiong will succeed Mr Lee as Non-Executive Chairman.

The Chairman is responsible for:

- Leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;
- Ensure that the Directors receive accurate, timely and clear information;
- Ensure effective communications with shareholders;
- Encourage constructive relations between the Board and management;
- Facilitate the effective contribution of Non-Executive Directors;
- Encourage constructive relations between Executive Directors and Non-Executive Directors; and
- Promoting high standards of corporate governance.



CORPORATE GOVERNANCE REPORT

The Chairman ensures that Board meetings are held regularly in accordance with an agreed schedule of meetings. The Group MD is responsible for strategic planning, business development and generally charting the growth of the Group.

The Company is in the process of evaluating the requirement to appoint a Lead Independent Non-Executive Director and also its role and responsibility. If appointed, the Lead Independent Non-Executive Director would be available to shareholders where they have concerns when contact through the normal channel of the Chairman, Group MD or Finance Director has failed to resolve or for which such contact is inappropriate.

Board Membership

Nominating Committee ("NC")

The NC comprises Mr. Eng Heng Nee Philip as Chairman, Dr. Ngo Get Ping, Mr. Soon Hong Teck and Mr. Koh Poh Tiong as members.

The Board has approved written terms of reference of the NC. The NC is responsible for:

- Making recommendations to the Board on the appointment of new Executive and Non-Executive Directors;
- Recommending Directors who are retiring by rotation to be put forward for re-election;
- Reviewing the Board structure, size and composition regularly and making recommendations to the Board with regards to any adjustments that are deemed to be necessary;
- Determining annually whether or not a director is independent;
- Deciding whether or not a director is able to and has been adequately carrying out his duties as a director, particularly when the director has multiple Board representations;
- Reviewing of the Board's succession plan; and
- Assessing the effectiveness and performance of the Board as a whole by analysing the strengths and weaknesses of the Board.

The NC will meet at least once every financial year and during the financial year, the NC has held two (2) meetings.

In the nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. After endorsement of the Board and of the key attributes, the NC taps on the resources of Director's personal contacts and recommendations of potential candidates. The curriculum vitae received goes through short listing process. Informal interview is conducted before a decision is reached.

The Directors are appointed by the shareholders at a general meeting and an election of Directors is held annually. One third, or if their number is not a multiple of three, the number nearest to but not lesser than one-third of the Directors, shall retire from office by rotation once in every three years. A retiring director is eligible for re-election at the meeting at which he retires.

The NC takes factors such as competency, preparedness, participation and candour into consideration when evaluating the past performance and contributions of a director for recommendation to the Board. In addition, the NC reviews whether each director has given sufficient time and attention to the affairs of the Company and decides if a director has been adequately carrying out, and is able to carry out, his duties as a director of the Company.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as director. The NC has determined that all Directors have adequately carried out their duties, based on their attendance as disclosed in this report.

Board Performance

A process is in place to assess the performance and effectiveness of the Board as a whole. The evaluation of the Board is conducted annually. Performance criteria for Board evaluation is based on financial and non-financial indicators such as evaluation of the size and composition of the Board, the Board's access to information, Board processes, strategy



CORPORATE GOVERNANCE REPORT

and planning, risk management, accountability, Board's performance in relation to discharging its principal functions, communication with management and standards of conduct of the Directors.

The Board and NC strive to ensure that the Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

Certain functions have been delegated to various Board committees, namely, the Nominating Committee, Remuneration Committee, Audit Committee and Enterprise Risk Committee. The members of these committees are set out below:

Nominating Committee ("NC")

Mr. Eng Heng Nee Philip (Chairman)
Dr. Ngo Get Ping
Mr. Soon Hong Teck
Mr. Koh Poh Tiong

Audit Committee ("AC")

Mr. Soon Hong Teck (Chairman)
Mr. Eng Heng Nee Philip
Dr. Ngo Get Ping
Mr. Koh Poh Tiong

Remuneration Committee ("RC")

Dr. Ngo Get Ping (Chairman)
Mr. Eng Heng Nee Philip
Mr. Soon Hong Teck
Mr. Koh Poh Tiong

Enterprise Risk Committee ("ERC")

Mr. Koh Poh Tiong (Chairman)
Mr. Soon Hong Teck
Mr. Eng Heng Nee Philip
Dr. Ngo Get Ping

The number of meetings held during the financial year under review and the attendance of the Directors are set out in the table below:

Name of Directors	Board*		Nominating Committee*		Remuneration Committee*		Audit Committee*	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Lee Kian Soo	5	4	NA	NA	NA	NA	NA	NA
Mr. Lee Chye Tek Lionel	5	5	NA	NA	NA	NA	NA	NA
Capt. Adarash Kumar A/L Chranji Lal Amarnath	5	5	NA	NA	NA	NA	NA	NA
Mr. Wong Bheet Huan ¹	5	5	NA	NA	NA	NA	NA	NA
Mr. Tay Chin Kwang	5	5	NA	NA	NA	NA	NA	NA
Mr. Koh Poh Tiong	5	5	2	2	2	2	4	4
Ms. Lee Cheow Ming Doris Damaris ²	5	5	2	2	2	2	4	4
Dr. Ngo Get Ping	5	5	2	2	2	2	4	4
Mr. Soon Hong Teck	5	5	2	2	2	2	4	4
Mr. Karl Erik Kjelstad	5	4	NA	NA	NA	NA	NA	NA
Mr. Eng Heng Nee Philip ³	2	2	NA	NA	NA	NA	NA	NA

* Refers to meetings held/attended while each Director was in office.

¹ Mr. Wong Bheet Huan resigned on 31 August 2012.

² Ms. Lee Cheow Ming Doris Damaris resigned on 31 August 2012.

³ Mr. Eng Heng Nee Philip was appointed on 1 July 2012.

NA denotes Not applicable.

In place of physical meetings, the Board and Board committees also circulate written resolutions for approval by the relevant members of the Board and Board committees.



CORPORATE GOVERNANCE REPORT

Access to Information

Prior to each Board meeting, the management provides Directors with information relevant to the matters on the agenda in advance in order for Directors to be adequately prepared for the meeting.

To assist the Board in fulfilling its responsibilities, the Board is provided with management reports containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision-making process. The Board is also provided with updates on the relevant new laws, regulations and changing commercial risks in the Company's operating environment through regular meetings. Orientation to the Company's business strategies and operations is conducted as and when required.

All Directors have separate and independent access to senior management and to the Company Secretary. The Company Secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Articles of Association and relevant rules and regulations, including requirements of the Companies Act and the Singapore Exchange Securities Trading Limited ("SGX-ST"), are complied with.

In the event that the Directors, whether as a group or individually, require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company. The appointment of such a professional advisor is subject to approval by the Board.

REMUNERATION

Procedures for Developing Remuneration Policies

Remuneration Committee ("RC")

The RC comprises Dr. Ngo Get Ping as Chairman and Mr Eng Heng Nee Philip, Mr. Soon Hong Teck and Mr. Koh Poh Tiong as members.

The Board has approved written terms of reference of the RC. The RC is responsible for:

- Recommending to the Board a framework of remuneration for the Board and the key executives of the Group covering all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
- Proposing to the Board, appropriate and meaningful measures for assessing the performance of the Executive Directors;
- Determining the specific remuneration package for each Executive Director;
- To review and administer any performance share plan or other staff incentive schemes of the Group for Directors, senior management and senior executives; and
- Considering and recommending to the Board the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration and details of the specific remuneration packages of the Directors and key executives of the Company as required by law or by the Code.

The RC will meet at least once every financial year and during the financial year; the RC has held two (2) meetings.

The RC reviews all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration commensurate with the contribution and responsibilities of the Directors. Directors' fees are also reviewed on a regular basis to ensure that Directors' fees paid remains to be competitive. The Company submits the quantum of Directors' fees for each year to the shareholders for approval at each Annual General Meeting ("AGM").

The members of the RC do not participate in any decisions concerning their own remuneration and the remuneration packages of persons related to them.



CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. External remuneration specialists have been engaged to study and recommend a comprehensive reward system for the Executive Directors based on suitable market benchmarks and practices to ensure external competitiveness and alignment with the Company's strategy and longer terms plan. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of Executive Directors and is designed to align the Directors' interest with those of shareholders and link rewards to corporate and individual performance. Recommendations are then put forward to the Board by RC.

Disclosure on Remuneration

The following tables show a breakdown of the remuneration of Directors and the Key Executives for the financial year ended 31 August 2012.

Name of Directors	Remuneration paid/payable in FY 2012			Breakdown of the Directors' remuneration				
	Up to S\$250,000	S\$250,001 to S\$500,000	Above S\$500,000	Salary & CPF %	Fee ² %	Bonus %	Other Benefits %	Total %
Mr. Lee Kian Soo ¹			x	82.8	7.5	-	9.7	100.0
Mr. Lee Chye Tek Lionel ¹			x	8.1	0.6	88.8	2.5	100.0
Capt. Adarash Kumar A/L Chranji Lal Amarnath			x	25.1	1.9	37.1	35.9	100.0
Mr. Wong Bheet Huan ³			x	51.3	4.3	41.9	2.5	100.0
Mr. Tay Chin Kwang			x	52.1	4.3	41.4	2.2	100.0
Mr. Koh Poh Tiong	x			-	100.0	-	-	100.0
Ms. Lee Cheow Ming Doris Damaris ⁴	x			-	100.0	-	-	100.0
Dr. Ngo Get Ping	x			-	100.0	-	-	100.0
Mr. Soon Hong Teck	x			-	100.0	-	-	100.0
Mr. Karl Erik Kjelstad	x			-	100.0	-	-	100.0
Mr. Eng Heng Nee Philip ⁵	x			-	100.0	-	-	100.0

¹ Mr. Lee Chye Tek Lionel is the son of Mr. Lee Kian Soo.

² These fees are subject to approval by shareholders as a lump sum at the AGM for FY2012.

³ Mr. Wong Bheet Huan resigned on 31 August 2012.

⁴ Ms. Lee Cheow Ming Doris Damaris resigned on 31 August 2012.

⁵ Mr. Eng Heng Nee Philip was appointed on 1 July 2012.

Name of Executive	Remuneration paid/payable in FY 2012			Breakdown of the Directors' remuneration				
	Up to S\$250,000	S\$250,001 to S\$500,000	Above S\$500,000	Salary & CPF %	Fee ² %	Bonus %	Other Benefits %	Total %
Mr. C J D'Cort			x	94.9	-	-	5.1	100.0
Mr. Robin Kirkpatrick			x	59.5	-	5.0	35.5	100.0
Mr. Bob Davidson		x		68.1	-	-	31.9	100.0
Mr. Alan Allred		x		74.5	-	8.9	16.6	100.0
Ms. Cheryl Yap	x			74.9	-	13.3	11.8	100.0
Mr. Jason Goh	x			83.3	-	7.4	9.3	100.0
Mr Yeo Keng Nien	x			83.0	-	8.1	8.9	100.0



CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Accountability

The Board is accountable to the shareholders and other stakeholders while the management is accountable to the Board.

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

Audit Committee

Audit Committee ("AC")

The AC comprises Non-Executive Directors, namely Mr. Soon Hong Teck, Mr. Eng Heng Nee Philip, Dr. Ngo Get Ping and Mr. Koh Poh Tiong. The Chairman of the AC is Mr. Soon Hong Teck.

All members of the AC have many years of experience in senior management positions in financial, legal and industrial sectors. The Board is of the view that the AC members, having accounting and related financial management expertise or experience, are appropriately qualified to discharge their responsibilities.

The Group has adopted the Code in relation to the roles and responsibilities of the AC. The AC holds periodic meetings to perform the following functions:

- (a) Review the audit plan of the internal and external auditors;
- (b) Review the internal and external auditors' reports;
- (c) Review the co-operation given by the Company's officers to the internal and external auditors;
- (d) Review the independence and objectivity of the external auditors and nominate external auditors for re-appointment or recommend for removal and approving the remuneration and terms of engagement of the external auditors;
- (e) Review significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Group and Company and any formal announcement relating to the Group's financial performance before the submission to the Board of Directors;
- (f) Review adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance controls and risk management policies;
- (g) Review the effectiveness of internal audit function;
- (h) Review all interested person transactions, if any, to ensure that they comply with the approved internal control procedures and have been conducted on an arms' length basis;
- (i) Perform such other functions and duties as may be required by the relevant laws or provisions of the Listing Manual of the SGX-ST (as may be amended from time to time);
- (j) To meet with the external and internal auditors and without the presence of management, at least annually, to discuss any problems and concerns they may have; and
- (k) To undertake such other reviews and projects as may be requested by the Board of Directors.

Apart from the above functions, the AC will commission and review the findings of internal investigations into matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.



CORPORATE GOVERNANCE REPORT

During the past financial year, the AC held four (4) meetings with the management. The AC reviewed and approved the quarterly financial announcements prior to recommending their release to the Board, as applicable. Interested person transactions of the Group in the financial year have also been reviewed by the AC. The AC has been given full access to and obtained the co-operation of the Company's management. The AC has reasonable resources to enable it to discharge its functions properly.

The AC has met with the external auditors without the presence of the management. The AC also met with the external auditors to discuss the results of their examinations and their evaluation of the system of internal accounting controls relevant for their financial statements attestation purposes.

Audit and Non-Audit Fees

The AC has reviewed the volume of non-audit services to the Group by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, is pleased to recommend their re-appointment. The fees payable to the external auditors in respect of audit and non-audit services are set out in page 175 of this Annual Report.

The Company has engaged the same auditing firm for all Singapore-incorporated subsidiaries and significant foreign-incorporated subsidiaries. The Company confirms that it has complied with Rule 712 and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditing firms.

Risk Management and Internal Controls

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the shareholders and the Group's assets. The AC has met with the management, internal and external auditors once as at the date of this Annual Report to review the internal and external auditors' audit plans. Also, as part of the annual statutory audit on financial statements, the external auditors report to the AC and the appropriate level of management any material weaknesses in financial internal controls over the areas which are significant to the audit.

Based on the internal control policies and procedures established and maintained by the Group, the regular audits, monitoring and reviews performed by the internal and external auditors, and reviews performed by the management and the various Board Committees and the Board, the Board, with the concurrence of the AC, is satisfied that the internal controls of the Group as at 31 August 2012 are adequate to address financial, operational and compliance risks, which the Group considers relevant and material.

The system of internal controls provides reasonable, but not absolute assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

Risk Management

The Group has in place Enterprise Risk Committee ("ERC") and an Enterprise Risk Management ("ERM") framework to assist the Board in its oversight of risk governance and risk management in the Group.

The ERC comprises Non-Executive Directors, namely Mr. Soon Hong Teck, Mr. Eng Heng Nee Philip, Dr. Ngo Get Ping and Mr. Koh Poh Tiong. The Chairman of the ERC is Mr. Koh Poh Tiong.



CORPORATE GOVERNANCE REPORT

The responsibilities of ERC are as follows:-

- Determining the approach to risk governance for the company;
- Setting and instilling the right culture throughout the company for effective risk governance;
- Ensuring that the risks relevant to the Group are properly identified, including those risks inherent in the Group's business model and strategy, and risks from external factors as the Group pursues its strategic objectives;
- Monitoring the Company's exposure to risk and the key risks that could undermine its strategy, reputation or long-term viability, including the provision of periodic environmental scans to gauge any possible impact on the risk profile of the Company;
- Ensuring that Management's put in place action plans to mitigate the risks identified where possible; and
- Providing oversight of the risk management system, and system of internal controls, and reviewing their adequacy and effectiveness at least on an annual basis.

A dedicated ERM function has been set-up to facilitate the implementation of the ERM Framework. Through this Framework, risk capabilities and competencies are continuously enhanced. The Group has engaged KPMG Services Pte Ltd to assist in enhancing the ERM Framework over identification, prioritisation, assessment, management and monitoring of key risks. The risk management process in place covers, inter alia, financial, operational and compliance risks faced by the Group. The key risks identified are deliberated by Management, with the support of the ERM function, and reported to the Enterprise Risk Committee twice a year. The Enterprise Risk Committee reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-a-vis the external and internal environment which the Group operates in.

Complementing the ERM framework is a Group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances build into the business processes. The Group has also considered the various financial risks details of which are found on page 182 to 191 of the Annual Report.

Internal Audit

The Group has outsourced its internal audit function to an international public accounting firm, Deloitte & Touche LLP, to review the effectiveness of the key internal controls, including financial, operational and compliance controls, and risk management on an on-going basis. Procedures are in place for internal auditors to report independently their findings and recommendations to the AC. Management will update the AC on the status of the remedial action plans.

Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and has in place whistle-blowing policies and arrangements by which employees may report and raise any concerns on possible wrongdoings such as suspected fraud, corruption, dishonest practices or other similar matters in good faith and in confidence. All concerns can be reported to the immediate supervisor or to the Ombudsman. The Ombudsman will assess whether action or review is required by the Independent Director or Alert Committee. The Group has formed an Alert Committee which comprises the Group Managing Director, Legal Counsel and Chief Human Resource Officer. The Alert Committee undertakes to investigate complaints of suspected fraud in an objective manner and details of the whistle-blowing policies and arrangements are posted in the Company's intranet for staff's easy reference. On an ongoing basis, the whistle-blowing policy is covered during staff orientation as part of the Group's efforts to promote fraud control awareness.

COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

The Group believes that a high standard of disclosure is crucial to raising the level of corporate governance and seeks to be fair and transparent in communicating with the shareholders. Management believes in nurturing a long-term relationship with the investment community and actively participates in briefings, roadshows, conferences and investor events to communicate with the investors and analysts.



CORPORATE GOVERNANCE REPORT

The Group does not practice selective disclosure. All information, including presentation slides relating to the Group's performance, progress and prospects are first disseminated via SGXNET, followed by a news release (if appropriate) to assist the shareholders and investors in their investment decisions. Price-sensitive information is publicly released and announced within the mandatory period, which is also available on the Company's website.

Greater Shareholder Participation

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders will receive the notice of AGM, which is also advertised on the newspapers and issued via SGXNET. At the AGM, shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the Directors including the chairman of each of the Board committees.

The Articles of Association allows a member of the Company to appoint up to two (2) proxies to attend and vote instead of the registered shareholder. Voting in absentia by mail, email or fax is currently not permitted under the Company's Articles of Association to ensure proper authentication of the identity of shareholders and their voting intentions.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report. Minutes of the AGM are prepared and available upon request, which include substantial comments or queries from the shareholders and responses from the Board and management.

SECURITIES TRANSACTIONS

The Group has adopted an internal code pursuant to the best practices on dealings in securities issued by the SGX-ST, applicable to all the officers of the Company and its subsidiaries with regards to dealings in the Company's securities. Officers are prohibited from dealing in securities of the Company while in possession of price sensitive information.

Dealings in the Company's securities are prohibited one month prior to the release of quarterly and/or full year results. The Group has further reminded its Directors and executive officers not to deal in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiaries that involve the interests of any Director or controlling shareholders subsisting as at the financial year ended 31 August 2012.

INTERESTED PERSON TRANSACTIONS

The Company has put in place an internal procedure to track interested person transactions of the Company. The aggregate value of interested person transactions entered into for the financial year under review is as follows:

Name of interested persons	Aggregate value of all interested person transactions during the financial year (US\$'000)
Jit Sun Investments Pte Ltd and its associated companies	3,699



DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Ezra Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 August 2012.

1. DIRECTORS

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

Mr. Lee Kian Soo
Mr. Lee Chye Tek Lionel
Mr. Koh Poh Tiong
Capt. Adarash Kumar A/L Chranji Lal Amarnath
Mr. Tay Chin Kwang
Mr. Karl Erik Kjelstad
Mr. Soon Hong Teck
Dr. Ngo Get Ping
Mr. Eng Heng Nee Philip

In accordance with Articles 106 and 90 of the Company's Articles of Association, Capt. Adarash Kumar A/L Chranji Lal Amarnath, Mr. Tay Chin Kwang, Mr. Soon Hong Teck and Mr. Eng Heng Nee Philip retire. The directors, being eligible, offer themselves for re-election.

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

3. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments shown in the financial statements or any emoluments received from related corporations) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.



DIRECTORS' REPORT

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Direct interest			Deemed interest		
	At 1 September 2011 or date of appointment	At 31 August 2012	At 21 September 2012	At 1 September 2011 or date of appointment	At 31 August 2012	At 21 September 2012
The Company						
Ordinary shares						
Mr. Lee Kian Soo	15,050,000	15,050,000	15,050,000	12,510,400	–	–
Mr. Lee Chye Tek Lionel	183,790,384	184,790,384	184,790,384	36,465,920	36,465,920	36,465,920
Capt. Adarash Kumar A/L Chranji Lal Amarnath	7,515,056	7,888,070	7,888,070	–	–	–
Mr. Wong Bheet Huan	262,526	449,033	449,033	–	–	–
Mr. Tay Chin Kwang	262,526	449,033	449,033	–	–	–
Mr. Koh Poh Tiong	48,000	348,000	348,000	–	–	–

Certain directors have interest in conditional award of shares as disclosed in section 5.2 below.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr. Lee Chye Tek Lionel is deemed to be interested in the shares held by the Company in its subsidiaries.

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

5. SHARE OPTIONS AND EMPLOYEE SHARE PLAN

The Remuneration Committee is responsible for administering the share option and employee share plan. At the date of this report, the members of the Remuneration Committee are as follows:

Dr. Ngo Get Ping (Chairman)
Mr. Soon Hong Teck
Mr. Koh Poh Tiong
Mr. Eng Heng Nee Philip



DIRECTORS' REPORT

5. SHARE OPTIONS AND EMPLOYEE SHARE PLAN (CONT'D)

5.1 Share Options

The Company has an employee share incentive plan, the Ezra Employees' Share Option Scheme (the "Scheme"), which was implemented in 2003. Except for controlling shareholders or their associates, the employees, executive directors and independent directors of the Company and its subsidiaries shall, subject to certain conditions, be eligible to participate in the Scheme.

The total number of ordinary shares over which the Company may grant options under the Scheme shall not exceed 15% of the issued share capital (excluding treasury shares) of the Company on the day preceding the relevant date of grant.

As at the date of this report, the Company may grant to its employees, executive directors and independent directors options to subscribe for an aggregate of 146,029,411 (2011: 129,390,562) of its ordinary shares. Such options, of which the exercise price is determined by the Remuneration Committee on the date of the grant, subject to certain conditions and approval, are exercisable at:

- (i) a price equal to the market price ("Market Price Options"), or
- (ii) a price which is set at a discount to the market price ("Incentive Options").

The rights to exercise the above options are as follows:

Market Price Options

- (a) Up to 50% of the shares (or such other percentage as may be determined by the Remuneration Committee) in respect of which the option is granted may be exercisable after the first anniversary of the date of the grant; and
- (b) The remaining balance of the shares in respect of which the option is granted may be exercised at any time after the second anniversary of the date of the grant.

Incentive Options

- (a) Up to 50% of the shares (or such other percentage as may be determined by the Remuneration Committee) in respect of which the option is granted may be exercisable after the second anniversary of the date of the grant; and
- (b) The remaining balance of the shares in respect of which the option is granted may be exercised at any time after the third anniversary of the date of the grant.

The above options shall be exercised before the end of the tenth anniversary of the date of the grant.

As at 31 August 2012, no options have been granted under the Scheme.



DIRECTORS' REPORT

5. SHARE OPTIONS AND EMPLOYEE SHARE PLAN (CONT'D)

5.2 Employee Share Plan

The Company implemented the Employee Share Plan (the "Plan") with the approval of shareholders at the Extraordinary General Meeting held on 28 January 2009. The Plan shall continue to be in force up to a maximum of ten years from 28 January 2009. This Plan gives the flexibility to either allot and issue new shares or purchase and deliver existing treasury shares upon the vesting of awards.

Participants will receive fully paid shares free of charge, upon the Participant satisfying the criteria set out in the Plan. The vesting period for the shares granted is three years. The number of shares to be allocated to each participant will be determined at the end of the performance period based on the level of attainment of the performance targets and the prevailing market price of the Company's share at grant date.

As at date of this report, 1,567,560 shares, 407,416 shares and 922,441 shares have been granted under the Plan for performance period ended 31 August 2008, 31 August 2009 and 31 August 2010 respectively (adjusted for Rights Issue). During the financial year, 925,675 (2011: 653,212) shares were vested and were settled by the delivery of existing shares held as treasury shares.

Date of Grant	Share awards granted	Share awards vested	Share awards cancelled	Balance as at 31 August 2012
<i>For staff and key executives</i>				
22 December 2009	241,808	(192,798)	(49,010)	–
14 January 2010	118,496	(67,293)	(21,393)	29,810
14 January 2011	338,476	(90,214)	(58,581)	189,681
Sub-total for staff and key executives	698,780	(350,305)	(128,984)	219,491
<i>For Executive Director - Capt. Adarash Kumar A/L Chranji Lal Amarnath</i>				
22 December 2009	662,876	(662,876)	–	–
14 January 2010	144,460	(96,306)	–	48,154
14 January 2011	291,983	(97,327)	–	194,656
	1,099,319	(856,509)	–	242,810
<i>For Executive Director - Mr. Wong Bheet Huan</i>				
22 December 2009	331,438	(331,438)	–	–
14 January 2010	72,230	(48,152)	–	24,078
14 January 2011	145,991	(48,663)	–	97,328
	549,659	(428,253)	–	121,406



DIRECTORS' REPORT

5. SHARE OPTIONS AND EMPLOYEE SHARE PLAN (CONT'D)

5.2 Employee Share Plan (cont'd)

Date of Grant	Share awards granted	Share awards vested	Share awards cancelled	Balance as at 31 August 2012
<i>For Executive Director - Mr. Tay Chin Kwang</i>				
22 December 2009	331,438	(331,438)	-	-
14 January 2010	72,230	(48,152)	-	24,078
14 January 2011	145,991	(48,663)	-	97,328
	549,659	(428,253)	-	121,406
Sub-total for Executive Directors	2,198,637	(1,713,015)	-	485,622
Total	2,897,417	(2,063,320)	(128,984)	705,113

6. AUDIT COMMITTEE

The Audit Committee ("AC") comprises four board members, all of whom are non-executive directors. The members of the AC at the date of this report are:

Mr. Soon Hong Teck (Chairman)
Dr. Ngo Get Ping
Mr. Koh Poh Tiong
Mr. Eng Heng Nee Philip

The Company has adopted the Best Practices Guide and the Code of Corporate Governance 2005 in relation to the roles and responsibilities of the AC. The AC will perform the following functions:

- review the audit plans of the internal and external auditors;
- review the internal and external auditors' reports;
- review the co-operation given by the Company's officers to the internal and external auditors;
- review the independence and objectivity of the external auditors and nominate external auditors for re-appointment or recommend for removal and approving the remuneration and terms of engagement of the external auditors;
- review significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Group and Company and any formal announcement relating to the Group's financial performance before the submission to the Board of Directors;



DIRECTORS' REPORT

6. AUDIT COMMITTEE (CONT'D)

- (f) review adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance controls and risk management policies;
- (g) review the effectiveness of internal audit function;
- (h) review all interested person transactions, if any, to ensure that they comply with the approved internal control procedures and have been conducted on an arms' length basis;
- (i) perform such other functions and duties as may be required by the relevant laws or provisions of the Listing Manual of the SGX-ST (as may be amended from time to time);
- (j) to meet with the external auditors and without the presence of management, at least annually, to discuss any problems and concerns they may have; and
- (k) to undertake such other reviews and projects as may be requested by the Board of Directors.

Apart from the above functions, the AC will commission and review the findings of internal investigations into matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the Group's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

During the past financial year, the AC has held four (4) meetings. The AC reviewed and approved the quarterly financial announcements prior to recommending their release to the Board, as applicable. Interested person transactions of the Group during the financial year have also been reviewed by the AC. The AC has been given full access to and obtained the co-operation of the Company's management. The AC has reasonable resources to enable it to discharge its functions properly.

The AC has met with the internal and external auditors without the presence of the management. The AC has met with the internal auditors independently to discuss on the results of their examinations and their evaluation of the system of internal accounting controls. The AC also met with the external auditors to discuss the results of their examinations relevant for their financial statements attestation purposes.

The AC has reviewed the non-audit services rendered to the Group by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, is pleased to recommend their re-appointment.

Further details regarding the AC are disclosed in the Corporate Governance Report.



DIRECTORS' REPORT

7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Lee Kian Soo
Director

Lee Chye Tek Lionel
Director

Singapore
4 December 2012



STATEMENT BY DIRECTORS

We, Lee Kian Soo and Lee Chye Tek Lionel, being two of the directors of Ezra Holdings Limited, do hereby state that, in the opinion of the directors,

- (i) the accompanying statements of financial position, income statements, statements of comprehensive income, statements of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 August 2012, and of the results of the business and changes in equity of the Group and the Company, and the cash flows of the Group for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Lee Kian Soo
Director

Lee Chye Tek Lionel
Director

Singapore
4 December 2012



INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 August 2012

TO THE MEMBERS OF EZRA HOLDINGS LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Ezra Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 64 to 202 which comprise the statements of financial position of the Group and the Company as at 31 August 2012, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Company, and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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



INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 August 2012

TO THE MEMBERS OF EZRA HOLDINGS LIMITED

Opinion

In our opinion, the consolidated financial statements of the Group and statement of financial position, income statement, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 August 2012 and the results and changes in equity of the Group and of the Company and cash flows of the Group for the 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 auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

4 December 2012



STATEMENTS OF FINANCIAL POSITION

as at 31 August 2012

(Amounts expressed in United States dollars)

	Note	Group		Company	
		2012 US\$'000	2011 US\$'000 (Restated)	2012 US\$'000	2011 US\$'000 (Restated)
ASSETS LESS LIABILITIES					
Non-current assets					
Fixed assets	4	1,166,952	995,577	2,143	1,340
Goodwill	5a	225,638	178,506	–	–
Other intangible assets	5b	11,525	8,239	–	–
Investments in subsidiaries	6	–	–	288,543	227,033
Investments in associated companies	7	122,905	212,641	29,743	113,235
Investments in joint venture companies	8	22,546	8,884	19,044	7,093
Available-for-sale ("AFS") investments	9	33,825	49,031	33,825	49,031
Fair value through profit or loss ("FVTPL") investments	41	2,311	2,160	2,311	2,160
Long term receivable from a subsidiary	10	–	–	13,398	13,150
Long term receivable from an associated company	11	37,800	37,800	37,800	37,800
Funding scheme pension	12	199	219	–	–
Trade receivable	15	51,479	–	–	–
Other receivable	15	–	505	–	–
Deferred tax assets	26	4,741	4,194	–	–
Current assets					
Assets held for sale	13	200,724	–	99,200	–
Inventories and work-in-progress	14	88,963	60,140	–	–
Trade receivables	15	439,351	301,623	–	–
Other receivables	15	38,795	25,316	289	148
Other current assets	16	51,183	51,411	346	83
Balances due from					
- subsidiaries	15	–	–	638,920	537,226
- associated companies	15	85,796	60,302	6,451	2,648
- joint venture companies	15	11,845	33,391	–	–
Derivative financial instruments	40	3,722	6,358	3,722	5,792
Cash and cash equivalents	17	133,356	116,051	80,706	63,900
Cash pledged	18	50	100	–	–
		1,053,785	654,692	829,634	609,797



STATEMENTS OF FINANCIAL POSITION

as at 31 August 2012

(Amounts expressed in United States dollars)

	Note	Group		Company	
		2012 US\$'000	2011 US\$'000 (Restated)	2012 US\$'000	2011 US\$'000 (Restated)
Current liabilities					
Trade payables	19	120,198	71,030	-	-
Other payables	19	221,800	198,276	30,650	21,670
Bills payable to banks	20	287,788	149,413	104,703	47,800
Deferred income	21	6,155	5,724	-	-
Progress billing in excess of work-in-progress	14	16,950	20,863	-	-
Balances due to					
- subsidiaries	19	-	-	11,103	3
- associated companies	19	30,331	6,213	5	19
- joint venture companies	19	3,614	2,500	3,558	3,650
Derivative financial instruments	40	1,481	26,271	1,481	21,206
Lease obligations	22	543	364	173	231
Bank term loans	23	278,474	144,319	158,233	71,966
Notes payable	24	39,754	-	39,754	-
Provision for tax		19,403	216	600	567
		1,026,491	625,189	350,260	167,112
Net current assets		27,294	29,503	479,374	442,685
Non-current liabilities					
Other payables	19	(24,038)	(3,663)	(22,472)	(1,284)
Pension liability	12	(2,239)	(2,183)	-	-
Deferred income	21	(28,655)	(35,249)	-	-
Lease obligations	22	(764)	(595)	(192)	(227)
Bank term loans	23	(509,473)	(474,638)	(52,091)	(140,560)
Notes payable	24	-	(40,793)	-	(40,793)
Convertible bonds	25	(128,775)	(120,690)	(128,775)	(120,690)
Deferred tax liabilities	26	(2,093)	(351)	-	-
NET ASSETS		1,011,178	849,097	702,651	589,973
EQUITY					
Share capital	27	490,085	394,906	490,085	394,906
Accumulated profits		487,865	422,857	175,671	165,187
Capital reserves	28a	13,089	(17)	14,330	(17)
Fair value adjustment reserve	28b	29,075	37,156	29,075	37,156
Hedging reserve	28c	2,703	3,928	2,854	4,089
Translation reserve	28d	(2,062)	868	-	-
Treasury shares	29	(9,364)	(11,348)	(9,364)	(11,348)
		1,011,391	848,350	702,651	589,973
Non-controlling interests		(213)	747	-	-
TOTAL EQUITY		1,011,178	849,097	702,651	589,973

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

Ezra Annual Report 2012 / 65



INCOME STATEMENTS

for the financial year ended 31 August 2012

(Amounts expressed in United States dollars)

	Note	Group		Company	
		2012 US\$'000	2011 US\$'000 (Restated)	2012 US\$'000	2011 US\$'000 (Restated)
Revenue	30	984,182	559,100	9,769	30,789
Cost of sales		(797,937)	(444,901)	–	–
Gross profit		186,245	114,199	9,769	30,789
Other income/(expenses), net	31	65,496	21,705	44,485	(461)
Administrative expenses		(135,403)	(71,213)	(28,694)	(10,462)
Profit from operations	32	116,338	64,691	25,560	19,866
Financial income	34	3,545	2,290	8,088	10,239
Financial expenses	35	(38,064)	(26,590)	(23,164)	(21,202)
Share of profit of associated companies		1,350	10,665	–	–
Share of profit of joint venture companies		3,339	723	–	–
Profit before tax		86,508	51,779	10,484	8,903
Tax	26	(21,586)	(8,834)	–	–
Profit after tax		64,922	42,945	10,484	8,903
Attributable to:					
Owners of the Company		65,008	43,130	10,484	8,903
Non-controlling interests		(86)	(185)	–	–
		64,922	42,945	10,484	8,903
Earnings per share (US cents)	36				
- basic		7.12	5.28		
- diluted		7.12	5.28		

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



STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 August 2012

(Amounts expressed in United States dollars)

	Note	Group		Company	
		2012 US\$'000	2011 US\$'000 (Restated)	2012 US\$'000	2011 US\$'000 (Restated)
Profit after tax		64,922	42,945	10,484	8,903
Other comprehensive income:					
Exchange differences on translating foreign operations		(3,286)	4,075	-	-
AFS investments					
- Fair value changes during the financial year		14,212	3,996	14,212	3,996
- Reclassification on disposal of AFS investment included in profit or loss		(22,293)	-	(22,293)	-
		(8,081)	3,996	(8,081)	3,996
Fair value change on cash flow hedges		(1,238)	5,600	(1,235)	5,642
Share of other comprehensive income of associated companies and joint venture companies		276	(278)	-	-
Other comprehensive income, net of tax		(12,329)	13,393	(9,316)	9,638
Total comprehensive income for the financial year		52,593	56,338	1,168	18,541
Attributable to:					
Owners of the Company		52,772	56,386	1,168	18,541
Non-controlling interests		(179)	(48)	-	-
		52,593	56,338	1,168	18,541

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



STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 August 2012

(Amounts expressed in United States dollars)

	Attributable to owners of the Company							Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Accumulated profits US\$'000	Capital reserves US\$'000	Fair value adjustment US\$'000	Hedging reserve US\$'000	Translation reserve US\$'000	Treasury shares US\$'000		
Group									
Balance at 1 September 2010	187,990	388,351	524	33,160	(1,910)	(2,444)	(12,749)	481	593,403
Effects on purchase price allocation	-	605	-	-	-	(110)	-	314	809
As restated	187,990	388,956	524	33,160	(1,910)	(2,554)	(12,749)	795	594,212
Total comprehensive income for the financial year	-	43,130	-	3,996	5,838	3,422	-	(48)	56,338
Issuance of rights shares									
(Note 27)	114,527	-	-	-	-	-	-	-	114,527
Acquisition of subsidiaries									
(Note 27)	92,389	-	-	-	-	-	-	-	92,389
Performance shares awarded using treasury shares	-	-	(541)	-	-	-	1,401	-	860
Exempt dividends (Note 44)	-	(9,229)	-	-	-	-	-	-	(9,229)
Total transactions with owners in their capacity as owners	206,916	(9,229)	(541)	-	-	-	1,401	-	198,547
Balance at 31 August 2011	394,906	422,857	(17)	37,156	3,928	868	(11,348)	747	849,097

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



STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 August 2012

(Amounts expressed in United States dollars)

Group	Attributable to owners of the Company							
	Share capital US\$'000	Accumulated profits US\$'000	Capital reserves US\$'000	Fair value adjustment US\$'000	Hedging reserve US\$'000	Translation reserve US\$'000	Treasury shares US\$'000	Total equity attributable to owners of the Company US\$'000
Balance at 1 September 2011	394,906	420,088	(17)	37,156	3,928	868	(11,348)	846,328
Effects on purchase price allocation (Note 46)	-	2,769	-	-	-	-	-	2,769
As restated	394,906	422,857	(17)	37,156	3,928	868	(11,348)	849,097
Total comprehensive income for the financial year	-	65,008	-	(8,081)	(1,225)	(2,930)	-	52,593
Issuance of shares by way of placement	96,957 (1,778)	-	-	-	-	-	-	96,957 (1,778)
Share issuance expense	-	-	-	-	-	-	-	-
Performance shares awarded using treasury shares	-	-	(1,218)	-	-	-	1,984	766
Derivative component of convertible bond	-	-	15,565	-	-	-	-	15,565
Total transactions with owners in their capacity as owners	95,179	-	14,347	-	-	-	1,984	111,510
Acquisition of non-controlling interests without a change in control	-	-	(1,241)	-	-	-	-	(1,241)
Balance at 31 August 2012	490,085	487,865	13,089	29,075	2,703	(2,062)	(9,364)	1,011,178

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



STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 August 2012

(Amounts expressed in United States dollars)

Company	Attributable to owners of the Company						
	Share capital US\$'000	Accumulated profits US\$'000	Capital reserves US\$'000	Fair value adjustment reserve US\$'000	Hedging reserves US\$'000	Total reserves US\$'000	Treasury shares US\$'000
Balance at 1 September 2010	187,990	165,513	524	33,160	(1,553)	197,644	(12,749)
Total comprehensive income for the financial year	-	8,903	-	3,996	5,642	18,541	-
Issuance of rights shares (Note 27)	114,527	-	-	-	-	-	-
Acquisition of subsidiaries (Note 27)	92,389	-	-	-	-	-	-
Performance shares awarded using treasury shares	-	-	(541)	-	-	(541)	1,401
Exempt dividends (Note 44)	-	(9,229)	-	-	-	(9,229)	-
Total transactions with owners in their capacity as owners	206,916	(9,229)	(541)	-	-	(9,770)	1,401
Balance at 31 August 2011	394,906	165,187	(17)	37,156	4,089	206,415	(11,348)
Balance at 31 August 2012	394,906	165,187	(17)	37,156	4,089	206,415	(11,348)
Balance at 31 August 2011	394,906	165,187	(17)	37,156	4,089	206,415	(11,348)
Balance at 31 August 2012	394,906	165,187	(17)	37,156	4,089	206,415	(11,348)



STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31st August 2012

(Amounts expressed in United States dollars)

Company	Attributable to owners of the Company						
	Share capital US\$'000	Accumulated profits US\$'000	Capital reserves US\$'000	Fair value adjustment US\$'000	Hedging reserves US\$'000	Total reserves US\$'000	Treasury shares US\$'000
Balance at 1 September 2011	394,906	162,121	(17)	37,156	4,089	203,349	(11,348)
Effects on purchase price allocation (Note 46)	-	3,066	-	-	-	3,066	-
As restated	394,906	165,187	(17)	37,156	4,089	206,415	(11,348)
Total comprehensive income for the financial year	-	10,484	-	(8,081)	(1,235)	1,168	-
Issuance of shares by way of placement	96,957	-	-	-	-	-	-
Share issuance expense	(1,778)	-	-	-	-	-	-
Performance shares awarded using treasury shares	-	-	(1,218)	-	-	(1,218)	1,984
Derivative component of convertible bond	-	-	15,565	-	-	15,565	-
Total transactions with owners in their capacity as owners	95,179	-	14,347	-	-	14,347	1,984
Balance at 31 August 2012	490,085	175,671	14,330	29,075	2,854	221,930	(9,364)
							702,651

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



CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 August 2012

(Amounts expressed in United States dollars)

	Note	Group
	2012 US\$ '000	2011 US\$ '000 (Restated)
Cash flows from operating activities		
Profit before tax	86,508	51,779
Adjustments:		
Depreciation of fixed assets	45,334	25,933
Fixed assets written off	24	–
Amortisation of other intangible assets	4,408	2,872
Gain on disposal of fixed assets	(284)	(15,001)
Share of profit of associated companies	(1,350)	(10,665)
Share of profit of joint venture companies	(3,339)	(723)
Gain on dilution of interest in associated companies	(6,488)	(6,963)
Gain on disposal of FVTPL investments	–	(148)
Gain on disposal of AFS investments	(34,805)	–
Realised (gain)/loss on derivative instruments, net	(532)	392
Fair value changes in respect of derivative instruments, net	(8,465)	(5,252)
Fair value changes in respect of FVTPL investments, net	(151)	(236)
Unrealised exchange (gain)/loss	(3,297)	7,594
Interest expense	38,064	26,590
Interest income	(3,545)	(2,290)
Gross dividend income from an associated company	–	(1,206)
Gross dividend income from AFS investments	(32)	(82)
Gross dividend income from FVTPL investments	(100)	(46)
Allowance for doubtful debts, net	2,098	202
Bad debts written off	–	18
Share-based payment expense	622	729
Operating profit before working capital changes	114,670	73,497
(Increase)/decrease in:		
Inventories and work-in-progress	(31,293)	(27,983)
Trade receivables	(189,419)	(68,163)
Other receivables and other current assets	(9,748)	11,093
Due from associated companies, net	(13,177)	(51,966)
Due from joint venture companies, net	21,546	(2,153)
Increase/(decrease) in:		
Trade payables	49,168	26,857
Other payables	38,691	12,464
Progress billing in excess of work-in-progress	(3,913)	12,050
Due to joint venture companies, net	1,114	–
Cash used in operations	(22,361)	(14,304)
Interest paid	(28,853)	(19,546)
Interest income received	2,163	2,290
Tax paid	(11,783)	(12,054)
Net cash used in operating activities	(60,834)	(43,614)



CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 August 2012

(Amounts expressed in United States dollars)

	Note	Group 2012 US\$'000	2011 US\$'000 (Restated)
Cash flows from investing activities			
Purchase of fixed assets	A	(288,879)	(413,942)
Proceeds from disposal of other investment		–	3,451
Proceeds from disposal of fixed assets		25,220	135,884
Proceeds from disposal of associated companies		10,076	–
Proceeds from disposal of AFS investments		41,931	–
Proceeds from disposal of FVTPL investments		–	5,357
Dividend received (net) from AFS investments		32	82
Dividend received (net) from FVTPL investments		100	46
Dividend received (net) from a joint venture company		1,175	–
Investment in associated companies		–	(17,077)
Investment in a joint venture company		(12,050)	(50)
Advances to associated companies		(4,400)	(4,923)
Decrease in cash pledged		50	–
Acquisition of subsidiaries, net of cash paid	B	(29,393)	(35,457)
Interest paid and capitalised as fixed assets and assets held for sale		(9,481)	(8,365)
Net cash used in investing activities		(265,619)	(334,994)
Cash flows from financing activities			
Proceeds from bills payable, net		78,920	62,101
Proceeds from/(repayment of) lease obligations, net		138	(350)
Proceeds from bank term loans		360,462	295,014
Repayment of bank term loans		(188,420)	(115,222)
Payment for premium for derivative instruments, net		(81)	(783)
Proceeds from issuance of rights issue, net of transaction costs		–	114,527
Proceeds from issuance of placement shares, net of transaction costs		95,179	–
Payment of dividends		–	(9,229)
Repayment of notes payable		–	(41,535)
Acquisition of non-controlling interests		(2,022)	–
Net cash generated from financing activities		344,176	304,523
Net increase/(decrease) in cash and cash equivalents		17,723	(74,085)
Effects of exchange on cash and cash equivalents		(418)	2,887
Cash and cash equivalents at beginning of financial year		116,051	187,249
Cash and cash equivalents at end of financial year	17	133,356	116,051

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



CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 August 2012

(Amounts expressed in United States dollars)

Notes to the consolidated statement of cash flows

A. Purchase of fixed assets

	Group	
	2012 US\$'000	2011 US\$'000
Aggregate cost of fixed assets acquired	299,671	493,194
Increase in bills payable	(59,456)	(11,607)
Amount payable to a third party shipbuilder (included in other payables)		
- remaining unpaid at the end of financial year	(4,350)	(62,704)
- opening balance paid during the financial year	62,704	4,036
Interest capitalised	(9,481)	(8,365)
Purchase by way of lease obligations	(209)	(612)
Purchase of fixed assets in cash	288,879	413,942

B. Acquisition of subsidiaries, net of cash paid

EMAS-AMC AS¹, Emas-AMC Inc.², EMAS-AMC Pty Ltd³ and Hinna Base AS (collectively known as "AMC Group")

On 22 October 2010, the Company has entered into the Share Purchase Agreement ("Agreement") with Aker Solutions AS ("AKSO") and Aker Oilfield Services AS ("AKOFS"), the Company has agreed to (i) acquire the shares of AMC Group from AKSO for a consideration of US\$250 million ("First Closing"); and (ii) acquire 50% of the issued share capital of AMC Connector AS ("ACAS") from AKOFS for a maximum consideration of up to approximately US\$75 million ("Second Closing").

On 1 March 2011, the Company has completed the First Closing and has acquired 100% equity interest in AMC Group.

The adjustments to the assets and liabilities of AMC Group were provisional as at 31 August 2011 and the value of adjustments were based on management's best estimate as at date of acquisition. The fair value adjustments relating to the acquisition has been finalised during the financial year. Accordingly, the comparative figures have been restated retrospectively (Note 46).

On 16 May 2012, the Company has completed the Second Closing and has in accordance to the Agreement made a payment of US\$29.4 million.

The adjustments to the assets and liabilities of the Second Closing are provisional and the value of adjustments are based on management's best estimate as at date of acquisition. The fair value adjustments relating to the acquisition will be finalised in the financial statements for the financial year ending 31 August 2013.

¹ Formerly known as Aker Marine Contractors AS

² Formerly known as Aker Marine Contractors US Inc.

³ Formerly known as Aker Marine Contractors Pty. Ltd.



CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 August 2012

(Amounts expressed in United States dollars)

Notes to the consolidated statement of cash flows (cont'd)

B. Acquisition of subsidiaries, net of cash paid (cont'd)

The net cash outflows on the acquisitions are set out below:

	Group	
	2012 US\$'000	2011 US\$'000
Total cash consideration	29,393	50,000
Less: Cash in subsidiaries acquired	-	(14,543)
Net cash outflow	29,393	35,457



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

1. CORPORATE INFORMATION

Ezra Holdings Limited (the "Company") is a limited company, which is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 15 Hoe Chiang Road, #28-01 Tower Fifteen, Singapore 089316.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are as shown in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The Group operates in Singapore, South East Asia, Australia, India, Africa, Norway, United Kingdom and Americas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and statement of financial position, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Companies Act.

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

The financial statements are presented in United States Dollars ("USD" or "US\$" or "\$") and all values are rounded to the nearest thousand (US\$'000) except when otherwise indicated.

2.2 Changes in accounting policies

(a) Adoption of revised FRS and INT FRS

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except in the current financial year, the Group and the Company have adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 September 2011. The adoption of these standards and Interpretations did not have any effect on the financial performance or position of the Group and the Company.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Changes in accounting policies (cont'd)*

(b) FRS and INT FRS not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 12 <i>Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012
Amendments to FRS 1 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Revised FRS 19 <i>Employee Benefits</i>	1 January 2013
FRS 113 <i>Fair Value Measurement</i>	1 January 2013
Amendments to FRS 107 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Improvements to FRSs 2012	1 January 2013
Amendment to FRS 1 <i>Presentation of Financial Statements</i>	1 January 2013
Amendment to FRS 16 <i>Property, Plant and Equipment</i>	1 January 2013
Amendment to FRS 32 <i>Financial Instruments: Presentation</i>	1 January 2013
Revised FRS 27 <i>Separate Financial Statements</i>	1 January 2014
Revised FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 111 <i>Joint Arrangements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 32 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014

Except for the Amendments to FRS 1, FRS 111, Revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1, FRS 111, Revised FRS 28 and FRS 112 are described below.

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Changes in accounting policies (cont'd)*

(b) *FRS and INT FRS not yet effective (cont'd)*

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures* are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have rights to the assets and obligations for the liabilities whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

As the Group currently applies equity method for its joint ventures, it does not expect any impact on its financial position or performance upon adoption of FRS 111.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 *Disclosure of Interests in Other Entities* is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currencies

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

(a) Foreign currency transactions and balances

Transactions in a currency other than the respective functional currencies ("foreign currency") of the Company and its subsidiaries are recorded on initial recognition in the functional currencies at foreign exchange rates approximating those ruling at the dates of the transactions. Foreign currency monetary items are translated into the functional currency using foreign exchange rate ruling at the end of the reporting period. Non-monetary assets and liabilities measured at historical cost in foreign currencies are translated into the functional currency using foreign exchange rates at the dates of the transactions. Non-monetary items measured at fair value in foreign currencies are translated into the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on the settlement or from translation of monetary items are recognised in profit or loss.

(b) Foreign operations

For consolidation purpose, the assets and liabilities of operations with functional currencies other than USD are translated to USD at exchange rates ruling at the end of reporting period except for share capital and reserves which are translated at historical rates of exchange (see Note 2.3(c) for translation of goodwill and fair value adjustments). Income and expenses in the income statement are translated using the average exchange rates for the financial year, which approximate the exchange rates at the dates of the transactions. All resulting translation differences are recognised in other comprehensive income. On disposal of a foreign operation, the accumulated translation differences deferred in the translation reserve relating to that operation are recognised in the consolidated income statement as part of the gain or loss on disposal.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(c) Translation of goodwill and fair value adjustments

Goodwill and fair value adjustments arising on the acquisition of foreign entities completed on or after 1 September 2005 are treated as assets and liabilities of the foreign entities and are recorded in the functional currencies of the foreign entities and translated at the exchange rates prevailing at the reporting date. However, for acquisitions of foreign entities completed prior to 1 September 2005, goodwill and fair value adjustments arising on the acquisition of foreign entities are deemed to be assets and liabilities of the Company and continue to be recorded at the exchange rates at the respective dates of the acquisition.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations*

(a) **Basis of consolidation**

Basis of consolidation from 1 January 2010

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

(b) Business combinations

Business combinations from 1 January 2010

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

Business combinations from 1 January 2010 (cont'd)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Transactions with non-controlling interests*

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

2.6 *Subsidiaries*

A subsidiary is an entity, in which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the financial statements of the Company at cost less impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

2.7 *Associated companies and joint venture companies*

An associated company is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence.

A joint venture company is an entity, whereby there is a contractual arrangement between the Group with one or more parties to establish joint control over the economic activities of the entity.

The associated companies and joint venture companies are equity accounted for from the date the Group obtains significant influence or joint control until the date the Group ceases to have significant influence or joint control over the associated companies and joint venture companies. Significant influence generally coincides with the Group having long term interest of not less than 20% and not more than 50% of the equity or has representation on the board of directors.

Investments in associated companies and joint venture companies are stated in the financial statements of the Company at cost less impairment losses.

The Group's investments in associated companies and joint venture companies are accounted for using the equity method. Under the equity method, investments in associated companies and joint venture companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated companies and joint venture companies, less any impairment loss.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Associated companies and joint venture companies (cont'd)*

Goodwill relating to the associated and joint venture companies is included in the carrying amount of the investment. Any excess of the Group's share of the fair value of the net identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of the associated company's or joint venture company's profit or loss in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associated and joint venture companies. Where there has been a change recognised in other comprehensive income by the associated and joint venture companies, the Group recognised its share of such change in other comprehensive income. Unrealised gains arising from transactions with the associated companies and joint venture companies are eliminated to the extent of the Group's interest in the associated companies and joint venture companies.

The Group's share of the profit or loss of its associated and joint venture companies is shown on the face of profit or loss after tax and non-controlling interest in the subsidiaries of associated and joint venture companies.

When the Group's share of losses equals or exceeds the carrying amount of the investments, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated companies.

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associated companies or joint venture companies. The Group determines at each reporting date whether there is any objective evidence that the investment in the associated company or joint venture company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company or joint venture company and its carrying value and recognises the amount in profit or loss.

Where the financial year end of the associated company or joint venture company is not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associated and joint venture companies, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated and joint venture companies upon loss of significant influence or joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 *Related parties*

A related party is defined as follows:

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

2.9 *Fixed assets and depreciation*

Fixed assets are initially recorded at cost. Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the fixed assets and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset. The accounting policy for borrowing costs is set out in Note 2.21. The cost of a fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Fixed assets and depreciation (cont'd)

A fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

Freehold land has an unlimited life and therefore is not depreciated.

Depreciation is calculated on the straight-line method to write off the cost of fixed assets over their estimated useful lives. The estimated useful lives of fixed assets are as follows:

Vessels	:	20 – 25 years
Assets on board the vessels	:	3 – 20 years
Drydocking expenditure	:	5 years
Motor vehicles	:	5 – 10 years
Leasehold building	:	56 years
Plant and machinery	:	5 – 15 years
Yard improvements and renovation	:	5 – 15 years
Office equipment, furniture and fittings	:	3 – 10 years
Computers	:	3 years

Vessels and assets under construction are stated at cost. These costs include all progress billings received in accordance with the construction contracts, interest charges arising from borrowings used to finance the construction and other direct costs. Vessels and assets under construction are not depreciated until such time they are completed and available for operational use.

Drydocking expenses, when incurred, will be deferred and amortised on a straight-line basis over the period to the next drydocking date.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of fixed assets.

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less impairment losses. On disposal of a subsidiary, associated company or joint venture company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible assets (cont'd)

(a) Goodwill (cont'd)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Intangible assets (cont'd)*

(b) Other intangible assets (cont'd)

Land lease rights

Land lease rights refers to a contract with the Vietnamese government to lease 97,069 square metre of land located in Thanh My Loi Precinct, District 2, Ho Chi Minh City at a rate lower than prevailing market rate. The future economic benefits arising from the land lease rights at preferential rates are capitalised and amortised on a straight line basis over its lease term of 26 years. The land lease rights is stated at carrying value less accumulated amortisation and any impairment losses.

Customer contracts, customer relationships, order backlogs and non-compete agreements

Customer contracts, customer relationships, order backlogs and non-compete agreements acquired in business combinations are carried at fair value at date of acquisition and amortised on a straight-line basis over the period of expected benefits, which is estimated to be between one to six years.

2.11 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 *Impairment of non-financial assets (cont'd)*

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.12 *Financial assets*

Initial recognition and measurement

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

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

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. The accounting policy for derivative financial instruments and hedging activities is included in Note 2.18. The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

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



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(a) Financial assets at fair value through profit or loss (cont'd)

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

The Group classifies its investment securities as available-for-sale financial assets.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses from changes in fair value of the financial assets being recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the reporting date.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *Assets held for sale*

An asset is deemed to be held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The assets of the disposal group are separately classified from other assets in the statement of financial position and the liabilities of the disposal group are separately classified from other liabilities in the statement of financial position.

Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) are measured in accordance with the applicable FRS. Upon classification as held for sale, non-current assets and disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

Fixed assets and intangible assets once classified as held for sale are not depreciated or amortised.

2.14 *Inventories and work-in-progress*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for any damaged and obsolete inventories.

Inventories comprise mainly inventories held for the Marine Services Division and Subsea Services Division.

Work-in-progress comprises uncompleted engineering and equipment supply contracts. It is stated at cost less progress billings. Cost comprises direct material, direct labour and other directly attributable expenses. Allowance is made for anticipated losses, if any, on work-in-progress when the possibility of loss is ascertained.

2.15 *Trade and other receivables*

Trade and other receivables, including amounts due from subsidiaries, associated companies and joint venture companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.12.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.17.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at banks, fixed deposits maturing within three months and subject to an insignificant risk of changes in value.

Fixed deposits and cash and bank balances are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.12.

2.17 *Impairment of financial assets*

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

(a) *Financial assets carried at amortised cost*

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 *Impairment of financial assets (cont'd)*

(b) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Increase in their fair value after impairment are recognised directly in other comprehensive income.

2.18 *Derivative financial instruments and hedging activities*

The Group uses derivative financial instruments such as forward currency contracts, cross currency swap contracts and interest rate derivative contracts to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the financial year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate derivative contracts and cross currency swap contracts are determined by reference to market values for similar instruments.

Hedge accounting

The Group designates certain derivatives as cash flow hedges when there is hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 *Derivative financial instruments and hedging activities (cont'd)*

Hedge accounting (cont'd)

The effective portion of the gain or loss on the derivative financial instruments that qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss in "Other operating income/(expenses), net".

Amounts accumulated in the hedging reserve in the equity are transferred to profit or loss in the periods when the hedged items affect profit or loss, such as when the hedged financial expense is recognised.

If the forecast transaction is no longer expected to occur, amounts previously recognised in hedging reserve are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in hedging reserve remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

2.19 *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit and loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

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



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 *Financial liabilities (cont'd)*

Subsequent measurement (cont'd)

(b) Other financial liabilities

After initial recognition, other financial liabilities, on normal trade terms, are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.20 *De-recognition of financial assets and liabilities*

(a) Financial assets

A financial asset is de-recognised where the contractual rights to receive cash flows from the asset have expired.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.21 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that 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 being incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Provisions

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

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

2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an agreement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) Finance lease – when the Group is a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments at the inception of the lease term and disclosed as leased fixed assets. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Capitalised leased assets are depreciated over the shorter of estimated useful life of the asset as outlined in Note 2.9 and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

(b) Operating lease – when the Group is a lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases (cont'd)

(c) Operating lease – when the Group is a lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Assets leased out under operating lease are included in fixed assets and are stated at cost less accumulated depreciation and impairment loss.

2.24 Loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received net of issue costs associated with the borrowings.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired and through the amortisation process.

US\$100 million convertible bonds ("US\$100 million Bonds")

When US\$100 million Bonds are issued, the total proceeds are allocated to the liability component and conversion option, which are separately presented on the statement of financial position. The conversion option is recognised initially at its fair value and is accounted for as a derivative liability in accordance with the accounting policy in Note 2.18. The difference between the total proceeds and the conversion option is allocated to the liability component. The liability component is subsequently carried at amortised cost using effective interest method until the liability is extinguished on conversion or redemption of the bonds.

During the financial year, the Company has entered into a Deed of Covenant, pursuant to which the Company has covenanted, in favour of the holders of the US\$100 million Bonds, that it shall not exercise the Cash Settlement Option. As a result of the covenant, the conversion option has been reclassified to capital reserves of the Company.

2.25 Taxes

(a) Current income tax

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

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



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(b) Deferred tax

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

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

2.26 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of new equity shares are taken to equity as a deduction from the proceeds.

2.27 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

- (a) Vessel charter income is calculated on a time apportionment basis in accordance to the terms and conditions of the charter agreement. Charter income is deferred to the extent that conditions necessary for its realisation have yet to be fulfilled.
- (b) In respect of engineering works of Marine Services Division and Subsea Services Division, when the outcome of a contract can be measured reliably, revenue from a fixed price contract is recognised using the percentage of completion method. The percentage of completion is measured by the proportion of costs incurred to-date to estimated total costs to complete the contract. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is recoverable.

When it is probable that total contract costs will exceed total revenue, the expected loss is recognised as an expense immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

- (c) Management fees, agency fees and fees in respect of ship management are recognised when services are rendered.
- (d) Trading sales is recognised upon the passing of title to the customer which generally coincides with delivery and acceptance of the goods sold.
- (e) Interest income is recognised on a time-proportionate basis (taking into account the effective yield period).
- (f) Dividend income is recognised when the shareholders' rights to receive the payment are established.

2.29 Construction contract

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 Construction contract (cont'd)

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by a single contract are treated separately when:

- The separate proposals have been submitted for each asset.
- Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset.
- The costs and revenues of each asset can be identified.

A group of contracts are treated as a single construction contract when:

- The group of contracts is negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin.
- The contracts are performed concurrently or in a continuous sequence.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 *Employee benefits*

(a) Pensions and other post employment benefits

As required by law, the Group's companies make contributions to state pension schemes. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the same period as the employment that gives rise to the contribution.

(b) Employee leave entitlement

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

(c) Employee share plan

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payments transactions with employees is measured with reference to the fair value of the awards at the date on which the awards were made. This cost is recognised in profit or loss over the vesting period.

(d) Defined benefit plan

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The unvested past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period plus any actuarial gains (less any actuarial losses) not recognised, reduced by past service costs not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 *Employee benefits (cont'd)*

(d) *Defined benefit plan (cont'd)*

If the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan:

- Net actuarial losses of the current period and past service costs of the current period are recognised immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service costs of the current period are recognised immediately.
- Net actuarial gains of the current period after the deduction of past service costs of the current period exceeding any increase in the present value of the economic benefits stated above are recognised immediately. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service costs of the current period are recognised immediately.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information and in the case of quoted securities, it is based on the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

2.31 *Contingent liabilities*

A contingent liability is:

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



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.31 *Contingent liabilities (cont'd)*

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

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

2.32 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.33 *Government grants*

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other operating income/(expenses), net".

2.34 *Segment reporting*

For management reporting purposes, the Group organises its business segments based on the nature of services rendered, which are also independently managed by the respective division managers responsible for the performance of their respective divisions. The divisional managers report directly to the management of the Company, who will review the segment results regularly and allocate the resources efficiently to the various segments. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group and the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Estimated useful lives of vessels

Vessels are depreciated on a straight-line basis over their estimated useful lives. The estimated useful life reflects the management's estimate of the periods that the Group intends to derive future economic benefits from the use of vessels. Changes in the business plans and strategies, expected level of usage and future technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 4% (2011: 4%) difference in the expected useful lives of the vessels from management's estimates would result in approximately 1.9% (2011: 2.1%) variance in profit for the financial year.

(ii) Impairment of receivables

The Group assesses at each reporting date whether there is objective evidence that receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such allowances are adjusted periodically to reflect the actual and past experience. As at 31 August 2012, the carrying amount of trade and other receivables of the Group amounted to US\$490,830,000 and US\$38,795,000 (2011: US\$301,623,000 and US\$25,316,000) respectively.

Included in the Group's trade receivables aged more than 365 days is a balance amounting to US\$76,479,000 (2011: US\$75,097,000). The Group expects that the debtor will be able to repay the receivable.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

(iii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. It also enjoys tax incentives in Singapore. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 August 2012, the carrying amount of the Group's current tax payable, deferred tax assets, and deferred tax liabilities were US\$19,403,000 (2011: US\$216,000), US\$4,741,000 (2011: US\$4,194,000) and US\$2,093,000 (2011: US\$351,000) respectively.

(iv) Revenue recognition on construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable that those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant assumptions are required to estimate the total contract costs that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project managers and approved by the senior management.

(b) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

(i) Accounting for sale and leaseback arrangements

At the inception of the respective sale and leaseback arrangements, the Group has evaluated the substance of the transactions in accordance with the requirements of FRS 17 (revised), *Leases*, and concluded that the sales should be recognised upon completion of the respective transactions and the leasebacks should be accounted for as operating leases.

Lease payments for the 14 (2011: 14) vessels that are on sale and leaseback arrangements amounting to US\$40,107,000 (2011: US\$38,026,000) were recognised as expenses in the profit or loss during the financial year.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Critical judgements made in applying accounting policies (cont'd)

(ii) Classification of investment in Ezion Holdings Limited ("Ezion")

In 2007, the Company acquired 50,000,000 shares, representing 20.34% equity interest in Ezion and the Company's Chairman was appointed as Non-Executive Director and Non-Executive Chairman of Ezion. Pursuant to a share placement exercise by Ezion in 2007 and disposal of 60,000,000 shares in 2012, the Company's equity interest was further diluted and as at 31 August 2012, the equity interest held is at 4.7% (2011: 14.0%).

The Group has evaluated the classification and treatment of the investment in Ezion in accordance with FRS 28 *Investment in Associates*, and FRS 39 *Financial Instruments: Recognition and Measurement*, and concluded that the investment in Ezion should be classified as an available-for-sale investment.

Accordingly, on initial recognition, the available-for-sale investment was measured at fair value plus directly attributable transaction costs. Subsequently, any changes in fair value are recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

(iii) Impairment of goodwill

An impairment exists when the carrying value of the cash-generating units to which goodwill has been allocated exceeds its value in use. The value in use calculation is based on a discounted cash flow model.

Details of the key assumptions applied in the impairment assessment of goodwill are given in Note 5.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

4. FIXED ASSETS

Group	Vessels and assets under construction US\$'000	Vessels US\$'000	Assets on board the vessels US\$'000	Drydocking expenditure US\$'000	Motor vehicles US\$'000	Leasehold building US\$'000	Plant and machinery US\$'000	Yard improvements and renovation US\$'000	Office equipment, furniture and fittings US\$'000	Computers US\$'000	Total US\$'000
Cost											
At 1 September 2010	379,384	177,038	7,019	1,614	1,760	39,020	29,367	4,378	2,200	3,880	645,660
Effects of purchase price allocation	-	1,893	-	-	-	-	-	-	-	-	1,893
As restated	379,384	178,931	7,019	1,614	1,760	39,020	29,367	4,378	2,200	3,880	647,553
Additions	289,299	158,946	671	8,911	678	8,880	21,492	649	1,182	2,486	493,194
Acquisition of subsidiaries	16,404	625	-	-	-	18	6,366	-	88	2	23,503
Disposals	(3,373)	(106,146)	-	-	(85)	(5)	-	(10)	(43)	-	(109,662)
Reclassification											
- Fixed assets	(301,453)	261,993	-	-	97	3,459	35,904	-	-	-	-
- Inventories	(2,960)	-	-	-	-	-	-	-	-	-	(2,960)
Translation difference	1,410	5,607	-	-	25	130	402	3	62	12	7,651
At 31 August 2011	378,711	499,956	7,690	10,525	2,475	51,502	93,531	5,020	3,489	6,380	1,059,279



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

4. FIXED ASSETS (CONT'D)

Group	Vessels and assets under construction US\$ 000	Vessels US\$ 000	Assets on board the vessels US\$ 000	Dredging expenditure US\$ 000	Motor vehicles US\$ 000	Leasehold building US\$ 000	Plant and machinery US\$ 000	Yard improvements and renovation US\$ 000	Office equipment, furniture and fittings US\$ 000	Computers US\$ 000	Total US\$ 000
Cost											
At 1 September 2011	378,711	499,331	7,690	10,525	2,475	51,502	101,266	5,020	3,489	6,380	1,066,389
Effects of purchase price allocation (Note 46)	-	625	-	-	-	-	(7,735)	-	-	-	(7,110)
As restated	378,711	499,956	7,690	10,525	2,475	51,502	93,531	5,020	3,489	6,380	1,059,279
Additions	253,740	12	8,320	22,760	720	122	7,314	1,265	2,811	2,607	299,671
Disposals	(24,788)	-	-	-	(312)	-	-	-	-	-	(25,100)
Written off	-	-	-	-	-	-	-	-	-	(129)	(129)
Reclassification											
- Fixed assets	(260,452)	239,064	9,628	-	-	3,106	8,369	247	(399)	437	-
- Assets held for sale	(3,543)	(32,451)	-	-	-	-	(21,552)	-	-	-	(57,546)
Translation difference	(198)	(2,925)	-	-	(1)	(1)	(2,509)	(13)	(78)	(15)	(5,740)
At 31 August 2012	343,470	703,656	25,638	33,285	2,882	54,729	85,153	6,519	5,823	9,280	1,270,435



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

4. FIXED ASSETS (CONT'D)

Group	Vessels and assets under construction US\$ 000	Vessels US\$ 000	Assets on board the vessels US\$ 000	Dredging expenditure US\$ 000	Motor vehicles US\$ 000	Leasehold building US\$ 000	Plant and machinery US\$ 000	Yard improvements and renovation US\$ 000	Office equipment, furniture and fittings US\$ 000	Computers US\$ 000	Total US\$ 000
Accumulated depreciation											
At 1 September 2010	-	21,308	900	323	481	2,336	2,774	2,524	1,262	2,279	34,187
Effects of purchase price allocation	-	(41)	-	-	-	-	-	-	-	-	(41)
As restated	-	21,267	900	323	481	2,336	2,774	2,524	1,262	2,279	34,146
Charge for the financial year	-	11,437	665	1,148	316	2,278	7,759	608	524	1,198	25,933
Acquisition of subsidiaries	-	-	-	-	-	-	3,805	-	83	1	3,889
Disposals	-	(1,668)	-	-	(85)	(4)	-	(8)	(7)	(124)	(1,896)
Translation difference	-	1,312	-	-	15	2	261	1	31	8	1,630
At 31 August 2011	-	32,348	1,565	1,471	727	4,612	14,599	3,125	1,893	3,362	63,702



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

4. FIXED ASSETS (CONT'D)

Group	Vessels and assets under construction US\$'000	Vessels US\$'000	Assets on board the vessels US\$'000	Drydocking expenditure US\$'000	Motor vehicles US\$'000	Leasehold building US\$'000	Plant and machinery US\$'000	Yard improvements and renovation US\$'000	Office equipment, furniture and fittings US\$'000	Computers US\$'000	Total US\$'000
Accumulated depreciation											
At 1 September 2011	-	32,348	1,565	1,471	727	4,612	14,599	3,125	1,893	3,362	63,702
Charge for the financial year	-	24,315	1,467	3,820	319	2,400	9,404	651	802	2,156	45,334
Disposals	-	-	-	-	(164)	-	-	-	-	-	(164)
Written off	-	-	-	-	-	-	-	-	-	(105)	(105)
Reclassification											
- Assets held for sale	-	(1,352)	-	-	-	-	(2,708)	-	-	-	(4,060)
Translation difference	-	(751)	-	-	-	-	(433)	(1)	(23)	(16)	(1,224)
At 31 August 2012	-	54,560	3,032	5,291	882	7,012	20,862	3,775	2,672	5,397	103,483
Net carrying amount											
At 31 August 2012	343,470	649,096	22,606	27,994	2,000	47,717	64,291	2,744	3,151	3,883	1,166,952
At 31 August 2011	378,711	467,608	6,125	9,054	1,748	46,890	78,932	1,895	1,596	3,018	995,577



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

4. FIXED ASSETS (CONT'D)

Company	Renovation US\$'000	Office equipment, furniture and fittings US\$'000	Computers US\$'000	Total US\$'000
Cost				
At 1 September 2010	-	-	1,597	1,597
Additions	-	-	1,044	1,044
At 31 August 2011 and 1 September 2011	-	-	2,641	2,641
Additions	1,841	424	288	2,553
Disposal	-	-	(1,860)	(1,860)
At 31 August 2012	1,841	424	1,069	3,334
Accumulated depreciation				
At 1 September 2010	-	-	746	746
Charge for the financial year	-	-	555	555
At 31 August 2011 and 1 September 2011	-	-	1,301	1,301
Charge for the financial year	222	75	608	905
Disposal	-	-	(1,015)	(1,015)
At 31 August 2012	222	75	894	1,191
Net carrying amount				
At 31 August 2012	1,619	349	175	2,143
At 31 August 2011	-	-	1,340	1,340

- (a) Vessels under construction are not depreciated until such time they are completed and are ready for their intended use. Included in the cost of vessels under construction were borrowing costs arising from borrowings used to finance their construction amounting to approximately US\$9,481,000 (2011 US\$8,365,000). The capitalisation rates varied from 2.37% to 5.89% (2011: 1.67% to 4.12%) representing the borrowing costs to finance the vessels under construction.
- (b) Certain assets under construction, vessels under construction and vessels with carrying amount of US\$974,831,000 (2011: US\$636,181,000) are pledged in connection with the bill payable to banks (Note 20) and term loan facilities (Note 23) granted by financial institutions.
- (c) Certain assets under leasehold building are pledged in connection with term loan facilities granted by a financial institution (Note 23).



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

4. FIXED ASSETS (CONT'D)

(d) Fixed assets purchased under finance leases stated at net carrying amounts were as follows:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Motor vehicles	649	632	-	-
Computers	389	434	-	434
Plant and machinery	-	14	-	-
Office equipment	10	-	-	-
	1,048	1,080	-	434

(e) The Group's major properties as at 31 August 2012 were as follows:

Location	Gross floor area	Tenure	Usage
20 Ubi Crescent #01-02 Ubi Techpark Singapore 408565	836 sq m	60-year lease commencing from 5 July 1997	Office
Thanh My Loi Precinct, District 2, Ho Chi Minh City, Vietnam	97,069 sq m	35-year lease commencing from 5 December 1996	Fabrication yard
Dong Xuyen Industrial Zone, Rach Dua Ward, Vung Tau City, Vietnam	90,978 sq ft	39-year lease commencing from 1 July 2007	Ship building and ship repair
0 Alameda Road, Houston TX77045, United States of America	175,468 sq ft	Freehold	Crane Fabrication yards/vacant lot
12221 Alameda Road, Houston TX77045, United States of America	357,862 sq ft	Freehold	Crane Fabrication yard/office/ warehouse
12268 Kirkgard Drive, Houston TX77045, United States of America	87,120 sq ft	Freehold	Crane Fabrication yard/vacant lot
12218 Robin Blvd, Houston TX77045, United States of America	366,000 sq ft	Freehold	Crane Fabrication yard/parking/ vacant lot



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

5. INTANGIBLE ASSETS

(a) Goodwill

	Group US\$'000 (Restated)
Cost	
At 1 September 2010	18,131
Effects of purchase price allocation	(1,420)
As restated	16,711
Acquisition through business combinations	151,728
Arising from adjustment to deferred consideration	1,515
Translation difference	297
At 31 August 2011 and 1 September 2011	170,251
Effects of purchase price allocation (Note 46)	8,255
As restated	178,506
Acquisition through business combinations	47,333
Arising from adjustment to deferred consideration	(72)
Translation difference	(129)
At 31 August 2012	225,638

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the Group's cash generating units ("CGU"). The recoverable amount of a CGU is determined based on discounted cash flow projections. These calculations are based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using an estimated growth rate in the table below. Management determined the estimated growth rates based on past market performance and its expectation of recent market developments. The growth rate does not exceed the long term average growth rate for the business activities. Actual results may differ from management's estimated growth rate as operating environment changes.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

5. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (cont'd)

CGUs	Carrying value of goodwill		Growth rate		Pre-tax discount rate	
	2012 US\$'000	2011 US\$'000 (Restated)	2012	2011	2012	2011
Subsidiary companies:						
- Saigon Shipyard Company Limited	665	665	2%	2%	7%	7%
- Telemark Limited	17,346	17,547	15%	15%	7%	7%
- Emas Offshore Services (Australia) Pty Ltd	311	311	2%	2%	7%	7%
- AMC Group (Note 6(d) - First Closing)	159,983	159,983	10%	5%	6%	13%
- AMC Group (Note 6(d) - Second Closing)	47,333	-	10%	-	6%	-
	225,638	178,506				

(b) Other intangible assets

Group	Land lease rights US\$'000	Customer contracts, customer relationships, order backlogs and non-complete agreements US\$'000	Total US\$'000
Cost			
At 1 September 2010	2,054	1,692	3,746
Translation difference	-	(172)	(172)
At 31 August 2011 and 1 September 2011	2,054	1,520	3,574
Effects of purchase price allocation	-	8,900	8,900
As restated	2,054	10,420	12,474
Addition	-	7,700	7,700
At 31 August 2012	2,054	18,120	20,174



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

5. INTANGIBLE ASSETS (CONT'D)

(b) Other intangible assets (cont'd)

Group	Land lease rights US\$'000	Customer contracts, customer relationships, order backlogs and non-compete agreements US\$'000	Total US\$'000
Accumulated amortisation			
At 1 September 2010	(398)	(1,164)	(1,562)
Amortisation for the financial year	(79)	(276)	(355)
Translation difference	–	199	199
At 31 August 2011 and 1 September 2011	(477)	(1,241)	(1,718)
Effects of purchase price allocation (Note 46)	–	(2,517)	(2,517)
As restated	(477)	(3,758)	(4,235)
Amortisation for the financial year	(79)	(4,329)	(4,408)
Translation difference	–	(6)	(6)
At 31 August 2012	(556)	(8,093)	(8,649)
Net carrying amount			
At 31 August 2012	1,498	10,027	11,525
At 31 August 2011	1,577	6,662	8,239

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 US\$'000	2011 US\$'000 (Restated)
Unquoted equity shares, at cost	288,543	227,033



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries as at 31 August were as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2012 %	2011 %
<u>Held by the Company</u>				
Asian Drilling Services Pte Ltd ⁽¹⁾	Petroleum, mining and prospecting services	Singapore	100	100
Emas Offshore Limited ⁽⁴⁾	Management support services and investment holding	United Kingdom	100	100
Emas Offshore Pte Ltd ⁽¹⁾	Shipping agent and provision of ship chartering	Singapore	100	100
Emas Offshore (M) Sdn Bhd ⁽²⁾	Shipping agent and provision of ship chartering and investment holding	Malaysia	100	100
Emas Offshore Services Pte Ltd ⁽¹⁾	Ship management services	Singapore	100	100
Ezra Energy Services Pte Ltd ⁽¹⁾	Petroleum, mining and prospecting services and investment holding	Singapore	100	100
Ezra Marine Services Pte Ltd ⁽¹⁾	Supply of marine gas and oil, ship building, engineering works and provision of management services	Singapore	100	100
HCM Logistics Limited [*]	Investment holding	British Virgin Islands	100	100
Lewek Ebony Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Lewek Ivory Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Lewek LB 1 Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Lewek Robin Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2012 %	2011 %
Held by the Company (cont'd)				
Lewek Ruby Shipping Pte Ltd ⁽¹⁾	Investment holding	Singapore	100	100
Lewek Sapphire Shipping Pte Ltd ⁽¹⁾	Ship owner, provision of ship chartering services and investment holding	Singapore	100	100
Lewek Scarlet Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Lewek Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Sarah Gold Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Telemark Limited ^o (Note 6(a))	Investment holding	Jersey, Channel Islands	100	100
Lewek Hercules Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Lewek Everbright Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Lewek Everglory Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Fodemas Pte Ltd ⁽¹⁾	Shipping agent and provision of ship chartering services	Singapore	100	100
Tunis Oil Pte Ltd ⁽¹⁾	Investment holding	Singapore	100	100
Lewek Aries Pte Ltd ⁽¹⁾	Ship owner, provision of ship chartering services and investment holding	Singapore	100	100
Amsa Offshore Pte Ltd ⁽¹⁾	Ship brokerage and agency services	Singapore	75	75
Emas Offshore Services Nigeria Limited ⁽⁷⁾	Ship management services	Nigeria	100	100
Emas Subsea Services Pte Ltd ⁽¹⁾	Provision of subsea services	Singapore	100	100
Fodemas Limited ^o	Dormant	British Virgin Islands	100	100



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2012 %	2011 %
<u>Held by the Company (cont'd)</u>				
Emas Offshore Angola Pte Ltd ⁽¹⁾	Investment holding	Singapore	100	100
DP Polar Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Lewek Constellation Pte Ltd ⁽¹⁾	Ship owner	Singapore	100	100
Emas Ghana Pte Ltd ⁽¹⁾	Dormant	Singapore	100	100
Tunis Oil Limited ^o	Dormant	Isle of Man	100	100
Lewek Victory Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Lewek Crusader Shipping Pte Ltd ⁽¹⁾	Ship owner and provision of ship chartering services	Singapore	100	100
Emas Offshore Services (NZ) Pty Ltd ^o	Dormant	New Zealand	100	100
Emas Offshore (Labuan) Bhd ⁽⁸⁾	Provision for ship chartering services	Labuan	100	100
NAV Equipment Limited ^o	Dormant	British Virgin Islands	100	100
EMAS-AMC Pte Ltd ⁽¹⁾	Provision of subsea services	Singapore	100	100
Hinna Base AS ⁽¹⁾	Provision of subsea services	Norway	100	100
EMAS-AMC AS (Note 6(d)) ⁽¹⁾	Provision of subsea services	Norway	100	100
Lewek Falcon Shipping Pte Ltd ^{(1)*}	Ship owner and provision of ship chartering services	Singapore	100	–
Lewek Fulmar Shipping Pte Ltd ^{(1)*}	Ship owner and provision of ship chartering services	Singapore	100	–
Emas IT Solutions Pte Ltd ^{(1)*}	Provision of IT maintenance services	Singapore	100	–
Triyard Holdings Limited ^{(1)*}	Investment holding	Singapore	100	–
Emas Risk Services Pte Ltd ^{(1)*}	Dormant	Singapore	100	–



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2012 %	2011 %
<u>Subsidiaries held by subsidiaries</u>				
Triyards Vietnam Limited ^o	Investment holding and management services	Isle of Man	100	100
Bayu Emas Maritime Sdn Bhd [^]	Ship brokerage and agency services	Malaysia	100	100
Emas Energy Services Pte Ltd ⁽¹⁾	Petroleum, mining and prospecting services and investment holding	Singapore	100	100
Emas Energy Services (Thailand) Limited ⁽⁵⁾	Provision of engineering and technical services	Thailand	99.99	99.99
Emas Offshore Services (M) Sdn Bhd ⁽²⁾	Ship management services	Malaysia	100	100
Emas Offshore Services (Australia) Pty Ltd ⁽⁶⁾	Ship management services	Australia	100	100
Emas Subsea Services LLC ^o	Provision of subsea services	United States of America	100	100
Future Trillion Enterprises Limited ⁽¹⁾	Ship owner and provision of ship chartering services	British Virgin Islands	100	100
Gulfstream Management Limited ^o	Investment holding	British Virgin Islands	100	100
LMC (Asia Pacific) Pte Ltd ⁽¹⁾	Provision of advisory and consultancy services	Singapore	100	100
London Marine Group Limited ^{^^}	Investment holding	United Kingdom	100	100
London Floating Production Limited ^{^^}	Provision of advisory and consultancy services	United Kingdom	100	100
London Marine Consultants Limited ^{^^}	Provision of advisory and consultancy services	United Kingdom	100	100
Saigon Offshore Fabrication and Engineering Limited ⁽³⁾	Provision of engineering and fabrication services	Vietnam	100	100
Saigon Shipyard Company Limited ⁽³⁾	Provision of engineering and fabrication services	Vietnam	100	100



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2012 %	2011 %
<u>Subsidiaries held by subsidiaries (cont'd)</u>				
EMAS-AMC Pty Ltd (Note 6(d)) ⁽⁶⁾	Provision of subsea services	Australia	100	100
Emas-AMC Inc. (Note 6(d)) ⁽¹⁰⁾	Provision of subsea services	United States of America	100	100
Intrepid Global Pte Ltd (Note 6(b)) ⁽¹¹⁾	Dormant	Singapore	90	90
Aries Warrior AS (Note 6(c)) ^{^^}	Ship owner and provision of ship chartering services	Norway	100	83
Aries Warrior DIS (Note 6(c)) ^{^^}	Provision of management support services	Norway	100	83
Ezram LLC ^o	Ship owner and provision of ship chartering services	United States of America	100	100
Lewek Altair Shipping Private Limited ⁽⁹⁾	Provision of ship chartering services	India	100	100
Bayu Intan Offshore Sdn Bhd [^]	Dormant	Malaysia	100	100
Triyards Properties, LLC ^o	Investment holding	United States of America	100	100
Triyards, LLC ^o	Provision of engineering and fabrication services	United States of America	100	100
Emas-AMC (Thailand) Co., Ltd ^{(5)*}	Provision of subsea services	Thailand	99.99	–
Triyard Marine Services Pte Ltd ^{(1)*}	Supply of marine gas and oil, shipbuilding and engineering works	Singapore	100	–



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Note:

(1)	:	Audited by Ernst & Young LLP, Singapore
(2)	:	Audited by Ernst & Young, Malaysia
(3)	:	Audited by Ernst & Young Limited, Vietnam
(4)	:	Audited by Ernst & Young LLP, United Kingdom
(5)	:	Audited by Ernst & Young Office Limited, Thailand
(6)	:	Audited by Ernst & Young, Australia
(7)	:	Audited by Ernst & Young, Nigeria
(8)	:	Audited by Ernst & Young, Labuan
(9)	:	Audited by Ernst & Young, India
(10)	:	Audited by Ernst & Young LLP, Houston
(11)	:	Audited by Ernst & Young AS, Norway
^	:	Audited by Y.L. Chee & Co., Chartered Accountants (Malaysia)
^^	:	Audited by Thorne Lancaster Parker, Chartered Accountants & Registered Auditors, United Kingdom
^^^	:	Audited by Deloitte & Touche, Norway
•	:	Not required to be audited under the laws of the country of incorporation
#	:	Incorporated during the financial year

- (a) In April 2008, the Company acquired 66.7% equity interest in Telemark Limited and its subsidiaries ("Telemark Group") for US\$40,000. On the same date, Telemark Limited acquired 100% equity interest in its subsidiaries for cash consideration of US\$11,926,000.

The Company acquired the remaining 8.4% (2011: 8.3%) equity interest in Telemark Group during the financial year which was paid using the shares in an associated company held by the Company. As at 31 August 2012, it is accounted for as a wholly-owned subsidiary. The total consideration recorded at date of acquisition is the aggregate cost of all the individual transactions when it is achieved in stages.

- (b) In October 2009, Ezra Energy Services Pte Ltd, a subsidiary of the Company, entered into a sale and purchase agreement to acquire 90% equity interest in Intrepid Global Pte Ltd ("Intrepid") for cash consideration of Singapore Dollars ("SGD") 180,000 and non-cash consideration of 1,500,000 treasury shares of the Company ("Consideration Shares").

A moratorium applies over the Consideration Shares, which will be lifted progressively over 4 years. In accordance with the requirements of FRS 103R *Business Combinations (Revised)* and FRS 102 *Share-based Payment*, the Consideration Shares are required to be accounted for as remuneration for post-combination services rendered by one of the vendors. Accordingly, a prepayment of US\$1,290,000 has been recognised on the statement of financial position and a share-based payment amounting to US\$622,000 (2011: US\$729,000) has been recognised in profit or loss during the financial year.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) In March 2010, Lewek Aries Pte Ltd, a subsidiary of the Company, entered into a sale and purchase agreement to acquire 83% equity interest in Aries Warrior AS and 82.17% equity interest in Aries Warrior DIS (collectively known as "Aries Warrior"). Aries Warrior AS has 1% equity interest in Aries Warrior DIS. The acquisition is primarily for the vessel held by Aries Warrior AS, which is in line with the fleet expansion programme of the Group.

In accordance with FRS 103R, *Business Combinations (Revised)*, the management has finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition. Accordingly, the comparative figures have been restated retrospectively as follows:-

	Recognised on date of acquisition US\$'000	Carrying amount before combination US\$'000
Statement of financial position		
Fixed assets	26,813	24,920
Trade and other receivables	885	885
Inventories and work in progress	86	86
Other current assets	3,142	3,142
Cash and cash equivalents	1,007	1,007
Trade and other payables – current	(927)	(927)
Bank term loan – current	(967)	(967)
Other payables – non-current	(2,415)	(2,764)
Bank term loan – non-current	(22,694)	(22,694)
Translation reserve	111	–
Non-controlling interests	(835)	(521)
Net identifiable assets	4,206	2,167
Provisional goodwill on acquisition	–	1,420
Negative goodwill on acquisition	(619)	–
Cash consideration	3,587	3,587

In December 2011, Lewek Aries Pte Ltd, a subsidiary of the Company, acquired the remaining 17% equity interest in Aries Warrior from its non-controlling interests for a cash consideration of US\$2,022,000. As a result of this acquisition, Aries Warrior became wholly-owned subsidiaries of Lewek Aries Pte Ltd. The carrying value of the net assets of Aries Warrior as at 30 November 2011 was US\$4,594,000 and the carrying value of the additional interest acquired was US\$781,000. The difference of US\$1,241,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "premium paid on acquisition of non-controlling interest" within equity.

The following summaries the effect of the change in the Group's ownership interest in Aries Warrior on the equity attributable to owners of the Company:

	US\$'000
Consideration paid for acquisition of non-controlling interests	2,022
Decrease in equity attributable to non-controlling interests	(781)
Decrease in equity attributable to owners of the Company	1,241



NOTES TO THE FINANCIAL STATEMENTS

31. August 2012

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (d) On 1 March 2011, the Company has completed the First Closing and acquired 100% equity interest in AMC Group. The Company has issued 72,477,214 new ordinary shares, a US\$50 million Convertible Bond bearing interest of 5.0% per annum and cash of US\$50 million as part of the purchase consideration for the acquisition.

Goodwill comprises AMC Group's workforce expertise, track record and market position in the subsea sector.

In accordance with FRS 103R, *Business Combinations (Revised)*, the management has finalised the purchase price allocation exercise pertaining to the First Closing and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition. Accordingly, the comparative figures have been restated retrospectively as follows:-

	Recognised on date of acquisition US\$'000	Carrying amount before combination US\$'000
Intangible assets	8,900	-
Fixed assets	19,614	26,724
Funding scheme pension	209	209
Deferred tax assets	651	651
Trade and other receivables	59,005	59,005
Inventories and work-in-progress	6,439	2,318
Cash and cash equivalents	14,543	14,543
Trade and other payables	(57,548)	(57,548)
Gross amount due to customers for contract work-in-progress	(1,883)	(1,883)
Deferred income – current	(4,440)	-
Deferred income – non-current	(6,660)	-
Pension liability	(1,958)	(1,958)
Net identifiable assets	36,872	42,061
Goodwill on acquisition (Note 5(a))	159,983	151,728
	196,855	193,789
Cash consideration	50,000	50,000
Non-cash consideration:		
Fair value of ordinary shares issued	92,389	92,389
Fair value of convertible bond issued	54,466	51,400
Total consideration	196,855	193,789



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (d) On 16 May 2012, the Company has completed the Second Closing and has in accordance to the Share Purchase Agreement paid a consideration of US\$29.4 million in cash and an additional cash consideration of US\$25 million which is deferred and payable in four equal annual instalments.

The adjustments to the carrying value of the assets and liabilities acquired during the Second Closing are provisional and the value of adjustments is based on management's best estimate as at date of acquisition upon the completion of the purchase price allocation exercise.

Provisional goodwill comprises workforce expertise and market position of AMC Group in the subsea sector with the completion and delivery of the vessel, *Lewek Connector*.

The provisional fair values of the identifiable assets and liabilities of the Second Closing as at date of acquisition were:

	Recognised on date of acquisition US\$'000
Intangible assets	7,700
Deferred tax liability	(2,200)
Net identifiable assets	5,500
Provisional goodwill on acquisition (Note 5(a))	47,333
	52,833
Cash consideration	29,393
Deferred consideration:	
- Current	5,095
- Non-current	18,345
	52,833



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

7. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Unquoted equity shares, at cost				
- ordinary shares	9,802	64,802	-	55,000
- redeemable cumulative preference shares	-	28,000	-	28,000
Quoted equity shares, at cost	52,335	65,105	29,743	30,235
	62,137	157,907	29,743	113,235
Share of post-acquisition reserves	60,588	54,853	-	-
Share of translation reserve	225	(61)	-	-
Share of hedging reserve	(45)	(58)	-	-
	122,905	212,641	29,743	113,235

Movements of share of post-acquisition reserves were as follows:

	Group	
	2012 US\$'000	2011 US\$'000
At beginning of the financial year	54,853	45,941
Share of reserves of associated companies	192	9,906
Dilution of interest in associated companies	5,543	(994)
At end of the financial year	60,588	54,853

Details of the associated companies as at 31 August were as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2012 %	2011 %
<u>Held by the Company</u>				
EOC Limited*	Investment holding	Singapore	46	47
PV Keez Pte Ltd*	Ship owning and provision of ship chartering services	Singapore	37	37
<u>Held by a subsidiary</u>				
Intan Offshore Sdn Bhd**	Ship owning and provision of ship chartering services	Malaysia	47	47
Perisai Petroleum Teknologi Bhd**	Investment holding	Malaysia	16	27



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Note:

- * : Audited by Deloitte & Touche, Singapore
- ** : Audited by Ernst & Young, Malaysia
- ** : Audited by Moore Stephens, Malaysia

The Company transferred 838,746 (2011: 930,429) shares in EOC Limited during the financial year to the minority shareholders of Telemark Group as part of the purchase consideration for the acquisition of Telemark Group (Note 6(a)). The transfer has diluted the Company's equity interest in EOC Limited by 0.8% (2011: 0.8%).

Perisai Petroleum Teknologi Bhd ("Perisai")

On 9 April 2010, HCM Logistics Limited ("HCM"), a subsidiary of the Company, acquired 19.9% equity interest in Perisai, which consists of 132,000,000 ordinary shares at RM0.485 each. In addition, HCM has also entered into a call option agreement with Zainol Izzet Bin Mohamed Ishak ("Izzet Ishak") to grant him or his nominee a call option over 66,000,000 shares of Perisai held by HCM.

On 27 January 2011, a wholly-owned subsidiary of the Company, Emas Offshore (M) Sdn Bhd ("Emas (M)"), has entered into a share sale agreement with Perisai for the sale of an equity interest of approximately 51% in Intan Offshore Sdn Bhd ("Intan Offshore") to Perisai after the conversion of its conditional Convertible Cumulative Redeemable Preference Shares held by the Group.

In August 2011, Emas (M) sold an aggregate of 37,299,900 shares of RM1.00 each to Perisai for a purchase consideration of RM45,237,000, satisfied via the issuance of 70,683,000 new shares in Perisai at an issue price of RM0.64 per share.

Following the completion, the Emas (M)'s equity interest in Intan Offshore was reduced from 49% to 47% and the Group's aggregate equity interest in Perisai has increased from approximately 19.9% to approximately 27.3%.

In April 2012, the Company has announced that Izzet Ishak has exercised his call option and the transfer was completed in July 2012. Following the transfer, HCM's equity interest in Perisai was reduced from 15.5% to 7.5%. As at 31 August 2012, the Group's aggregate equity interest in Perisai is approximately 16.0%.

The Group has classified the investment in Perisai as investment in an associated company as it can exercise significant influence due to the appointment of one of the Company's director as Perisai's director. The Group has equity accounted for its share of Perisai's results from 1 April 2012 to 30 June 2012, based on Perisai's quarterly results announced on Bursa Malaysia. Perisai's results for the period from 1 July to 31 August 2012 is not publicly available and accordingly will be equity accounted for financial year ended 2013.

PV Keez Pte Ltd ("PV Keez")

Part of the Group's investment in PV Keez is in the form of Redeemable Cumulative Preference Shares ("RCPS"). RCPS were issued to the Company as the consideration upon completion of the sale of a vessel by the Group to PV Keez.

The RCPS has the following rights:

- (a) the right to fixed cumulative preferential dividend at the rate of 8% per annum for the RCPS outstanding, which shall accrue from the commencement of the charter of the vessel to third party;
- (b) dividend on RCPS shall rank in priority to any payment of dividend on any other classes of shares;



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

PV Keez Pte Ltd ("PV Keez") (cont'd)

- (c) first preference on return of assets in the event of liquidation;
- (d) may be redeemed by PV Keez at any time wholly or partly for the time being issued and outstanding at during the firm charter period of the vessel, by giving not less than six (6) months notice in writing of the intention to the Company;
- (e) may be redeemed by the Company at any time wholly or partly for the time being issued and outstanding at upon expiry of the firm charter period of the vessel, by giving not less than six (6) months notice in writing of the intention to PV Keez;
- (f) may be redeemed at its nominal value of US\$1 per RCPS; and
- (g) carries no voting right except of matters as prescribed in the shareholders' agreement.

The RCPS have been reclassified to assets held for sale during the financial year.

The summarised financial information of the associated companies is as follows:

	Group	
	2012 US\$'000	2011 US\$'000
Total assets	423,563	1,306,783
Total liabilities	311,160	840,869
Revenue	71,935	202,659
(Loss)/profit after tax	(1,213)	26,372

As at 31 August 2012, the market value of the quoted equity shares in associated companies held by the Group and the Company were US\$67,334,000 (2011: US\$107,848,000) and US\$26,226,000 (2011: US\$61,652,000) respectively.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

8. INVESTMENTS IN JOINT VENTURE COMPANIES

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Unquoted equity shares, at cost	3,518	3,468	3,513	3,463
Additions during the financial year	12,050	50	11,950	49
Impairment loss	(2,001)	(2,001)	(329)	(329)
	13,567	1,517	15,134	3,183
Share of post-acquisition reserves	4,861	3,226	–	–
Share of translation reserve	208	231	–	–
	18,636	4,974	15,134	3,183
Shareholders' loans	3,910	3,910	3,910	3,910
	22,546	8,884	19,044	7,093

The shareholders' loans to joint venture companies are unsecured, interest-free and have no fixed terms of repayment. The loans are not expected to be repaid within twelve months from the end of the financial year.

Movements of share of post-acquisition reserves were as follows:

	Group	
	2012 US\$'000	2011 US\$'000
At beginning of the financial year	3,226	2,503
Share of profit of joint venture companies	2,810	723
Dividends paid	(1,175)	–
At end of the financial year	4,861	3,226



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

8. INVESTMENTS IN JOINT VENTURE COMPANIES (CONT'D)

Details of the joint venture companies as at 31 August were as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2012 %	2011 %
S.E. Mariam Sdn Bhd [^]	Ship owner and provision of ship chartering services	Malaysia	49	49
New Strong Group Limited [@]	Dormant	British Virgin Islands	50	50
Casadilla Group Pte Ltd ^{^^} (In liquidation)	Dormant	Singapore	50	50
Eminent Offshore Logistics Pte Ltd ^{^^}	Investment holding	Singapore	50	50
Lewek Antares Shipping Pte Ltd [*]	Ship owner and provision of ship chartering services	Singapore	50	50
Emas EOC Ventures Pte Ltd ^{**}	Investment holding and provision of ship management services	Singapore	50	–
Held by a subsidiary				
Advanced Mooring Systems Pte Ltd [*]	Provision of engineering services	Singapore	50	50
Loyz NZ Ventures Limited [*]	Dormant	New Zealand	49	–
EZCA Offshore, LDA [*]	Dormant	Angola	40	–
AMC Connector AS ^{***}	Ship owner and provision of ship chartering services	Norway	50	–

Notes:

[^] : Audited by P.S. Yap & Associates, Chartered Accountants

^{^^} : Audited by KPMG LLP, Singapore

^{*} : Audited by Ernst & Young LLP, Singapore

^{**} : Audited by Deloitte & Touche LLP, Singapore

^{***} : Audited by KPMG, Norway

[@] : Not required to be audited under the laws of the country of incorporation

[#] : Incorporated during the financial year



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

8. INVESTMENTS IN JOINT VENTURE COMPANIES (CONT'D)

The Group's share of the assets, liabilities, revenue and expenses of the joint venture companies are as follows:

	Group	
	2012 US\$'000	2011 US\$'000
Current assets	4,697	3,688
Non-current assets	46,014	48,072
Total assets	50,711	51,760
Current liabilities	(9,986)	(42,191)
Non-current liabilities	(22,115)	(4,622)
Net assets	18,610	4,947
Revenue	5,641	1,610
Expenditure	(2,831)	(887)
Profit after tax	2,810	723

9. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2012 US\$'000	2011 US\$'000
Quoted equity investments	33,825	49,031

10. LONG TERM RECEIVABLE FROM A SUBSIDIARY

As at 31 August 2012, the long term receivable from a subsidiary is non-trade in nature, unsecured, bears interest rate at 1.5% (2011: 1.5%) above Pounds Sterling ("GBP") London Inter Bank Offer Rate ("LIBOR") of 0.83% to 1.06% (2011: 2.22% to 2.33%) per annum and with no fixed repayment terms.

The long term receivable from a subsidiary is denominated in GBP.

11. LONG TERM RECEIVABLE FROM AN ASSOCIATED COMPANY

As at 31 August 2012, the long term receivable from an associated company is non-trade in nature, unsecured, bear fixed interest rate of 6% (2011: 6%) per annum and floating interest rate at 1.5% (2011: 1.5%) per annum above USD LIBOR of 0.326% to 0.523% (2011: 0.27% to 0.31%) per annum. The balances are denominated in United States Dollars and are not expected to be repaid within the next twelve months.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

12. FUNDING SCHEME PENSION/PENSION LIABILITY

The Group has recognised pension obligations as a result from the acquisition of AMC Group. The subsidiaries, EMAS-AMC AS and Hinna Base AS, has acquired their pension plan from Aker Solutions ASA.

Norwegian employers are obliged to provide an employment pension plan, which can be organised as a defined benefit plan or as a defined contribution plan.

The subsidiaries have closed an earlier defined benefit plan in 2008 and are now providing defined contribution plans for all of their employees under 60 years of age. Employees whose age are of 58 or more in 2008 are still in the defined benefit plan. The defined benefit plan is a funded plan and represent the funded pension liability disclosed below.

To ensure that the employees were treated fairly on the change over to the new plan the subsidiaries have introduced a compensation plan. The basis for deciding the compensation amount is the difference between calculated pension capital in the defined benefit plan and the value of the defined benefit plan at the age of 67 years. The compensation amount will be adjusted annually in accordance with the adjustment of the employees' pensionable income, and accrued interest according to market interest rate. If the employee leaves the company voluntarily before the age of 67 years, the compensation amount will be reduced.

AFP is an early retirement arrangement organised by Norwegian employers of the main Labour Union organisation in Norway (LO) and the Norwegian State. The "old AFP" arrangement was established to provide pension between the age of 62 to 67 for employees who retired before the general retirement age of 67. A "new AFP" plan is being established from 2012 to provide additional life long pensions to employees that retire early to compensate for the reduction in the ordinary pension entitlements. The "new AFP" plan exposes the participating entities to actuarial risk associated with employees of other entities with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual participating entities. Sufficient information is not available to use defined benefit accounting and the "new AFP" plan is accounted for as a defined contribution plan.

Major assumptions used by the qualified actuary:

Rate of increase in pensions	0.1% to 2.5%
Expected rate of return on assets	4.1% to 5.4%
Discount rate	2.6% to 4.0%



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

12. FUNDING SCHEME PENSION/PENSION LIABILITY (CONT'D)

	Group		
	Funded 2012 US\$'000	Unfunded 2012 US\$'000	Total 2012 US\$'000
Defined benefit obligation at end of financial year	5,536	1,770	7,306
Fair value of assets at end of financial year	4,843	-	4,843
Funded status (underfunded)	(693)	(1,770)	(2,463)
Payroll tax on funded status	(97)	(249)	(346)
Funded status including payroll tax	(790)	(2,019)	(2,809)
Unrecognised net actuarial loss/(gain)	867	(193)	674
Payroll tax unrecognised net actuarial loss/(gain)	122	(27)	95
Net amount recognised	199	(2,239)	(2,040)
Actuarial gain on benefit obligation			
Defined benefit obligation at beginning of year	5,381	1,472	6,853
Service cost	345	714	1,059
Interest cost	288	91	379
Benefits paid	(279)	(580)	(859)
Translation difference	(448)	(131)	(579)
Defined benefit obligation at end of year (Expected)	5,287	1,566	6,853
Defined benefit obligation at the end of year (Actual)	5,536	1,770	7,306
Actuarial loss on benefit obligation	249	204	453
Actuarial loss on plan assets			
Fair value of assets at beginning of year	5,170	-	5,170
Expected return on plan assets	399	-	399
Administrative expenses	(122)	-	(122)
Employer contribution	541	-	541
Benefits paid	(279)	-	(279)
Translation difference	(449)	-	(449)
Fair value of assets at end of year (Expected)	5,260	-	5,260
Fair value of assets at the end of year (Actual)	4,843	-	4,843
Actuarial loss on plan assets	(417)	-	(417)



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

12. FUNDING SCHEME PENSION/PENSION LIABILITY (CONT'D)

	Group		
	Funded 2011 US\$'000	Unfunded 2011 US\$'000	Total 2011 US\$'000
Defined benefit obligation at end of financial year	5,381	1,472	6,853
Fair value of assets at end of financial year	5,170	-	5,170
Funded status (underfunded)	(211)	(1,472)	(1,683)
Payroll tax on funded status	(30)	(208)	(238)
Funded status including payroll tax	(241)	(1,680)	(1,921)
Unrecognised net actuarial loss/(gain)	404	(441)	(37)
Payroll tax unrecognised net actuarial loss/(gain)	56	(62)	(6)
Net amount recognised	219	(2,183)	(1,964)
Actuarial gain on benefit obligation			
Defined benefit obligation at acquisition date	6,040	1,740	7,780
Translation difference	297	85	382
Defined benefit obligation at end of year (Expected)	6,337	1,825	8,162
Defined benefit obligation at the end of year (Actual)	5,381	1,472	6,853
Actuarial loss on benefit obligation	(956)	(353)	(1,309)
Actuarial loss on plan assets			
Fair value of assets at acquisition date	5,433	-	5,433
Translation difference	267	-	267
Fair value of assets at end of year (Expected)	5,700	-	5,700
Fair value of assets at the end of year (Actual)	5,170	-	5,170
Actuarial loss on plan assets	(530)	-	(530)



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

13. ASSETS HELD FOR SALE

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Vessels	31,099	–	–	–
Vessel under construction	6,013	–	–	–
Plant and machineries	18,844	–	–	–
Investment in associated companies	144,768	–	99,200	–
	200,724	–	99,200	–

The board of directors has supported the decision to dispose the above non-core business assets. This decision is consistent with the Group's efforts and overall strategy to effectively manage its balance sheet and optimise its capital structure in view of the robust growth prospects and to enhance shareholder value.

14. INVENTORIES AND WORK-IN-PROGRESS

	Group	
	2012 US\$'000	2011 US\$'000 (Restated)
Inventories, at cost	44,083	27,051
Effects of purchase price allocation (Note 46)	–	4,121
As restated	44,083	31,172
Work-in-progress	44,880	28,968
Total inventories and work-in-progress at lower of cost and net realisable value	88,963	60,140
Work-in-progress, at cost	300,324	232,445
Attributable profits	64,292	47,333
Less: Progress billings	(336,686)	(271,673)
	27,930	8,105



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

14. INVENTORIES AND WORK-IN-PROGRESS (CONT'D)

	Group	
	2012 US\$'000	2011 US\$'000 (Restated)
Represented by :		
Work-in-progress less progress billing	44,880	28,968
Progress billing in excess of work-in-progress	(16,950)	(20,863)
	<u>27,930</u>	<u>8,105</u>

The Group has not made any allowance for stock obsolescence during the financial year.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Trade and other receivables (current):				
Trade receivables	439,351	301,623	–	–
Other receivables	38,795	25,316	289	148
Balances due from				
- subsidiaries	–	–	638,920	537,226
- associated companies	85,796	60,302	6,451	2,648
- joint venture companies	11,845	33,391	–	–
	<u>575,787</u>	<u>420,632</u>	<u>645,660</u>	<u>540,022</u>
Trade and other receivables (non-current):				
Long term receivable from a subsidiary (Note 10)	–	–	13,398	13,150
Long term receivable from an associated company (Note 11)	37,800	37,800	37,800	37,800
Trade receivable	51,479	–	–	–
Other receivable	–	505	–	–
	<u>89,279</u>	<u>38,305</u>	<u>51,198</u>	<u>50,950</u>
Total trade and other receivables (current and non-current)	665,066	458,937	696,858	590,972
Add: Cash and cash equivalents (Note 17)	133,356	116,051	80,706	63,900
Add: Cash pledged (Note 18)	50	100	–	–
Total loans and receivables	<u>798,472</u>	<u>575,088</u>	<u>777,564</u>	<u>654,872</u>



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

15. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

	Group	
	2012 US\$'000	2011 US\$'000
Trade receivables		
- Billed	378,566	237,820
- Unbilled	118,505	69,554
	497,071	307,374
Less: Allowance for doubtful debts	(6,241)	(5,751)
	490,830	301,623

Analysis of allowance for doubtful debts is as follows:

	Group	
	2012 US\$'000	2011 US\$'000
At beginning of the financial year	5,751	4,497
Acquisition of subsidiaries	-	1,807
Allowance for the financial year	1,589	202
Written off against allowance	(1,060)	(960)
Translation difference	(39)	205
At end of the financial year	6,241	5,751

The age analysis of trade receivables is as follows:

	2012		2011	
	Gross US\$'000	Allowance US\$'000	Gross US\$'000	Allowance US\$'000
Not past due or less than 60 days overdue	327,924	-	187,139	-
Past due				
- 61 to 180 days	58,609	-	25,484	-
- More than 180 days	110,538	(6,241)	94,751	(5,751)
	497,071	(6,241)	307,374	(5,751)

Trade receivables are non-interest bearing and are normally settled on 30 day terms. The Group deals with customers who are mainly creditworthy oil majors or their preferred service providers. Based on historical collections experience, the Group believes that no further allowance for doubtful debts is necessary in respect of certain trade receivables which are not past due as well as certain trade receivables which are past due but not impaired. Additional credit risk assessment has been disclosed in Note 40.

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to amounts that were more than 365 days and in dispute. The management has assessed the probability of collection to be low.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

15. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables

These amounts are unsecured, interest-free and repayable in cash on demand.

As at 31 August 2012, the Group has made an allowance for doubtful debt of US\$370,000 on other receivables.

(c) Trade and other receivables

Significant trade and other receivables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follows:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
United States Dollar	151	751	–	–
Singapore Dollar	1,564	1,422	18	142
Norwegian Kroner	6,094	–	–	–
Malaysian Ringgit	924	6,193	–	–
Euro	330	360	–	–
Pounds Sterling	66	5,312	–	–
Vietnam Dong	2,074	–	–	–

(d) Balances due from subsidiaries, associated companies and joint venture companies

These amounts are unsecured, interest-free and repayable in cash on demand. All balances are denominated in United States Dollars. Balances due from subsidiaries are non-trade in nature.

As at 31 August 2012, the Group has made an allowance for doubtful debt of US\$139,000 on balance due from an associated company.

16. OTHER CURRENT ASSETS

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Deposits	12,781	39,282	67	47
Prepayments	35,030	12,129	279	36
Advance payments to suppliers	3,372	–	–	–
	51,183	51,411	346	83



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Fixed deposits	78,441	61,335	78,441	61,335
Cash and bank balances	54,915	54,716	2,265	2,565
Cash and cash equivalents	133,356	116,051	80,706	63,900

(a) Fixed deposits

The fixed deposits are made for varying periods of between one day and three months depending on the cash requirement of the Group and the Company and earn effective interest rates ranging from 0.01% to 2.00% (2011: 0.01% to 1.00%) per annum.

Significant fixed deposits denominated in foreign currency (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follow:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Singapore Dollar	75,312	1,313	75,312	1,313
Norwegian Kroner	-	211	-	211
Pounds Sterling	3,129	3,119	3,129	3,119
Euro	-	1,866	-	1,866

(b) Cash and bank balances

Significant cash and bank balances denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follow:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
United States Dollar	742	2,222	-	-
Australian Dollar	698	458	-	-
Singapore Dollar	1,553	3,706	1,209	636
Euro	59	47	-	-
Malaysian Ringgit	425	95	-	-
Norwegian Kroner	143	101	-	-
Vietnam Dong	555	1,529	-	-
Pounds Sterling	27	1,168	27	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

18. CASH PLEDGED

Certain operating bank accounts of the subsidiaries with balances amounting to US\$2,524,000 (2011: US\$1,190,000) are pledged to financial institutions for banking facilities granted to the Group. Except for an amount of US\$50,000 (2011: US\$100,000), there is no restriction on the use of the remaining bank balances.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Trade and other payables (current):				
Trade payables	120,198	71,030	–	–
Other payables	221,800	198,276	30,650	21,670
Balances due to				
- subsidiaries	–	–	11,103	3
- associated companies	30,331	6,213	5	19
- joint venture companies	3,614	2,500	3,558	3,650
	375,943	278,019	45,316	25,342
Other payables (non-current):				
Other payables	24,038	3,663	22,472	1,284
Total trade and other payables (current and non-current)	399,981	281,682	67,788	26,626
Add:				
- Bills payable to banks (Note 20)	287,788	149,413	104,703	47,800
- Lease obligations (Note 22)	1,307	959	365	458
- Bank term loans (Note 23)	787,947	618,957	210,324	212,526
- Notes payable (Note 24)	39,754	40,793	39,754	40,793
- Convertible bonds (Note 25)	128,775	120,690	128,775	120,690
Total financial liabilities carried at amortised cost	1,645,552	1,212,494	551,709	448,893



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

19. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 day terms.

Significant trade payables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follows:

	Group	
	2012 US\$'000	2011 US\$'000
United States Dollar	574	1,061
Singapore Dollar	11,166	8,731
Euro	2,751	–
Malaysian Ringgit	296	137
Norwegian Kroner	2,754	17,517
Vietnam Dong	6,642	3,908

(b) Other payables

Details of other payables are as follows:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Advance billing made to customers	1,013	8,854	–	–
Accrued interest payable	7,766	4,972	6,268	3,409
Accrued operating expenses	154,086	89,339	9,570	3,119
Accrued listing expenses	1,315	–	–	–
Amounts due to directors	11,374	11,902	11,374	13,107
Deferred consideration	24,428	2,991	24,428	2,991
Other creditors	41,506	21,096	1,482	328
Payable to shipbuilders	4,350	62,704	–	–
Premium payable	–	81	–	–
	245,838	201,939	53,122	22,954

The amounts due to directors are non-trade in nature, unsecured, interest-free and repayable on demand, are to be settled mainly in terms of cash consideration.

Other creditors and amounts payable to shipbuilders are unsecured, interest-free and repayable in cash on demand.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

19. TRADE AND OTHER PAYABLES (CONT'D)

(b) Other payables (cont'd)

Significant other payables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follows:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Norwegian Kroner	45,399	1,086	–	5
Singapore Dollar	19,627	19,274	13,079	2,123
Euro	67	63,278	–	4
United States Dollar	125	20	–	–
Australian Dollar	10	36	–	–
Vietnam Dong	211	1,549	–	–

(c) Balances due to subsidiaries, associated companies and joint venture companies

These amounts are unsecured, interest-free and repayable in cash on demand. All balances are denominated in United States Dollars. Balances due to subsidiaries are non-trade in nature.

20. BILLS PAYABLE TO BANKS

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Bills payable				
- secured	7,338	7,338	–	–
- unsecured	280,450	142,075	104,703	47,800
	287,788	149,413	104,703	47,800

Significant bills payable denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follow:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Singapore Dollar	61,979	7,534	53,703	–
Norwegian Kroner	1,159	2,938	–	–
Euro	10,204	3,688	–	–



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

20. BILLS PAYABLE TO BANKS (CONT'D)

Bills payable of the Group are secured by:

- (a) first mortgage in the name of vessels owned by the Group and an associated company;
- (b) assignment of charter income, charter contracts and vessel insurance in favour of the financial institution; and
- (c) corporate guarantee from the Company.

The bills payable of the Group bear interest at 0% to 2.5% (2011: 0% to 2.5%) per annum above the bank's Cost of Funds ("COF"), Prime Rate, Singapore Inter Bank Offer Rate ("SIBOR") or London Inter Bank Offer Rate ("LIBOR") of 0% to 5.59% (2011: 0.25% to 3.30%) per annum. The bills payable of the Company bear interest at 1.5% to 3.0% (2011: 1.5% to 2.5%) per annum above the bank's COF, SIBOR or LIBOR of 0% to 1.46% (2011: 0.25% to 1.46%) per annum.

During the financial year, the effective interest rates of the bills payable of the Group and the Company ranged from 1.63% to 7.44% and 1.75% to 3.46% (2011: 1.67% to 4.80% and 1.76% to 3.46%) per annum respectively.

21. DEFERRED INCOME

	Group	
	2012 US\$'000	2011 US\$'000 (Restated)
Current	6,155	5,724
Non-current	28,655	35,249
	<u>34,810</u>	<u>40,973</u>

The deferred income refers to the Group's share of the unrealised profit arising from the sale of vessels to associated and joint venture companies. The deferred income will be amortised over the remaining useful lives of the vessels and taken against the share of results of associated and joint venture companies in the consolidated income statement.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

21. DEFERRED INCOME (CONT'D)

Movement in deferred income is as follows:

	Group	
	2012 US\$'000	2011 US\$'000 (Restated)
At beginning of the financial year	32,093	19,782
Effects of purchase price allocation (Note 46)	8,880	–
As restated	40,973	19,782
Amortisation during the financial year	(6,127)	(2,979)
Addition during the financial year	–	24,217
Recognition of unrealised gain on the sale of vessels arising from the dilution of interest in an associated company	(36)	(47)
At end of the financial year	34,810	40,973

22. LEASE OBLIGATIONS

	Group			
	Minimum payments 2012 US\$'000	Present value of payments 2012 US\$'000	Minimum payments 2011 US\$'000	Present value of payments 2011 US\$'000
Not later than one year	593	543	413	364
Later than one year but not later than five years	787	715	629	557
More than five years	56	49	42	38
	843	764	671	595
Total minimum lease payments	1,436	1,307	1,084	959
Less: Amounts representing finance charges	(129)	–	(125)	–
Present value of minimum lease payments	1,307	1,307	959	959



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

22. LEASE OBLIGATIONS (CONT'D)

	Company			
	Minimum payments 2012 US\$'000	Present value of payments 2012 US\$'000	Minimum payments 2011 US\$'000	Present value of payments 2011 US\$'000
Not later than one year	195	173	256	231
Later than one year but not later than five years	218	192	256	227
	218	192	256	227
Total minimum lease payments	413	365	512	458
Less: Amounts representing finance charges	(48)	-	(54)	-
Present value of minimum lease payments	365	365	458	458

Lease terms are for 1 to 8 years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing.

Lease obligations bear interest at flat rates ranging from 1.88% to 21% (2011: 1.88% to 21%) per annum. The effective interest rates ranged from 3.57% to 23.55% (2011: 3.60% to 19.96%) per annum.

23. BANK TERM LOANS

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Due within 1 year	278,474	144,319	158,233	71,966
Due within 2 to 5 years	400,665	355,784	52,091	136,560
Due after 5 years	108,808	118,854	-	4,000
	509,473	474,638	52,091	140,560
	787,947	618,957	210,324	212,526



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

The balance comprises:

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(a) Term loan with principal of US\$8,100,000, bears interest at 1.1% per annum above USD LIBOR of 0.29% to 0.45% (2011: 0.26% to 0.39%) per annum. The loan is repayable in 8 quarterly instalments of US\$287,500 and 24 quarterly instalments of US\$241,667 commencing 3 calendar months after the date of drawdown on 13 February 2004. This term loan is secured by way of a first legal mortgage over the vessel, pledged over the earnings account, assignment of vessel insurances, earnings, charter and requisition compensation and corporate guarantee from the Company. The loan was fully repaid during the financial year.	-	484	-	-
(b) Term loan with principal of US\$5,350,000 bears interest at 1.25% (2011: 1.25%) per annum above USD LIBOR of 0.22% to 0.37% (2011: 0.22% to 0.54%) per annum. The loan is repayable over 10 years in equal monthly instalments commencing 28 February 2007. The monthly instalment amounts to US\$49,180 for the remaining 53 months. This term loan is secured by way of a statutory mortgage over the vessel, assignment of charter income of the vessel and charter contracts, vessel insurance and corporate guarantee from the Company.	2,607	3,172	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(c) Term loan with principal of US\$4,680,000 bears interest at 0.8% (2011: 0.8%) per annum above USD LIBOR of 0.31% to 0.51% (2011: 0.25% to 0.32%) per annum. The loan is repayable over 23 equal quarterly instalments of US\$117,000 each commencing 3 months after the drawdown on 28 February 2006 and a final instalment of US\$1,989,000. The loan was fully repaid during the financial year. This term loan was secured by way of a first statutory mortgage over the vessel, assignment of vessel insurances, charter income, charter contract, charge over operating and retention account and unconditional corporate guarantee from the Company.	–	1,989	–	–
(d) Term loan with principal of US\$7,500,000 bears interest of 1.9% (2011: 1.9% to 2.25%) per annum above USD LIBOR of 0.21% to 0.30% (2011: 0.18% to 0.30%) per annum. The loan is repayable in 63 equal monthly instalments of US\$59,524 commencing on 20 July 2005 and a final instalment of US\$3,750,000. The final instalment was extended and repayable in 30 equal monthly instalments of US\$125,000 commencing on 8 October 2010. This term loan is secured by way of a first legal mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over all monies held in operating account of the vessel and corporate guarantee from the Company.	875	2,375	–	–



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(e) Term loan with principal of US\$11,000,000 bears interest at 1.10% (2011: 1.10%) per annum above USD LIBOR of 0.41% to 0.97% (2011: 0.37% to 0.69%) per annum. The loan is repayable over 27 equal quarterly instalments of approximately US\$229,167 commencing 3 calendar months after date of drawdown on 19 October 2006 and a final instalment of US\$4,813,000. This term loan is secured by way of a first priority legal mortgage over the vessel, assignment of charter income and charter contracts more than 13 months, insurance policies, requisition compensation in respect of the vessel, pledge over the earnings and retention account of the vessel and corporate guarantee from the Company.	5,729	6,646	-	-
(f) Term loan with principal of US\$9,600,000, bears interest at 1.2% (2011: 1.2%) per annum above the bank's USD LIBOR of 0.23% to 0.29% (2011: 0.18% to 0.27%) per annum. The loan is repayable over 83 equal monthly instalments of US\$80,000 commencing 1 calendar month after date of drawdown on 30 August 2007 and final instalment of US\$2,960,000. This term loan is secured by way of a first legal mortgage over the vessel, first and third party assignment of charter income and charter contracts and any other cash in-flows of the vessel, assignment of vessel insurances, charge over all monies held in the operating account of the vessel and corporate guarantee from the Company.	4,800	5,760	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(g) Term loan with principal of US\$7,231,000 bears interest at 1.0% (2011: 1.0%) per annum above USD LIBOR of 0.25% to 0.58% (2011: 0.24% to 0.54%) per annum. This loan is repayable over 40 equal quarterly instalments of US\$180,775 commencing on 1 April 2008. This term loan is secured by way of a first preferred ship mortgage over the vessel, assignment of vessel insurances, charter income, charter contract for charters with terms of more than 6 months and corporate guarantee from the Company.	3,977	4,700	-	-
(h) Short term multi-currency loan with principal limit of US\$150,000,000 bears interest at 0.3% to 0.5% (2011: 0.3%) above bank's COF rate of 0.13% to 1.81% (2011: 0.15% to 4.77%) per annum. The loan is extended on the basis of cash and cash equivalents that are deposited with the bank. The loan is drawdown in United States dollar, Singapore dollar, Norwegian Kroner and Euro.	68,567	56,598	68,567	56,598



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(i) Term loan with principal limit of US\$10,000,000, bears interest at 1.5% (2011: 1.5%) per annum over USD Vietnam Inter Bank Offer Rate ("VNIBOR") of 1.16% to 1.73% (2011: 1.14% to 1.16%) per annum to finance the development of facilities in Vietnam. The loan is repayable in 5 annual instalments commencing 24 June 2010. This term loan is secured by way of mortgage over the building located at 99 Quarter 3, Thanh My Loi Ward, District 2, Ho Chi Minh City, Vietnam, and new cranes, assignment of insurance, construction contracts and contractors' performance bonds and corporate guarantee from the Company.	5,500	7,500	-	-
(j) Term loan with principal of US\$12,457,000 bears interest at 1.1% (2011: 1.1%) per annum above USD LIBOR of 0.25% to 0.53% (2011: 0.25% to 0.54%) per annum. The loan is repayable over 40 equal quarterly instalments of US\$311,425 commencing on 1 March 2008. This term loan is secured by way of a first preferred ship mortgage over the vessel, assignment of vessel insurances, charter income, charter contract for charters with terms of more than 6 months and corporate guarantee from the Company.	6,852	8,097	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(k) Term loan with principal of S\$1,200,000 bears interest at the bank's COF of 1.78% to 2.78% (2011: 1.75% to 2.31%) per annum. The loan is repayable in 120 equal monthly instalments of S\$10,000 commencing 3 September 2002. This term loan is secured by way of a first legal mortgage over the terrace office factory at 20 Ubi Crescent, #01-02 Ubi Techpark, Singapore 408565 and unconditional corporate guarantees from the Company and a certain subsidiary. The loan was fully repaid during the financial year.	-	108	-	-
(l) Term loan with principal of US\$23,071,140 bears interest at 1.85% (2011: 1.85%) per annum above USD LIBOR of 0.25% to 0.54% (2011: 0.25% to 0.54%) per annum. The loan is repayable over 15 equal quarterly instalments of US\$844,250 commencing on 10 December 2009 and final instalment of US\$10,407,390. This term loan is secured by way of a first priority statutory mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over all monies held in operating account of the vessel and corporate guarantee from the Company.	13,785	17,161	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(m) Pre-delivery loan with principal limit of US\$83,000,000 to finance the construction cost of a vessel, bears interest at 2.2% (2011: 2.2%) per annum above USD LIBOR of 0.19% to 0.36% (2011: 0.21% to 0.39%) per annum. The pre-delivery loan was settled by a post-delivery term loan. The post-delivery term loan bears interest at 1.90% above USD LIBOR of 0.25% to 0.47% (2011: nil) and is repayable over 23 equal quarterly instalments of US\$2,600,000 commencing 16 August 2012 and final instalment of US\$23,200,000. During the construction period, the loan was secured by way of assignment of shipbuilding contract, charge over work in progress and equipments relating to the vessel and corporate guarantee from the Company. After the delivery of the vessel, the loan is secured by way of first priority mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over all monies held in operating account of the vessel and corporate guarantee from the Company.	80,400	71,763	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(n) Term loan with principal of US\$54,798,969 bears interest at 2.5% (2011: 2.5%) above USD LIBOR of 0.25% to 0.56% (2011: 0.18% to 0.25%). The loan is repayable over 25 equal quarterly instalments of US\$1,718,750 commencing on 19 July 2011 and a final instalment of US\$11,830,219. The term loan is secured by way of first priority mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over all monies held in operating account of the vessel and corporate guarantee from the Company.	46,205	53,080	-	-
(o) Term loan with principal of US\$4,900,000 bears interest at 1.75% (2011: 1.75%) per annum above USD LIBOR of 0.25% to 0.55% (2011: 0.25% to 0.47%) per annum. The loan is repayable over 11 equal quarterly instalments of US\$245,000 commencing on 3 May 2010 and final instalment of US\$2,205,000. This term loan is secured by way of a first preferred ship mortgage on the vessel, assignment of vessel insurances, charter income and corporate guarantee from the Company.	2,450	3,406	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(p) Term loan of up to US\$84,500,000 bears interest at 2.25% (2011: 2.25%) above USD SIBOR of 0.29% to 0.56% (2011: 0.27% to 0.31%) and is repayable over 19 equal quarterly instalments of US\$2,640,625 commencing on 20 April 2011 and a final instalment of US\$31,328,125. The term loan is secured by way of a first priority legal mortgage of the vessel, assignment of all earnings, rights and benefits of vessel, first legal charge over certain equipments onboard vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating account of the vessel and corporate guarantee from the Company.	65,656	70,719	-	-
(q) Term loan with principal limit of US\$6,650,000 bears interest at 2.20% (2011: 2.20%) per annum above bank's USD LIBOR of 0.27% to 0.51% (2011: 0.26% to 0.41%) per annum. The loan is repayable over 20 equal quarterly instalments of US\$237,500 commencing 3 months from 10 August 2010 and a final instalment of US\$1,900,000. This term loan is secured by way of a first priority legal mortgage over the vessel, assignment of charter income and charter contracts more than 13 months, insurance policies, pledge over the earnings and retention account of the vessel and corporate guarantee from the Company.	4,750	5,700	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(r) Term loan with principal of NOK121,000,000 bears interest at 2.00% (2011: 2.00%) per annum above bank's Norwegian Inter Bank Offer Rate ("NIBOR") of 2.44% to 3.27% (2011: 2.53% to 2.89%) per annum. The loan was repayable over 18 equal quarterly instalments of NOK2,875,000 and a final instalment of NOK69,250,000. This term loan was secured by way of a first priority statutory mortgage over the vessel, assignment of charter income and insurance policies, pledge over the earnings account of the vessel and corporate guarantee from the Company. The loan was fully repaid during the financial year.	-	22,074	-	-
(s) Term loan with principal limit of US\$9,450,000 bears interest at 1.80% (2011: 1.80%) above USD SIBOR of 0.21% to 0.28% (2011: 0.21% to 0.22%) and is repayable over 59 equal monthly instalments of US\$84,590 commencing on 18 August 2011 and a final instalment of US\$4,459,190. This term loan is secured by way of a first priority legal mortgage of the vessel, assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel and corporate guarantee from the Company.	8,350	9,365	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(t) Term loan with principal limit of US\$9,450,000 bears interest at 1.80% (2011: 1.80%) above USD SIBOR of 0.22% to 0.29% (2011: 0.19% to 0.22%) and is repayable over 59 equal monthly instalments of US\$84,590 commencing on 29 August 2011 and a final instalment of US\$4,459,190. This term loan is secured by way of a first priority legal mortgage of the vessel, assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel and corporate guarantee from the Company.	8,350	9,365	-	-
(u) Term loan with principal limit of US\$23,800,000 to finance the purchase of a vessel, bears interest at 1.80% (2011: 1.80%) per annum above USD SIBOR of 0.25% to 0.54% (2011: 0.25% to 0.34%) per annum. The loan is repayable over 27 equal quarterly instalments of US\$595,000 commencing on 16 March 2011 and a final repayment of US\$7,735,000. This term loan is secured by way of a first priority legal mortgage of the vessel, assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel and corporate guarantee from the Company.	20,230	22,610	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(v) Term loan with principal limit of US\$22,000,000 to finance the purchase of a vessel, bears interest at 1.80% (2011: 1.80%) per annum above USD LIBOR of 0.25% to 0.57% (2011: 0.24% to 0.31%) per annum. The loan is repayable over 27 equal quarterly instalments of US\$550,000 commencing on 23 March 2011 and a final repayment of US\$7,150,000. This term loan is secured by way of a first priority legal mortgage of the vessel, including all equipment and fixtures on board, assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel and corporate guarantee from the Company.	18,700	20,900	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(w) Pre-delivery loan with principal limit of US\$24,000,000 to finance the construction cost of a vessel, bears interest at 2.20% (2011: 2.20%) per annum above USD LIBOR of 0.21% to 0.54% (2011: 0.20% to 0.54%) per annum. The pre-delivery term loan was settled by a post-delivery term loan. The loan bears interest at 1.90% above USD LIBOR of 0.25% to 0.43% (2011: nil) and is repayable over 27 equal quarterly instalments of US\$855,000 commencing on 23 August 2012 and a final instalment of US\$915,000. The pre-delivery loan was secured by way of assignment of shipbuilding contract, charge over work in progress and equipment relating to the vessel, assignment of all refund guarantee issued by shipbuilder and corporate guarantee from the Company. The post-delivery term loan is secured by way of a first priority legal mortgage of the vessel (including all equipment and fixtures onboard), assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel and corporate guarantee from the Company.	23,145	11,541	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(x) Pre-delivery loan with principal limit of US\$24,000,000 to finance the construction cost of a vessel, bears interest at 2.20% (2011: 2.20%) per annum above USD LIBOR of 0.27% to 0.52% (2011: 0.25% to 0.31%) per annum. The pre-delivery term loan was settled by a post-delivery term loan. The loan bears interest at 1.90% above USD LIBOR of 0.29% to 0.47% (2011: nil) and is repayable over 27 equal quarterly instalments of US\$855,000 commencing on 9 October 2012 and a final instalment of US\$915,000. The pre-delivery loan was secured by way of assignment of shipbuilding contract, charge over work in progress and equipment relating to the vessel, assignment of all refund guarantee issued by shipbuilder and corporate guarantee from the Company. The post-delivery term loan is secured by way of a first priority legal mortgage of the vessel (including all equipment and fixtures onboard), assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel and corporate guarantee from the Company.	24,000	7,850	—	—



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(y) Term loan with principal limit of US\$11,000,000 to finance the purchase of equipment and materials for the construction of a vessel, bears interest at 3.56% (2011: 3.56%) per annum over USD SIBOR of 0.22% to 0.30% (2011: 0.21% to 0.24%) per annum. The loan was repaid during the financial year upon the settlement of the final milestone of the said vessel. The loan was secured by way of charge over the work in progress relating to the vessel and corporate guarantee from the Company.	-	8,000	-	-
(z) Term loan with principal limit of US\$18,000,000 to finance development costs of the yard, bears interest at 2.30% (2011: 2.30%) per annum over VNIBOR of 1.17% to 1.91% (2011: 1.01% to 1.51%) per annum. The loan is repayable over 4 semi-annual instalments of US\$1,800,000 commencing 12 months from the first drawdown and a final instalment of US\$10,800,000 falling 36 months from the date of first drawdown. This term loan is secured by way of legal mortgage of equipments or assets financed and corporate guarantee from the Company.	14,255	14,222	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(aa) Term loan with principal of S\$19,500,000 bears interest at 2.5% above Swap Offer Rate ("SOR") of 0.32% to 0.48% (2011: nil). The loan is repayable over 16 equal quarterly instalments of S\$1,218,750 commencing on 19 July 2012. The term loan is secured by way of first priority mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over all monies held in operating account of the vessel and corporate guarantee from the Company.	14,653	-	-	-
(ab) Pre-delivery loan with principal limit of EUR24,873,750 to finance the construction of a vessel, bears interest at 4.34% (2011: nil) per annum above bank's Euro Inter Bank Offer Rate ("EURIBOR") 0.06% to 1.55% (2011: nil) per annum. Upon completion of the vessel, the loan bears interest at 4.09% above EURIBOR and is repayable over 11 equal quarterly instalments of EUR969,107 commencing on the first day of the seventh month following the delivery of the vessel and a final instalment of EUR14,213,573. The pre-delivery term loan is secured by way of assignment of shipbuilding contract, assignment of all refund guarantee issued by shipbuilder, assignment of all insurances and corporate guarantee from the Company. The post delivery term loan will be secured by way of a first priority statutory mortgage over the vessel, assignment of insurance policies, and corporate guarantee from the Company.	12,550	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(ac) Term loan with principal limit of US\$23,500,000 bears interest at 2.30% (2011: nil) per annum above bank's USD LIBOR of 0.45% (2011: nil) per annum. The loan is repayable over 19 equal quarterly instalments of US\$780,000 commencing on 10 October 2012 and a final instalment of US\$8,680,000. This term loan is secured by way of a first priority legal mortgage over the vessel, assignment of charter income, insurance policies, pledge over the earnings and retention account of the vessel and corporate guarantee from the Company.	23,500	-	-	-
(ad) Term loan with principal of US\$3,500,000 bears interest at 2.50% (2011: nil) per annum above USD SIBOR of 0.43% (2011: nil) per annum. This loan is repayable over 8 equal quarterly instalments of US\$390,000 commencing on 27 November 2012 and a final instalment of US\$380,000. This term loan is secured by way of a first statutory mortgage over the vessel, assignment of vessel insurances, charter income, charter contract, charge over operating and retention account and unconditional corporate guarantee from the Company.	3,500	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(ae) Project financing with principal limit of US\$70,000,000 to finance the purchase of equipment and materials for the construction of vessels, bears interest at 2.00% (2011: nil) per annum over USD cost of funds of 1.93% to 2.56% (2011: nil) per annum. The loan is secured by way of first priority assignment over the benefits of the Borrowers arising from projects, including work-in-progress, charge over earnings account, assignment of insurances and supplier warranties relating to the project and corporate guarantee from the Company.	36,903	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(af) Pre-delivery loan with principal limit of US\$273,000,000 to finance the construction cost of a vessel, bears interest at 3.25% (2011: nil) per annum above USD LIBOR of 0.24% to 0.47% (2011: nil) per annum. Upon completion of the vessel, the loan is repayable over 18 instalments commencing 6 months after completion date and a bullet repayment 60 months after final completion date. The pre-delivery loan is secured by way of assignment of shipbuilding contract, charge over equipments relating to the vessel, assignment of all performance guarantee issued by equipment suppliers, pledge of 100% equity interest in a subsidiary and corporate guarantee from the Company. The post-delivery term loan will be secured by way of a first priority legal mortgage of the vessel (including all equipment and fixtures onboard), assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel, pledge of 100% equity interest in a subsidiary and corporate guarantee from the Company.	110,270	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Secured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(ag) Term loan with principal of US\$14,000,000 to finance the purchase of equipment bears interest at 2.00% (2011: nil) per annum above USD LIBOR of 0.24% to 0.25% (2011: nil) per annum. This loan is repayable in full on 1 November 2012 and is secured by way of an irrevocable standby letter of credit.	14,000	-	-	-
Unsecured				
(ah) Term loan with principal limit of US\$26,000,000, bears interest at 2.25% (2011: 2.25%) per annum over USD LIBOR of 0.41% to 0.74% (2011: 0.40% to 0.68%) per annum. The loan is repayable over 11 equal semi-annual instalments of US\$2,363,636 commencing on 24 November 2009.	11,818	16,546	11,818	16,546
(ai) Term loan with principal limit of S\$5,000,000, bears interest at 5% (2011: 5%) per annum. The loan is repayable over 4 years in equal monthly instalments of approximately S\$114,000 commencing on 17 February 2009.	644	1,753	644	1,753



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Unsecured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(aj) Term loan with principal limit of S\$5,000,000, bears interest at 5% (2011: 5%) per annum. The loan is repayable over 4 years in equal monthly instalments of approximately S\$114,000 commencing on 13 April 2009. This term loan is secured by way of corporate guarantee from the Company.	725	1,833	-	-
(ak) Term loan with principal limit of S\$5,000,000, bears interest at 5% (2011: 5%) per annum. The loan is repayable over 4 years in equal monthly instalments of approximately S\$114,000 commencing on 18 May 2009. This term loan is secured by way of corporate guarantee from the Company.	906	2,011	-	-
(al) Short term loan with principal limit of US\$5,000,000, bears interest at 1.3% (2011: 1.3%) per annum over USD VNIBOR of 1.26% to 2.02% (2011: 1.26% to 1.48%). This term loan is secured by way of corporate guarantee from the Company. The loan was fully repaid during the financial year.	-	5,000	-	-
(am) Short term loan with principal limit of US\$9,000,000, bears interest at 2.50% (2011: 2.50%) per annum over USD LIBOR of 0.31% to 0.38% (2011: 0.31% to 0.81%) per annum. The loan was fully repaid during the financial year. This term loan is secured by way of corporate guarantee from the Company.	-	9,000	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

23. BANK TERM LOANS (CONT'D)

Unsecured	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
(an) Term loan with principal limit of US\$70,000,000, bears interest at 2.9% (2011: 2.9%) per annum over USD LIBOR of 0.32% to 0.52% (2011: 0.25% to 0.33%) per annum. The loan is repayable 36 months after the commencement date on 5 August 2010. This term loan is secured by way of corporate guarantee from certain subsidiaries.	69,295	68,629	69,295	68,629
(ao) Term loan with principal limit of US\$30,000,000, bears interest at 2.25% (2011: 2.25%) per annum over USD LIBOR of 0.25% to 0.58% (2011: 0.24% to 0.28%) per annum. The loan is repayable over 7 quarterly instalment of US\$2,000,000 commencing 15 months after the first drawdown on 14 April 2011 and a final instalment of US\$16,000,000.	28,000	30,000	28,000	30,000
(ap) Term loan with principal limit of US\$39,000,000, bears interest at 2.30% (2011: 2.30%) per annum over USD LIBOR of 0.44% to 0.55% (2011: 0.42%) per annum. The loan is repayable over 5 semi-annual instalment of US\$3,500,000 commencing 6 months from the drawdown on 1 August 2011 and a final instalment of US\$21,500,000. This term loan is secured by way of corporate guarantee from certain subsidiaries.	32,000	39,000	32,000	39,000
	787,947	618,957	210,324	212,526



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

24. NOTES PAYABLE

		Group and Company	
Maturity		2012 US\$'000	2011 US\$'000
SGD 50 million ⁽¹⁾	May 2013	39,754	40,793
⁽¹⁾ The notes bear fixed interest rate of 4.78% (2011: 4.78%) per annum payable semi-annually with fair value of US\$40,477,000 (2011: US\$41,955,000) based on quoted market prices.			
Classified as:			
Current		39,754	–
Non-current		–	40,793
		39,754	40,793

The above notes are listed on SGX-ST.

25. CONVERTIBLE BONDS

		Group and Company	
Maturity		2012 US\$'000	2011 US\$'000
USD 100 million ⁽¹⁾	November 2014	81,068	74,362
USD 50 million ⁽²⁾	February 2014	47,707	46,328
		128,775	120,690

⁽¹⁾ The Convertible Bonds ("Bonds") bear fixed coupon rate of 4.0% (2011: 4.0%) per annum. The Bonds are convertible up to 55,860,000 new ordinary shares in the capital of the Company at a conversion price of S\$2.50 per share. The Bonds were listed on SGX-ST on November 2009.

On 31 August 2010, the Company announced to undertake a renounceable underwritten rights issue of new ordinary shares in the capital of the Company to raise gross proceeds of approximately S\$155.26 million at S\$1.18 for each Rights Share, on the basis of one (1) Right Share for every five (5) existing shares. As a result of the Rights Issue, the Conversion Price of the Convertible Bonds has been adjusted from S\$2.50 per share to S\$2.3487 per share with effect from 15 September 2010. Accordingly, the Bonds are now convertible up to 59,458,424 new ordinary shares.

On 6 February 2012, the Company has entered into a Deed of Covenant, pursuant to which the Company has covenanted, in favour of the holders of the US\$100 million Bonds, that it shall not exercise the Cash Settlement Option. As a result of the covenant, the derivative component of the US\$100 million Bonds has been reclassified to capital reserves of the Company.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

25. CONVERTIBLE BONDS (CONT'D)

⁽²⁾ On 1 March 2011, the Company issued a US\$50 million Convertible Bond (the "US\$50 million Bond") bearing interest of 5.0% per annum as part of purchase consideration for AMC Group. The US\$50 million Bond is convertible up to 36,238,607 new ordinary shares in the capital of the Company. Together with the accrued interest of the Bond, it is convertible up to 39,103,027 (2011: 37,168,958) new ordinary shares.

The carrying amount of the liability component of the bonds at end of the reporting period is arrived at as follows:-

	Group and Company	
	2012 US\$'000	2011 US\$'000
Value of the bonds at inception	151,400	151,400
Embedded derivatives	(39,561)	(39,561)
Liability component at initial recognition	111,839	111,839
Less: Transaction costs	(1,528)	(1,528)
Add: Accretion of interest on the bonds	18,464	10,379
	128,775	120,690

Embedded derivatives relating to the conversion option of the bonds is recorded as a "fair value through profit or loss" financial instrument with a balance of US\$613,000 (2011: US\$19,503,000) as at 31 August 2012.

As at 31 August 2012, the fair value of the bonds is approximately US\$147,223,000 (2011: US\$137,734,000).

26. TAX

Major components of tax expense for the financial year ended 31 August were as follows:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Current tax	9,057	4,483	-	-
Withholding tax	11,159	5,697	-	-
Deferred tax	(1,219)	(453)	-	-
Under/(over) provision in respect of prior years				
- current tax	2,589	(394)	-	-
- deferred tax	-	(499)	-	-
	21,586	8,834	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

26. TAX (CONT'D)

The reconciliation of the tax expense and the product of profit before tax multiplied by the applicable tax rate for the financial years ended 31 August 2011 and 2012 were as follows:

	Group		Company	
	2012 US\$'000	2011 US\$'000 (Restated)	2012 US\$'000	2011 US\$'000 (Restated)
Profit before tax	86,508	51,779	10,484	8,903
Tax at statutory tax rate of 17%	14,706	8,802	1,782	1,514
Adjustments for tax effect of:				
Difference in overseas tax rate	(3,743)	(2,373)	-	-
Expenses not deductible for tax purposes	6,454	4,961	1,413	3,783
Income not taxable	(8,649)	(6,097)	(7,751)	(5,936)
Tax exempt income under Sections 13A or 13F of the Singapore Income Tax Act and rebates available	(8,712)	(9,120)	-	-
Tax rebates	(71)	(179)	-	-
Tax incentives	-	(81)	-	-
Utilisation of unutilised capital allowance brought forward	(1,205)	-	-	-
Current year deferred tax benefit not recognised	9,574	10,112	4,560	639
Under/(over) provision in prior years	2,589	(893)	-	-
Deferred tax not recognised in prior years	129	-	-	-
Withholding tax *	11,159	5,697	-	-
Share of tax of associated and joint venture companies	(626)	(2,051)	-	-
Others	(19)	56	(4)	-
Tax expense	21,586	8,834	-	-

* Withholding tax relates to tax withheld on certain overseas revenue for which no tax relief is available in Singapore as the income is tax exempt under Sections 13A or 13F of the Singapore Income Tax Act.

The Group's subsidiaries in Vietnam are entitled to tax incentives under Vietnam's investment scheme which entitles these subsidiaries to exemptions from income tax for periods ranging from 2 to 3 years from the first profitable year and thereafter, varying income tax rates ranging from 7.5% to 28%.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

26. TAX (CONT'D)

Movements in deferred tax (assets)/liabilities were as follows:

	Group	
	2012 US\$'000	2011 US\$'000
At beginning of the financial year	(3,843)	(2,089)
Acquisition of subsidiaries	2,200	(651)
Charge to profit or loss	(1,219)	(952)
Translation difference	214	(151)
At end of the financial year	(2,648)	(3,843)
Deferred tax (assets)/liabilities relate to the following:		
Deferred tax liabilities		
Excess of capital allowances over depreciation	195	248
Other deferred tax liabilities	1,898	103
	2,093	351
Deferred tax assets		
Other deferred tax assets	(4,741)	(4,194)
Net deferred tax assets	(2,648)	(3,843)

27. SHARE CAPITAL

	Group and Company			
	2012		2011	
	No. of shares	US\$'000	No. of shares	US\$'000
Ordinary shares issued and fully paid				
At beginning of the financial year	867,896,088	394,906	663,839,990	187,990
Issuance for acquisition of subsidiaries	–	–	72,477,214	92,389
Issuance of rights shares	–	–	131,578,884	114,527
Issuance of placement shares	110,000,000	95,179	–	–
At end of the financial year	977,896,088	490,085	867,896,088	394,906

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



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

27. SHARE CAPITAL (CONT'D)

Issuance of shares

On 31 August 2010, the Company undertook a renounceable underwritten rights issue of new ordinary shares in the capital of the Company to raise gross proceeds of approximately S\$155.26 million at S\$1.18 for each Rights Share, on the basis of one (1) Right Share for every five (5) existing shares. The Rights Share has been listed and quoted on the Singapore Exchange Trading Securities Limited ("SGX-ST") on 15 October 2010. As a result of the Rights Issue, the Company issued 131,578,884 new ordinary shares based on total outstanding shares of 657,894,423 (excluding treasury shares) as at 1 September 2010.

On 1 March 2011, the Company issued 72,477,214 new ordinary shares as part of purchase consideration of 100% equity in AMC Group.

On 16 March 2012, the Company issued and allotted 110,000,000 new ordinary shares in the capital of the Company ("the placement shares") pursuant to a private placement at an issue price of S\$1.10 for each placement share to raise gross proceeds of S\$121 million.

28. RESERVES

(a) Capital reserves

Capital reserves arise from the following:

- i. Equity contribution by a director who is a substantial shareholder. The contribution relates to shares awarded to certain employees for recognition of their service and loyalty to the Group;
- ii. The net excess of proceeds over cost of the treasury shares due to the sale of treasury shares; and
- iii. The excess of cost over fair value of the treasury shares used in the acquisition of subsidiary.
- iv. The reclassification of derivative component of US\$100 million Bonds to capital reserves of the Company.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired.

(c) Hedging reserve

Hedging reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

Net change in the reserve arose from net loss on fair value changes on derivative financial instruments during the financial year.

(d) Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of operations whose functional currencies are different from that of the Group's presentation currency.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

29. TREASURY SHARES

	Group and Company	
	2012 US\$'000	2011 US\$'000
At beginning of the financial year	(11,348)	(12,749)
Employee shares award	1,984	1,401
At end of the financial year	(9,364)	(11,348)

Employee Share Plan

The Company has transferred 925,675 (2011: 653,212) treasury shares as share awards to certain staff and directors during the financial year.

As at 31 August 2012, the Company has 4,366,680 (2011: 5,292,355) shares being held as treasury shares.

30. REVENUE

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Offshore Support Services	280,862	221,270	-	-
Marine Services	157,356	160,303	-	-
Subsea Services	551,580	179,523	-	-
Dividend income from				
- a subsidiary	-	-	-	20,000
- a joint venture company	-	-	1,175	-
- AFS investments	-	-	32	82
- FVTPL investments	-	-	100	46
Management fee income from subsidiaries	-	-	6,577	10,661
Management fee income from associated companies	-	-	1,866	-
Management fee income from a joint venture company	-	-	19	-
	989,798	561,096	9,769	30,789
Less: Inter-segment sales	(5,616)	(1,996)	-	-
	984,182	559,100	9,769	30,789



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

31. OTHER INCOME/(EXPENSES), NET

	Group		Company	
	2012 US\$'000	2011 US\$'000 (Restated)	2012 US\$'000	2011 US\$'000 (Restated)
Gain on disposal of AFS investments	34,805	–	34,805	–
Gain on disposal of FVTPL investments	–	148	–	–
Gain on dilution of interest in associated companies	6,488	6,963	2,427	2,692
Gain on disposal of fixed assets	284	15,001	–	–
Fair value changes in respect of derivative instruments, net	8,465	5,252	3,325	6,825
Fair value changes in respect of FVTPL investments, net	151	236	151	236
Realised gain/(loss) on derivative instruments	532	(392)	–	12
Exchange gain/(loss), net	9,868	(10,076)	2,683	(10,355)
Gross dividend income from AFS investments	32	82	–	–
Gross dividend income from FVTPL investments	100	46	–	–
Gross dividend income from an associated company	–	1,206	–	–
Management fee income from associated companies	2,797	1,949	–	–
Insurance claims	413	–	–	–
Other miscellaneous income	1,561	1,161	1,094	–
Government grant income	–	129	–	129
	65,496	21,705	44,485	(461)

During the financial year ended 31 August 2011, the Company has received a grant from Spring Singapore under the Capability Development Scheme ("CDC") – Business Continuity Management Program. Under the CDC Scheme, the Company received a grant equivalent to 70% of the actual qualifying cost in relation to the Business Continuity Management Program.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

32. PROFIT FROM OPERATIONS

This is determined after charging the following:

	Group		Company	
	2012 US\$'000	2011 US\$'000 (Restated)	2012 US\$'000	2011 US\$'000 (Restated)
Audit fees paid to:				
- Auditors of the Company	598	340	94	91
- Other auditors	366	450	-	-
Non-audit fees paid to:				
- Auditors of the Company	221	194	219	174
- Other auditors	108	21	-	-
Depreciation of fixed assets	45,334	25,933	905	555
Directors' remuneration*				
- Salaries and bonuses	5,176	3,597	4,757	3,307
- Contributions to defined contribution plans	29	25	25	21
- Benefits-in-kind	522	421	510	411
Directors' fees	396	265	396	265
Key executive officers' remuneration				
- Salaries and bonuses	2,062	1,565	414	822
- Contributions to defined contribution plans	55	44	25	29
- Other personnel expenses	405	957	50	244
Fixed assets written off	24	-	-	-
Allowance for doubtful debts, net	2,098	202	-	-
Amortisation of other intangible assets	4,408	2,872	-	-
Operating lease expenses	11,240	82,537	130	109

* Refers to directors of the Company.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

33. PERSONNEL EXPENSES

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Salaries and bonuses	140,222	94,465	15,970	4,370
Share-based payment	622	729	–	–
Contributions to defined contribution plans	4,511	3,812	613	304
Other personnel expenses	10,449	12,284	929	1,006
Less: Reallocation of personnel expenses directly attributable to work-in-progress	(36,330)	(24,164)	–	–
	119,474	87,126	17,512	5,680

Personnel expenses include amounts shown as directors' remuneration and fees and key executive officers' remuneration in Note 32.

Employee Share Plan

The Company implemented the Employee Share Plan (the "Plan") with the approval of shareholders at the Extraordinary General Meeting held on 28 January 2009. This Plan gives the flexibility to either allot and issue new shares or purchase and deliver existing treasury shares upon the vesting of awards.

Participants will receive fully paid shares free of charge, upon the Participant satisfying the criteria set out in the Plan. The vesting period for the shares granted is three years. The number of shares to be allocated to each participant will be determined at the end of the performance period based on the level of attainment of the performance targets (if any) and based on the prevailing market price of the Company's share at grant date.

During the financial year, 925,675 (2011: 1,137,645) shares have been vested and were settled by the delivery of existing shares held as treasury shares 128,984 (2011: 86,395) shares were lapsed during the financial year.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

34. FINANCIAL INCOME

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Interest income				
- Bank deposits	1,860	655	242	94
- Loan to associated companies	1,685	1,635	1,685	1,635
- Loan to subsidiary	-	-	240	357
	3,545	2,290	2,167	2,086
Interest recharged to subsidiaries	-	-	5,921	8,153
	3,545	2,290	8,088	10,239

35. FINANCIAL EXPENSES

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Interest expense				
- Bank overdrafts	25	16	-	-
- Term loans	35,093	27,561	13,668	14,826
- Letters of credit, trust receipts and money market line	4,296	1,302	1,385	319
- Finance leases	46	39	26	20
Accretion of interest on the bonds	8,085	6,037	8,085	6,037
	47,545	34,955	23,164	21,202
Included in cost of vessels under construction*				
- Fixed assets	(9,481)	(8,365)	-	-
	38,064	26,590	23,164	21,202

* The capitalisation rate used to determine the amount eligible for capitalisation varied from 2.37% to 5.89% (2011: 1.67% to 4.12%) representing the borrowing costs to finance the vessels under construction.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

36. EARNINGS PER SHARE

Earnings per ordinary share ("EPS") is calculated by dividing the Group's net profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year. The calculation of the basic and fully diluted earnings per share of the Group is based on the following:

	Group	
	2012 US\$'000	2011 US\$'000 (Restated)
Net profit attributable to owners of the parent	65,008	43,130
Number of weighted average ordinary shares ('000)		
- Basic earnings per share	912,518	816,601
- Diluted earnings per share ⁽¹⁾	912,518	816,601
EPS (US cents)		
- Based on the weighted average number of ordinary shares in issue	7.12	5.28
- On fully diluted basis ⁽²⁾	7.12	5.28

⁽¹⁾ The weighted average number of ordinary shares includes the number of additional shares to be issued upon conversion of the convertible bonds.

⁽²⁾ Adjustment is made to the net profit attributable to the owners of the parent for the effects of the convertible bonds. The diluted EPS is the same as the basic EPS for both financial years as the effect of the convertible bonds is anti-dilutive.

37. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company entered into transactions with related parties on terms agreed between the parties during the financial year as shown below:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Income				
Dividend income				
- subsidiary	-	-	-	20,000
- joint venture company	-	-	1,175	-
Interest income				
- a subsidiary	-	-	240	357
- associated companies	1,685	1,635	1,685	1,635
Management fee income from subsidiaries	-	-	6,577	10,661
Management fee income from associated companies	2,780	1,686	1,866	-
Management fee income from a joint venture company	19	-	19	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

37. RELATED PARTY TRANSACTIONS (CONT'D)

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Ship management fee income from associated companies	435	357	-	-
Technical consultation fee income from an associated company	1,788	26,571	-	-
Sales to an associated company	1,702	11,454	-	-
Time charter to associated companies	8,076	9,036	-	-
Interest expense recharged to subsidiaries	-	-	5,921	8,153
Recharge of expenses to associated companies	6,314	3,636	-	-
Subsea services provided to an associated company	37,996	1,239	-	-
Expenses				
Bareboat charter from associated companies	48,633	16,566	-	-
Recharge of expenses from associated companies	2,288	-	-	-
Time charter from an associated company	-	1,060	-	-
Rental expense to a substantial shareholder	3,517	2,213	53	62
Catering expense paid to associated companies of a substantial shareholder	182	168	60	112

Directors' remuneration and fees and key executive officers' remuneration has been disclosed in Note 32.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

38. CORPORATE GUARANTEES

As at 31 August 2012, the Company had issued corporate guarantees to banks for granting banking facilities to certain subsidiaries, associated companies and joint venture companies.

	Group		Company	
	2012 US\$'000	2012 US\$'000	2012 US\$'000	2011 US\$'000
Corporate guarantees given for the borrowings of:				
- Subsidiaries	-	-	796,435	522,251
- Associated companies	134,389	180,403	134,389	180,403
- Joint venture companies	127,399	1,944	127,399	1,944
	261,788	182,347	1,058,223	704,598

The Company had also issued corporate guarantees amounting to US\$149,030,000 (2011: US\$182,848,000) in respect of the leaseback commitments for the 17 (2011: 14) vessels under the sale and leaseback arrangements entered into by the Group.

Corporate guarantees given by the Company will become due and payable on demand when an event of default occurs.

Financial support

The Company had given undertaking to provide financial support to certain subsidiaries to enable these subsidiaries to operate as going concern and to meet their obligations for at least twelve months from the dates of the respective directors' report.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

39. COMMITMENTS

(a) Capital expenditure commitments

	Group	
	2012 US\$'000	2011 US\$'000
Capital expenditure not provided for in the financial statements:		
- Approved and contracted for in respect of construction of vessels	95,272	236,358
- Approved but not contracted for in respect of construction of vessels	112,118	161,768
- Approved and contracted for in respect of equipment purchase	1,411	29,982
- Approved in respect of equity injection in a joint venture company	–	50,847
- Approved and contracted for in respect of purchase of vessel	1,197	–
- Approved and contracted for in respect of yard development	3,950	–
	<u>213,948</u>	<u>478,955</u>

As at 31 August 2011, subject to certain conditions being satisfied, the Company is committed to pay up to US\$50,000,000 in several tranches to Aker Solutions AS in respect to the Second Closing of the acquisition of AMC Group. The Company has completed the Second Closing during the financial year and has recognised the consideration (Note 6(d)).

(b) Lease commitments – Group as lessee

The Group had various operating lease agreements for bareboat charter of vessels, leasing of land, rental of machinery, office premises and shipyard workers' accommodation. The Group has certain non-cancellable lease commitments totalling US\$55,188,000 (2011: US\$61,648,000), whereby the lease period is currently not determinable as the related vessels are still under construction. These leases contain certain price adjustment clauses. Except for the foregoing and the land lease rate which may increase up to 15% every 5 years, until the end of the lease term, the other lease arrangements do not contain any escalation clauses, do not provide for contingent rents and do not contain restrictions on the Group's activities concerning dividends, additional debts and further leasing. Future minimum lease payments payable under non-cancellable operating leases were as follow as of 31 August:

	Group	
	2012 US\$'000	2011 US\$'000
Not later than one year	141,539	49,984
Later than one year but not later than five years	165,067	149,091
Later than five years	38,295	25,022
	<u>344,901</u>	<u>224,097</u>

These leases have remaining lease terms of between 1 to 33 (2011: 1 to 34) years.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks including interest rate risk, credit risk, liquidity risk, foreign currency risk and equity price risk. The Group's principal financial instruments, other than derivative financial instruments and investment securities, comprise bills payable, notes payable, convertible bonds, bank term loans, lease obligations and cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The Group uses derivative financial instruments such as foreign exchange contracts, interest rate derivative contracts and cross currency swap contracts to hedge underlying risk exposures and the transactions are not entered into for speculative purposes.

The Group's overall risk policy is to minimise potential adverse effects on the Group's financial performance.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The management reviews and agrees policies for managing these risks and they are summarised below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate exposure relates primarily to its long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. To maintain this mix in a cost efficient manner, the Group uses interest rate cap contracts that have the effect of capping specific debt obligations of the Group. In negotiation for favourable pricing of these contracts, the Group may sell interest rate floor contracts to the counter party.

Additional information relating to the Group's interest rate exposure is also disclosed in the notes relating to its borrowings, long term receivables from a subsidiary and associated companies and fixed deposits. The other financial instruments of the Group and the Company are not subject to interest rate risks.

Sensitivity analysis of interest rate risk

It is estimated that a one percentage point increase/decrease in interest rate would decrease/increase the Group's profit before tax by approximately US\$7,323,000 (2011: US\$3,273,000). In computing the effect of changes in interest rates, the effect of interest rate swaps has been considered. The analysis is performed on the same basis for 2011.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations when due.

The carrying amounts of trade and other receivables, amounts due from associated companies and joint venture companies, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

The Group has established credit limits for creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

Fixed deposits and cash and bank balances are placed with reputable financial institutions. Management believes that the financial institutions that hold the Group's assets are financially sound and accordingly, minimal credit risk exists with respect to these assets.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2012		2011	
	US\$'000	% of total	US\$'000	% of total
By country:				
Singapore	27,342	5	31,854	10
Southeast Asia	67,416	14	43,386	14
Americas	83,233	17	19,249	6
Other countries ⁽¹⁾	319,080	64	212,885	70
	497,071	100	307,374	100

⁽¹⁾ Includes balance receivable from New Zealand amounting to US\$76,479,000 (2011: US\$75,097,000).

	Group			
	2012		2011	
	US\$'000	% of total	US\$'000	% of total
By industry sectors:				
Offshore Support Services	117,427	24	66,020	21
Marine Services	115,604	23	70,950	23
Subsea Services	264,040	53	170,404	56
	497,071	100	307,374	100

As at 31 August 2012, the Group had 10 (2011: 10) major customers that accounted for approximately 52% (2011: 55%) of the Group's gross trade receivables.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group.

Cash and cash equivalents are placed with reputable banks.

Financial assets that are past due but not impaired

Included in the Group's trade receivables of more than 365 days is a balance amounting to US\$76,479,000 (2011: US\$75,097,000).

In October 2011, the Group entered into a settlement agreement with the debtor in respect of the outstanding receivable to settle the amount in not more than five years. This amount is secured by rights and interests to the receivables of the debtor including participatory interests and guarantees. This includes an undertaking that the debtor has obtained from a related party of the Group to meet its repayment obligations.

In October 2011 and November 2012, the Group has received the first two payments in accordance to the settlement agreement.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group's funding is obtained from funds generated from operations, issuance of bonds and notes, bills payable, bank term loans and finance leases.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

The table below analyses the Group's and the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not expected to be significant.

Year ended 31 August 2012	Group			
	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
Financial liabilities:				
Trade payables	120,198	–	–	120,198
Other payables	221,800	24,038	–	245,838
Balances due to associated and joint venture companies	33,945	–	–	33,945
Bills payable	294,922	–	–	294,922
Lease obligations	593	787	56	1,436
Bank term loans	332,070	431,924	134,125	898,119
Notes payable	41,513	–	–	41,513
Convertible bonds	15,693	147,056	–	162,749
Derivative financial instruments – settled net	1,481	–	–	1,481
Total undiscounted financial liabilities	1,062,215	603,805	134,181	1,800,201



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Year ended 31 August 2011	Group			
	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
Financial liabilities:				
Trade payables	71,030	–	–	71,030
Other payables	198,276	3,663	–	201,939
Balances due to associated and joint venture companies	8,713	–	–	8,713
Bills payable	152,866	–	–	152,866
Lease obligations	413	629	42	1,084
Bank term loans	162,854	385,784	120,673	669,311
Notes payable	2,410	43,042	–	45,452
Convertible bonds	14,682	163,511	–	178,193
Derivative financial instruments – settled net	26,271	–	–	26,271
Total undiscounted financial liabilities	637,515	596,629	120,715	1,354,859



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Year ended 31 August 2012	Company			
	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
Financial liabilities:				
Other payables	30,650	22,472	–	53,122
Balances due to subsidiaries, associated and joint venture companies	14,666	–	–	14,666
Bills payable	108,225	–	–	108,225
Lease obligations	195	218	–	413
Bank term loans	164,930	53,829	–	218,759
Notes payable	41,513	–	–	41,513
Convertible bonds	15,693	147,056	–	162,749
Derivative financial instruments – settled net	1,481	–	–	1,481
Total undiscounted financial liabilities	377,353	223,575	–	600,928



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Year ended 31 August 2011	Company			
	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
Financial liabilities:				
Other payables	21,670	1,284	–	22,954
Balances due to subsidiaries, associated and joint venture companies	3,672	–	–	3,672
Bills payable	49,249	–	–	49,249
Lease obligations	256	256	–	512
Bank term loans	76,295	141,067	4,000	221,362
Notes payable	2,410	43,042	–	45,452
Convertible bonds	14,682	163,511	–	178,193
Derivative financial instruments – settled net	21,206	–	–	21,206
Total undiscounted financial liabilities	189,440	349,160	4,000	542,600



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in a currency other than the respective functional currencies, arising from charter hire income, operating expenses and borrowings and interest expenses. It is the Group's policy to hedge these risks through foreign currency forward exchange contracts, if material. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency liabilities created in the normal course of business.

In addition, the Group uses foreign currency forward exchange contracts to minimise the currency exposures on payments of major capital commitments. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

As at 31 August 2012, the Group has significant foreign currency exposure in Singapore Dollar ("SGD"), Euro ("EUR"), Norwegian Kroner ("NOK"), Malaysian Ringgit ("MYR"), Vietnam Dong ("VND"), Australian Dollar ("AUD") and Pounds Sterling ("GBP") in its cash and cash equivalents, trade and other receivables, trade and other payables, bank term loans and bills payable as disclosed in the respective notes.

Sensitivity analysis for foreign currency risk

A 10% strengthening of foreign currencies against USD at the reporting date would have increased/ (decreased) profit before tax by the amounts as shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	2012	2011	2012	2011
	Equity US\$'000	Equity US\$'000	Profit before tax US\$'000	Profit before tax US\$'000

Group

Foreign currencies against USD

- SGD	3,383	4,903	(4,211)	(11,188)
- EUR	-	-	(2,182)	(8,229)
- NOK	-	-	(4,307)	(2,123)
- AUD	-	-	67	15
- MYR	-	-	54	606
- VND	-	-	(422)	(393)
- GBP	-	-	263	908

Company

Foreign currencies against USD

- SGD	3,383	4,903	911	(7,959)
- EUR	-	-	-	(1,593)
- NOK	-	-	-	20
- GBP	-	-	312	313

A 10% weakening of foreign currencies against USD will have approximately equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investments in quoted investments. These equity instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

If prices for equity securities increase/decrease by 30% with all other variables held constant, the equity of the Group will be US\$10,148,000 (2011: US\$14,709,000) higher/lower and the equity of the Company will be US\$10,148,000 (2011: US\$14,709,000) higher/lower.

Derivative financial instruments and hedging activities

Derivative financial instruments included in the statement of financial position as at 31 August are as follows:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Interest rate swap contracts	(868)	(1,703)	(868)	(1,703)
Call option	-	(5,065)	-	-
Embedded derivatives of the Bonds (Note 25)	(613)	(19,503)	(613)	(19,503)
	(1,481)	(26,271)	(1,481)	(21,206)
Cross currency swap contracts	3,722	5,792	3,722	5,792
Forward currency option contracts	-	566	-	-
	3,722	6,358	3,722	5,792
	2,241	(19,913)	2,241	(15,414)

The table below sets out the notional principal amount of the outstanding interest rate derivative contracts, notional principal of the cross currency swap contracts and the notional amount of net forward currency option contracts of the Group and the Company as at 31 August:

	Group		Company	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Remaining notional principal of interest rate derivative contracts	70,000	70,000	70,000	70,000
Notional principal of cross currency swaps contracts (2011: SGD)	40,077	41,552	40,077	41,552
Notional amount of net foreign currency option contracts (2011: GBP and USD)	-	13,503	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Derivative financial instruments and hedging activities (cont'd)

Call option

HCM entered into a call option agreement with Izzet Ishak to grant him or his nominee a call option over 66,000,000 shares of Perisai held by HCM. The call option commenced on the completion of the acquisition of Perisai (Note 7) and will expire two years after the completion of the Share Purchase Agreement. The exercise price is MYR0.485 per share.

In April 2012, the Company announced that Izzet Ishak has exercised the call option. Accordingly, the call option recorded as a "fair value through profit or loss" financial instrument amounted to US\$5,065,000 during the financial year.

Cash flow hedges

Interest rate risk

As at 31 August 2012, the Group and the Company held 2 (2011: 2) interest rate derivative contracts that have been designated as hedge of the Group's and the Company's interest rate exposure in respect of bank term loans with remaining combined notional value of US\$70,000,000 (2011: US\$70,000,000) undertaken by the Group.

The interest rate derivative contracts cover the respective cash flows of interest charges payable to the banks from August 2010 to August 2013. The terms of the contracts have been negotiated to match the terms of the bank term loans.

Foreign currency risk

As at 31 August 2012, the Group and the Company held 2 (2011: 2) cross currency swap contracts that have been designated as hedge of the Group's and the Company's foreign currency exposure in respect of notes payable with remaining combined notional value of US\$40,077,000 (2011: US\$41,552,000) undertaken by the Group and Company.

The cross currency swap contract covers SGD to USD exposure of interest charges payable to the banks from May 2010 to May 2013. The terms of the contracts have been negotiated to match the terms of the bank term loans.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial assets:				
FVTPL investments				
- Equity instruments (quoted)	2,311	-	-	2,311
AFS investments				
- Equity instruments (quoted)	33,825	-	-	33,825
Derivative financial instruments (Note 40)				
- Cross currency swap contracts	-	3,722	-	3,722
As at 31 August 2012	36,136	3,722	-	39,858
Financial liabilities:				
Derivative financial instruments (Note 40)				
- Interest rate swap contracts	-	(868)	-	(868)
- Embedded derivatives of the Bonds	-	(613)	-	(613)
As at 31 August 2012	-	(1,481)	-	(1,481)

	Group			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial assets:				
FVTPL investments				
- Equity instruments (quoted)	2,160	-	-	2,160
AFS investments				
- Equity instruments (quoted)	49,031	-	-	49,031
Derivative financial instruments (Note 40)				
- Cross currency swap contracts	-	5,792	-	5,792
- Forward currency option contracts	-	566	-	566
As at 31 August 2011	51,191	6,358	-	57,549



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

	Group			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial liabilities:				
Derivative financial instruments (Note 40)				
- Interest rate swap contracts	-	(1,703)	-	(1,703)
- Call option	-	(5,065)	-	(5,065)
- Embedded derivatives of the Bonds	-	(19,503)	-	(19,503)
As at 31 August 2011	-	(26,271)	-	(26,271)

	Company			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial assets:				
FVTPL investments				
- Equity instruments (quoted)	2,311	-	-	2,311
AFS investments				
- Equity instruments (quoted)	33,825	-	-	33,825
Derivative financial instruments (Note 40)				
- Cross currency swap contracts	-	3,722	-	3,722
As at 31 August 2012	36,136	3,722	-	39,858
Financial liabilities:				
Derivative financial instruments (Note 40)				
- Interest rate swap contracts	-	(868)	-	(868)
- Embedded derivative of the Bonds	-	(613)	-	(613)
As at 31 August 2012	-	(1,481)	-	(1,481)



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

	Company			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial assets:				
FVTPL investments				
- Equity instruments (quoted)	2,160	-	-	2,160
AFS investments				
- Equity instruments (quoted)	49,031	-	-	49,031
Derivative financial instruments (Note 40)				
- Cross currency swap contracts	-	5,792	-	5,792
As at 31 August 2011	51,191	5,792	-	56,983
Financial liabilities:				
Derivative financial instruments (Note 40)				
- Interest rate swap contracts	-	(1,703)	-	(1,703)
- Embedded derivatives of the Bonds	-	(19,503)	-	(19,503)
As at 31 August 2011	-	(21,206)	-	(21,206)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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. prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value

Quoted equity instruments – Fair value is determined directly by reference to their published market bid price at the reporting date.

Derivative financial instruments – Derivatives are valued using a valuation technique with market observable inputs. Fair values of options and embedded derivatives of the Bonds are determined using Black Scholes or Binomial option pricing model. Forward currency options contracts and interest rate contracts are determined by reference to published market prices or bankers' quotes at the reporting date without factoring in transaction costs.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

- (i) Trade and other receivables, trade and other payables, balances from/(to) subsidiaries, associated companies and joint venture companies, cash and cash equivalents and cash pledged

The carrying amounts of these balances approximate fair values due to their short-term nature.

- (ii) Long term receivables from subsidiary and/or associated companies, loans and borrowings at floating rate, lease obligations

The carrying value of the balances (except for lease obligations) approximate fair value as these balances are of variable interest rate with repricing features.

The carrying value of lease obligations approximate fair value as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

42. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's policy is to ensure that gearing ratio does not exceed 250%. In order to maintain or adjust the capital structure, the Group may issue new shares, buy back issued shares, obtain new borrowings or reduce its borrowings.

The Group defines net debt as loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to equity holders of the Company and reserves.

	Group	
	2012 US\$'000	2011 US\$'000 (Restated)
Loans and borrowings	1,245,571	930,812
Less: Cash and cash equivalents	(133,356)	(116,051)
Net debt	1,112,215	814,761
Equity attributable to owners of the Company	1,011,391	848,350
Net gearing ratio (%)	110	96

The Group is required to comply with certain minimum net worth, gearing ratio and interest coverage ratio covenants in connection with its loans and borrowings. The Group continuously monitors its compliance with these covenants. As at 31 August 2011 and 2012, the Group has complied with these covenants.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

43. SEGMENT INFORMATION

For management reporting purposes, the Group is organised into three main operating divisions:

- Offshore Support Services division is mainly engaged in the owning, chartering and the management of offshore support vessels serving the oil and gas industry;
- Marine Services division is mainly engaged in the provision of management services, supply of marine gas and oil, provision of engineering, design and fabrication works; and
- Subsea Services division is mainly engaged in Subsea, Umbilicals, Risers and Flowlines ("SURF") installation; subsea inspection, maintenance and repair ("IMR"), well intervention and drilling and decommissioning.

Segment accounting policies are the same as the policies described in Note 2.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit from operations.

Inter-segment pricing, if any, is determined on an arm's length basis.

Group financing and income taxes are managed on a group basis and are not allocated to the operating segments.

In presenting geographical information, segment revenue is based on the billing location of customers.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

43. SEGMENT INFORMATION (CONT'D)

Financial year ended 31 August 2012	Offshore Support Services US\$'000	Marine Services US\$'000	Subsea Services US\$'000	Group US\$'000
Revenue				
Sales	280,862	157,356	551,580	989,798
Inter-segment sales ⁽¹⁾	(5,616)	–	–	(5,616)
Sales to external customers	275,246	157,356	551,580	984,182
Profit from operations	26,480	38,536	30,668	95,684
Share of profit of associated companies	3,382	–	–	3,382
Share of profit of joint venture companies	3,339	–	–	3,339
Financial income				3,545
Financial expenses				(38,064)
Tax				(21,586)
Unallocated other operating income, net				62,414
Unallocated expenses				(41,760)
Unallocated share of profit of an associated company				(2,032)
Net profit for the financial year				64,922
Assets				
Segment assets	716,317	316,559	1,243,896	2,276,772
Unallocated assets				456,934
Total assets				2,733,706
Liabilities				
Segment liabilities	356,399	210,512	544,632	1,111,543
Unallocated liabilities				610,985
Total liabilities				1,722,528
Other information				
Capital expenditure ⁽²⁾	139,294	15,038	144,646	298,978
Unallocated capital expenditure				693
Total capital expenditure				299,671
Depreciation and amortisation	20,106	6,498	21,842	48,446
Unallocated depreciation and amortisation				1,296
Total depreciation and amortisation				49,742

⁽¹⁾ Inter-segment sales are eliminated on consolidation⁽²⁾ Capital expenditure consists of additions to fixed assets

Ezra Annual Report 2012 / 197



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

43. SEGMENT INFORMATION (CONT'D)

Financial year ended 31 August 2011 (Restated)	Offshore Support Services US\$'000	Marine Services US\$'000	Subsea Services US\$'000	Group US\$'000
Revenue				
Sales	221,270	160,303	179,523	561,096
Inter-segment sales ⁽¹⁾	(1,825)	(171)	–	(1,996)
Sales to external customers	219,445	160,132	179,523	559,100
Profit from operations	47,507	33,519	(18,259)	62,767
Share of profit of associated companies	1,976	–	–	1,976
Share of profit of joint venture companies	723	–	–	723
Financial income				2,290
Financial expenses				(26,590)
Tax				(8,834)
Unallocated other operating income, net				18,127
Unallocated expenses				(16,203)
Unallocated share of profit of an associated company				8,689
Net profit for the financial year				42,945
Assets				
Segment assets	870,358	260,081	632,254	1,762,693
Unallocated assets				389,755
Total assets				2,152,448
Liabilities				
Segment liabilities	395,871	211,378	211,266	818,515
Unallocated liabilities				484,836
Total liabilities				1,303,351
Other information				
Capital expenditure ⁽²⁾	289,542	30,932	170,574	491,048
Unallocated capital expenditure				2,146
Total capital expenditure				493,194
Depreciation and amortisation	13,121	4,729	8,913	26,763
Unallocated depreciation and amortisation				2,042
Total depreciation and amortisation				28,805

⁽¹⁾ Inter-segment sales are eliminated on consolidation⁽²⁾ Capital expenditure consists of additions to fixed assets



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

43. SEGMENT INFORMATION (CONT'D)

Geographical Information

Revenue ⁽¹⁾	Group	
	2012 US\$'000	2011 US\$'000
Singapore	93,512	65,062
South East Asia ⁽²⁾	248,461	160,495
Americas	161,332	66,274
Other countries ⁽³⁾	480,877	267,269
	984,182	559,100

Note:

⁽¹⁾ Revenue is based on the location of customers.

⁽²⁾ South East Asia includes Thailand, Brunei, Malaysia, Philippines and Vietnam and excludes Singapore.

⁽³⁾ Other countries include Australia, China, India, Nigeria, New Zealand, United States of America, United Arab Emirates, Norway and the United Kingdom.

Information on major customers

Revenue from three (2011: one) major customers amounting to US\$99,963,000 (2011: US\$41,210,000) arose from sales by the Offshore Support Division.

Revenue from two (2011: one) major customers amounting to US\$87,905,000 (2011: US\$51,749,000) arose from sales by the Marine Services Division.

Revenue from four (2011: one) major customers amounting to US\$329,978,000 (2011: US\$35,666,000) arose from sales by the Subsea Services Division.

Non-current assets (comprising fixed assets, goodwill and other intangible assets) are based on the location of the companies that own those assets.

Non-current assets	Group	
	2012 US\$'000	2011 US\$'000 (Restated)
Singapore	1,007,712	1,007,526
South East Asia ⁽⁴⁾	99,378	68,153
Other countries ⁽⁵⁾	297,025	106,643
	1,404,115	1,182,322

⁽⁴⁾ South East Asia includes Malaysia, Thailand and Vietnam and excludes Singapore.

⁽⁵⁾ Other countries include the United Kingdom, British Virgin Islands, United States of America, Australia and Norway.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

44. DIVIDENDS PAID AND PROPOSED

	Group and Company	
	2012 US\$'000	2011 US\$'000

Ordinary dividends paid

Final tax exempt ordinary dividend for FY2010 of \$0.015 per ordinary share paid on 17 January 2011

- 9,229

No cash dividend has been declared or recommended for the current financial year.

In August 2012, the Company has proposed a dividend in specie of approximately 33.0% of the total number of shares in its subsidiary, Triyards Holdings Limited.

45. SUBSEQUENT EVENTS

(a) Incorporation of new subsidiaries

The Company and its subsidiaries incorporated the following wholly-owned subsidiaries:-

- Triyards UK Limited, incorporated in Scotland, with paid-up and issued share capital of GBP1 in September 2012;
- Triyards Houston Holdings LLC, incorporated in United States of America, by Triyards UK Limited with initial contribution of US\$100 in September 2012; and
- Triyards Houston LLC, incorporated in United States of America, by Triyards Houston Holdings LLC with initial contribution of US\$100 in September 2012.

(b) Dividend in specie of up to 107,159,543 shares in Triyards Holdings Limited ("Tiyards") and listing of Triyards

On 27 August 2012, the Company proposed a restructuring (the "Restructuring Exercise") of the engineering and fabrication business carried on by the Company and subsidiaries which will be held by Triyards, a wholly owned subsidiary of the Company.

The Company proposed a dividend in specie ("Proposed Distribution") of approximately 33.0% of the total number of shares in Triyards in issue and held directly by the Company immediately following the Restructuring Exercise to be distributed to the shareholders of the Company.

Pursuant to the Restructuring Agreement dated 31 August 2012, Triyards and/or its subsidiaries acquired from the Company the interests in the following companies carrying on the engineering and fabrication business for an aggregate consideration of 295,008,912 number of new shares in Triyards (the "Share Consideration"), as follows:

- (a) the entire issued and paid-up share capital of Triyards Vietnam Limited (including its subsidiaries, Gulfstream Management Limited, Saigon Shipyard Company Limited and Saigon Offshore Fabrication and Engineering Limited), comprising 2,500 ordinary shares in the capital of Triyards Vietnam Limited for a consideration of 192,609,859 number of new shares in Triyards;



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

45. SUBSEQUENT EVENTS (CONT'D)

b) Dividend in specie of up to 107,159,543 shares in Triyards Holdings Limited ("Tiyards") and listing of Triyards (cont'd)

- (b) the entire issued and outstanding membership interest of Triyards Properties LLC ("Tiyards Properties") comprising a capital contribution of US\$1,000 in Triyards Properties for a consideration of 1,216,670 number of new shares in Triyards; and
- (c) the entire issued and paid-up share capital of Lewek Hercules Pte. Ltd. comprising 1 ordinary share in the capital of Lewek Hercules Pte. Ltd. for a consideration of 17,434,004 number of new shares in Triyards;

The shares (or membership interests, as the case may be) in Triyards Vietnam Limited, Triyards Properties LLC and Lewek Hercules Pte. Ltd. has been acquired free of any and all claims or other encumbrances whatsoever and with all rights attached thereto, with all accrued benefits and rights including dividends accrued but unpaid prior to the date of transfer.

Tiyards Properties has also acquired certain equipment and assets from a subsidiary of the Company, Triyards LLC for a consideration 4,608,276 number of new shares in Triyards.

In addition to the above, Triyards will capitalise intercompany amounts owing to the Group amounting to US\$10.2 million by way of issuance of 79,140,102 Shares to the Company.

Pursuant to the Restructuring Exercise, Triyards will issue an aggregate of 295,008,912 shares to the Company.

Extraordinary General Meeting was held on 27 September 2012 to approve the Proposed Distribution and the distribution was completed on 17 October 2012. Triyards was listed on SGX on 18 October 2012.

On 17 October 2012, pursuant to the Proposed Distribution, the Company own 67.0% of the issued share capital of Triyards.

(c) Disposal of 50% of the issued share capital of AMC Connector AS

On 12 October 2012, the wholly-owned subsidiary of the Company, Emas Offshore Limited, has transferred 50% of the equity interest in AMC Connector AS ("ACAS") to Aker Oilfield Services AS. ACAS has ceased to be a joint venture company of the Group.

(d) Redemption of US\$100 million Convertible Bonds

On 26 November 2012, the Company has announced that US\$94 million of the Convertible Bonds has been redeemed at the option of the bondholders. After redemption, the Company has US\$6 million of the Convertible Bonds remaining which will mature on 25 November 2014. On 27 November 2012, the Company has announced the early redemption of the remaining US\$6 million on 27 December 2012.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

46. COMPARATIVES

On 1 March 2011, the Company has acquired 100% equity interest in AMC Group. In accordance with FRS 103R, *Business Combinations (Revised)*, the management has finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition. Accordingly, the comparative figures have been restated retrospectively as follows:-

Increase/(decrease) in:	Group US\$'000	Company US\$'000
Statement of financial position		
Fixed assets	(7,110)	-
Goodwill	8,255	-
Other intangible assets	6,383	-
Investment in subsidiaries	-	3,066
Inventories	4,121	-
Deferred income – current	4,440	-
Deferred income – non-current	4,440	-
Accumulated profits	2,769	3,066
Income Statement		
Cost of sales	(2,220)	-
Other income	3,066	3,066
Administrative expenses	2,517	-

The presentation of the balance sheet at the beginning of the earliest comparative period has not been prepared as the restatement has no impact on the balances as at 1 September 2010.

47. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 August 2012 were authorised for issue in accordance with a resolution of the directors on 4 December 2012.



STATISTICS OF SHAREHOLDING

30 November 2012

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. Of Shareholders	%	No. Of shares	%
1 - 999	696	4.03	124,095	0.01
1,000 - 10,000	10,683	61.88	59,285,564	6.09
10,001 - 1,000,000	5,851	33.89	218,637,993	22.46
1,000,001 AND ABOVE	34	0.20	695,481,756	71.44
Total	17,264	100.00	973,529,408	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. Of Shares	%
1	DBS Nominees Pte Ltd	157,407,635	16.17
2	Citibank Nominees Singapore Pte Ltd	119,943,464	12.32
3	United Overseas Bank Nominees Pte Ltd	98,956,641	10.16
4	HSBC (Singapore) Nominees Pte Ltd	91,910,287	9.44
5	Aker Solutions Cyprus Limited	72,477,214	7.44
6	DBSN Services Pte Ltd	30,048,928	3.09
7	DB Nominees (S) Pte Ltd	18,327,637	1.88
8	Raffles Nominees (Pte) Ltd	18,087,857	1.86
9	ABN Amro Nominees Singapore Pte Ltd	9,019,464	0.93
10	UOB Kay Hian Pte Ltd	7,433,806	0.76
11	Maybank Kim Eng Securities Pte Ltd	6,336,266	0.65
12	CIMB Securities (Singapore) Pte Ltd	5,794,216	0.60
13	OCBC Securities Private Ltd	5,713,237	0.59
14	Lee Chye Tek Lionel	4,846,000	0.50
15	Phillip Securities Pte Ltd	4,657,451	0.48
16	Merrill Lynch (Singapore) Pte Ltd	4,275,204	0.44
17	Chua Cheng Ann	4,150,000	0.43
18	OCBC Nominees Singapore Pte Ltd	3,549,800	0.36
19	Morgan Stanley Asia (Singapore) Securities Pte Ltd	3,066,800	0.32
20	Lee Seng Wee	3,000,000	0.31
Total		669,001,907	68.73



STATISTICS OF SHAREHOLDING

30 November 2012

SUBSTANTIAL SHAREHOLDERS AS AT 30 NOVEMBER 2012

Name of substantial shareholder	Direct Interest		Deemed Interest	
	No. Of Shareholders	%	No. Of shares	%
Lee Chye Tek Lionel ⁽¹⁾	184,790,384 ⁽²⁾	18.98	36,465,920 ⁽³⁾	3.75
Aker Solutions Cyprus Limited	72,477,214 ⁽⁴⁾	7.44	–	–
Mondrian Investment Partners Limited	–	–	71,283,000	7.32
FMR LLC and FIL Ltd	–	–	50,989,000 ⁽⁵⁾	5.24

⁽¹⁾ Mr Lee Chye Tek Lionel is deemed to be interested in shares held by Jit Sun Investments Pte Ltd by virtue of his 100% shareholdings in Jit Sun Investments Pte Ltd.

⁽²⁾ The shares are being held under the name of the following nominees:

	No. of shares
United Overseas Bank Nominees Pte Ltd	51,450,000
HSBC (Singapore) Nominees Pte Ltd	3,000,000
DBS Nominees Pte Ltd	70,294,384
Citibank Nominees Singapore Pte Ltd	40,000,000
DB Nominees (Singapore) Pte Ltd	15,200,000

⁽³⁾ The shares are being held under the names of the following nominees:

	No. of shares
HSBC (Singapore) Nominees Pte Ltd	34,000,000
HL Bank Nominees (S) Pte Ltd	2,400,000

⁽⁴⁾ Aker Solutions AS, Kjell Inge Rokke, The Resource Group TRG AS, TRG Holding AS, Aker ASA, Aker Holding AS, Aker Solutions ASA, Aker O&G Group AS are deemed to be interested in the 72,477,214 shares issued to Aker Solutions Cyprus Limited.

⁽⁵⁾ The deemed interest of 50,989,000 shares is held by FMR LLC on behalf of the managed accounts of its direct and indirect subsidiaries and by FIL Ltd on behalf of the managed accounts of its direct and indirect subsidiaries.

SHAREHOLDING BY THE PUBLIC

Based on information available to the Company as at 30 November 2012, approximately 75.73% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ezra Holdings Limited ("the Company") will be held at Klapsons, The Boutique Hotel – eighteen.1 & 2 at Level 18, 15 Hoe Chiang Road, Tower Fifteen, Singapore 089316 on Monday, 31 December 2012 at 10 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 August 2012 together with the Auditors' Report thereon.
(Resolution 1)
2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association: -

Capt Adarash Kumar A/L Chranji Lal Amarnath	(Retiring under Article 106)	(Resolution 2)
Mr Soon Hong Teck	(Retiring under Article 106)	(Resolution 3)
Mr Tay Chin Kwang	(Retiring under Article 106)	(Resolution 4)
Mr Eng Heng Nee Philip	(Retiring under Article 90)	(Resolution 5)

Mr Soon Hong Teck will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and member of the Remuneration Committee, Nominating Committee, and Enterprise Risk Committee and will be considered independent.

Mr Eng Heng Nee Philip will, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee and member of the Audit Committee, Remuneration Committee, and Enterprise Risk Committee and will be considered independent.
3. To approve the payment of Directors' fees of S\$493,417 for the financial year ended 31 August 2012 (2011: S\$335,000).
(Resolution 6)
4. To approve the payment of Directors' fees of US\$492,300 for the financial year ending 31 August 2013, to be paid quarterly in arrears.
(Resolution 7)
5. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.
(Resolution 8)
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.



NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company 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 Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) 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 earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (i)]

(Resolution 9)



NOTICE OF ANNUAL GENERAL MEETING

8. Authority to allot and issue shares under the Ezra Employees' Share Option Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Ezra Employees' Share Option Scheme ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, 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 earlier.

[See Explanatory Note (ii)]

(Resolution 10)

9. Proposed Renewal of the Share Buyback Mandate

That :-

- (a) for the purposes of the Companies Act (Chapter 50) of Singapore (the "Companies Act"), purchase or otherwise acquire the Shares (as hereafter defined) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) on-market purchases ("Market Purchases"), transacted on the Singapore Exchange Securities Trading Limited ("SGX-ST") through Quest-ST, the new trading system of the SGX-ST which replaced the Central Limit Order Book (CLOB) trading system as of 7 July 2008 or, as the case may be, any other stock exchange on which the Shares may for the time being listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases ("Off-Market Purchases") effected pursuant to an equal access scheme (as defined in section 76C of the Companies Act).

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the listing rules of the SGX-ST as may for the time being be applicable as set out in the Appendix dated 14 December 2012 to the Annual Report, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

- (b) unless varied or revoked by the Company in general meeting, have the authority pursuant to the Share Buyback Mandate exercisable at any time and from time to time, 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 or the Articles of Association of the Company to be held;
 - (ii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked in a general meeting; or
 - (iii) the date on which the share buybacks pursuant to the Share Buyback Mandate are carried out to the full extent mandated; and



NOTICE OF ANNUAL GENERAL MEETING

- (c) complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.
- (d) In this Resolution:

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price;
- (ii) in the case of an Off-Market Purchase: 120% of the Highest Last Dealt Price, where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Prescribed Limit" means ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"Relevant Period" means the period commencing from the date of the Annual General Meeting 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; and

"Shares" means ordinary shares in the capital of the Company.

[See Explanatory Note (iii)]

(Resolution 11)

By Order of the Board

Yeo Keng Nien
Company Secretary

Singapore, 14 December 2012



NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution 9 in item 7 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per cent. (20%) may be issued other than on a prorata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) The Ordinary Resolution 10 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
- (iii) The Ordinary Resolution 11 proposed in item 9 above, if passed, will empower the Directors from the date of the Meeting until the next Annual General Meeting to repurchase ordinary issued shares of the Company by way of market purchases or off-market purchases of up to ten per cent. (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the office of Boardroom Corporate & Advisory Services Pte Ltd located at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than 48 hours before the time appointed for holding the Annual General Meeting.



PROXY FORM

(Please see notes overleaf before completing this Form)

EZRA HOLDINGS LIMITED

Co. Reg. No. 199901411N

(Incorporated In The Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy shares in the capital of Ezra Holdings Limited, this 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 Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____ (Name) _____ (NRIC/Passport no) of

_____ (Address)

being a member/ members of Ezra Holdings Limited (the "Company"), hereby appoint:

Name	NRIC / Passport Number	Address	Proportion of shareholdings	
			No of Shares	%

and/or (delete as appropriate)

Name	NRIC / Passport Number	Address	Proportion of shareholdings	
			No of Shares	%

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Monday, 31 December 2012 at 10 a.m. at Klapsons, The Boutique Hotel – eighteen.1 & 2 at Level 18, 15 Hoe Chiang Road, Tower Fifteen, Singapore 089316 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 August 2012		
2	Re-election of Capt Adarash Kumar A/L Chranji Lal Amarnath as a Director of the Company		
3	Re-election of Mr Soon Hong Teck as a Director of the Company		
4	Re-election of Mr Tay Chin Kwang as a Director of the Company		
5	Re-election of Mr Eng Heng Nee Philip as a Director of the Company		
6	Approval of Directors' fees for the financial year ended 31 August 2012		
7	Approval of Directors' fees for the financial year ending 31 August 2013		
8	Re-appointment of Ernst & Young LLP as Auditors of the Company		
9	Authority to allot and issue new shares		
10	Authority to allot and issue new shares under the Ezra Employees' Share Option Scheme		
11	Proposed renewal of the Share Buyback Mandate		

Dated this _____ day of _____ 2012

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

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

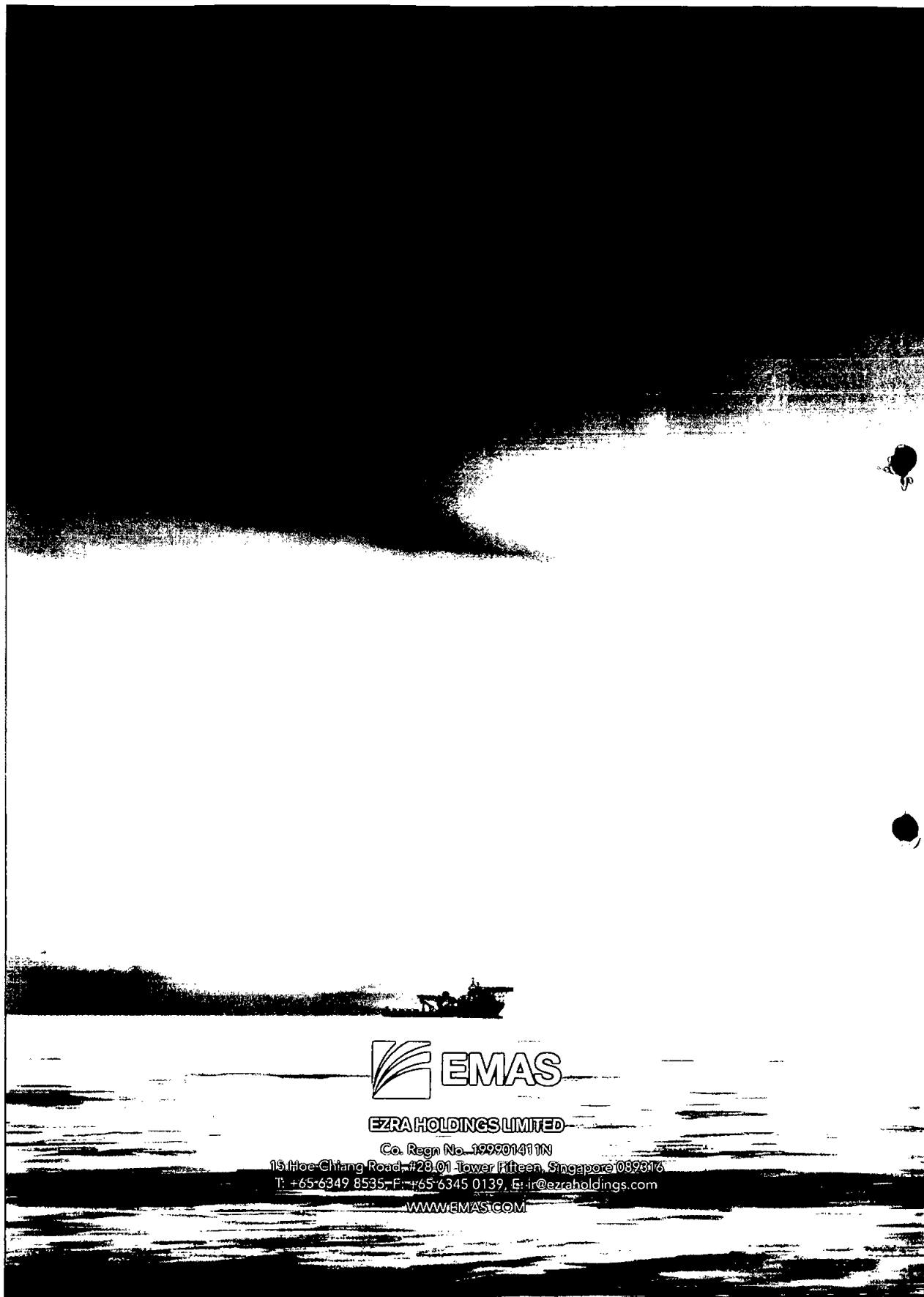


Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company may appoint not more than two proxies to attend and vote at the same meeting of the Company. A proxy need not be a member of the Company.
3. If a member of the Company nominate two proxies, then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the first named proxy shall be treated as representing one hundred per cent. (100%) of the shareholding and any second named proxy as an alternate to the first named.
4. An instrument appointing a proxy or proxies and, where the instrument of proxy is signed on behalf of the appointer (which shall include a Depositor) by an attorney, the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of authority (failing previous registration of the Company), shall be deposited at the office of Boardroom Corporate & Advisory Services Pte Ltd located at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than forty-eight hours before the time for holding the meeting at which it is to be used, failing which the instrument may be treated as invalid.
5. An instrument appointing a proxy or proxies, in the case of an individual, shall be signed by the appointor or of his attorney and in the case of a corporation, shall be either given under common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
6. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company.
7. General: The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company shall be entitled to reject an instrument of proxy lodged by any Depositor whose name does not appear in the Depository Register as at forty-eight (48) hours before the meeting at which the proxy is to act as certified by The Central Depository (Pte) Limited to the Company.







EZRA HOLDINGS LIMITED

Co. Regn No. 199901411N

15 Hoe Chiang Road, #28-01 Tower Fifteen, Singapore 089816

T: +65 6349 8535 F: +65 6345 0139 E: ir@ezraholdings.com

WWW.EMAS.COM



Brønnøysundregistrene
Regnskapsregisteret

8910 BRØNNØYSUND

DDI: +47 22 12 76 21
e-mail: bente.astrom@emas.com

Our Ref.: Bente F. Åstrøm
Date: 05.05.2013

NY INNSEENDING AV REGNSKAPET FOR 2012

Vedlagt oversendes regnskapet for 2012 med alle vedlegg på nytt.
Regnskapet ble tidligere sendt inndet 17. februar, men ettersom revisjonsberetningen var feildatert har revisor trukket denne og utstedt ny. Dette er den eneste endringen i forhold til tidligere innsendt regnskap.

Med vennlig hilsen
EMAS AMC

Bente F. Åstrøm
Head of Accounting

Emas-AMC AS

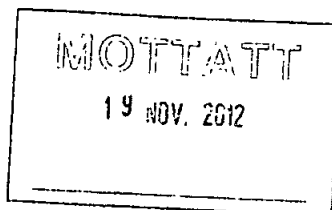
NO 974 453 940 VAT
Visit Address: Liljekerveien 2A, Lilleaker, N-0283 Oslo, Norway
Postal Address: P.O. Box 247, Lilleaker, N-0216 Oslo, Norway
Tel +47 22 12 75 00 Fax +47 22 94 59 00 www.emas.com

Together We Deliver
Marine AMC Production Energy



Brønnøysundregistrene

Kundenr : 852841
EMAS-AMC AS
Att: Fredrik Hedberg
Postboks 247 Lilleaker
0216 OSLO



Deres ref.

Vår ref.
2012039170

Dato
16.11.2012

Endring av regnskapsåret for
974 453 940 EMAS-AMC AS

Vi viser til din henvendelse mottatt den 15.11.2012.

Regnskapsregisteret har registrert at enheten har endret avslutningsdato. Den registrerte avslutningsdatoen er nå 31.08.

Årsregnskapet som skal sendes inn, må omfatte regnskapsperioden:

01.01.2012 - 31.08.2012

Årsregnskapet skal fastsettes senest seks måneder etter regnskapsårets slutt, jf. regnskapsloven § 3-1. Komplette årsregnskap skal sendes til Regnskapsregisteret senest innen en måned etter at det er fastsatt, jf. regnskapsloven § 8-2.

Altinn

Vi oppfordrer dere til å sende årsregnskapet elektronisk ved å bruke Regnskapsregisteret sine skjema på www.altinn.no. Dersom dere skal sende årsregnskapet i posten, må dere laste ned og fylle ut skjemaet "Vedlegg til årsregnskap" fra www.brreg.no/regnskap/vedlegg/. Skjemaet må dere skrive under og legge ved årsregnskapet.

Med hilsen

Brønnøysundregistrene - Regnskapsregisteret

Eli Helmersen
saksbehandler

Vedlegg

Brønnøysundregistrene
Postadresse: Regnskapsregisteret, Postboks 900, 8910 Brønnøysund
Telefoner: Opplysningstelefonen 75 00 75 00 Administrasjonen 75 00 75 09 Telefaks 75 00 75 05
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	16.08.2012	24.08.2012
Telefon	Deres referanse	Vår referanse
22078139	Fredrik Hedberg	2012/581786

EMAS-AMC AS
Postboks 247 Lilleaker
0216 OSLO

Fritak for konsernregnskapsplikt for EMAS-AMC AS, org. nr. 974 453 940

Det vises til deres brev av 16. august 2012 der det søkes om fritak fra plikten til å utarbeide konsernregnskap for EMAS-AMC AS.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for EMAS-AMC AS.

Bakgrunn

EMAS-AMC AS er eid 100 % av Ezra Holdings Limited som er hjemmehørende i Singapore. Ezra er notert på Singapore Exchange Securities Trading Limited («SGX-ST»), og opererer i offshoremarkedet. Ezra utarbeider konsernregnskap som omfatter EMAS-AMC AS med datterselskaper. Ezra utarbeider konsernregnskap etter «Singapore Financial Reporting Standards» (FRS), som er nært beslektet med internasjonale regnskapsstandarter og IFRS.

Forutsetninger for vedtaket

Det forutsettes at Ezra Holdings Limited utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskap. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med FRS og at kravene i regnskapsloven § 3-7 for øvrig følges.

Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet. Morselskapet kan etter forskrift av 7.9.2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven § 3-7-1 utarbeide konsernregnskapet på norsk, svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



2012/581786 Side 2 av 2

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Torstein Kinden Helleland



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	14.08.2012	24.08.2012
Telefon	Deres referanse	Vår referanse
22078139	Fredrik Hedberg	2012/581786

EMAS-AMC AS
Postboks 247 Lilleaker
0216 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for EMAS-AMC AS, org. nr. 974 453 940

Det vises til deres brev av 14. august 2012 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for EMAS-AMC AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering EMAS-AMC AS, dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysninger som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

EMAS-AMC AS er et heleid datterselskap av Singapore-noterte Ezra Holdings Inc. EMAS-AMC AS driver med offshore virksomhet. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet benytter også engelsk som arbeidsspråk. Den norske versjonen utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



2012/581786 Side 2 av 2

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "*informative regnskaper for ulike grupper av regnskapsbrukere*". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at morselskapet er hjemmehørende i Singapore. Eierkretsen er således begrenset. All regnskapsrapportering til morselskapet gjøres på engelsk. Videre er det vektlagt at konsernet benytter engelsk som arbeidsspråk og opererer i en internasjonal bransje.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



EMAS AMC
974.453.940
01.01.2012 - 31.08.2012



ANNUAL REPORT 2012 EMAS AMC

THE COMPANY

EMAS AMC delivers subsea construction and marine services to the offshore petroleum and energy industry. Our clients include oil and gas companies, leading energy companies and operators of floating production facilities, as well as their suppliers. The company aims to be a reliable subsea contractor for our clients, provide a good working environment for our staff and good returns to our owners.

Emas-AMC AS is a subsidiary of Ezra Holdings Limited. Emas-AMC AS has two wholly owned subsidiaries Emas-AMC Pty and Emas-AMC Inc. This annual report solely refers to Emas-AMC AS (the company), as an exemption has been given for producing an annual report for the group. The overall financial figures for Emas-AMC AS with its two subsidiaries will be consolidated by the parent company, Ezra Holdings Limited.

The 2011 annual report, which was for the consolidated group followed the Norwegian fiscal year. This is the first annual report which follows the financial calendar of Ezra Holdings Limited (1 September to 31 August). Thus, this year's annual report covers the financial year 2012 from 01.01.12 to 31.08.12. The next annual report will be fully aligned with the annual reporting of the parent company. This report is in English only as an exemption has been granted from having a Norwegian version.

EMAS AMC is one of four business divisions within Ezra Holdings Ltd., which operates under the brand name EMAS. EMAS is a leading global provider of offshore construction, production, well intervention and marine services. EMAS operates globally with offices at 16 locations on five continents, Africa, North America, South America, Europe and Asia and Oceania, and has its headquarters in Singapore. In 2011, EMAS implemented a strategic acquisition of Aker Marine Contractors (AMC), and established its subsea construction and installation division, EMAS AMC.

In 2012 the company has continued its focus on strengthening the provision of the full range of subsea services and EPCI (Engineering, Procurement, Construction, and Installation) expertise within the SURF (Subsea, Umbilicals, Risers, Flowlines) segment. This year the new subsea construction vessel Lewek Connector (formerly named AMC Connector) also went into commercial operation. The main focus has been on delivering safely, efficiently and best value solutions to our clients.

The company's activities are run from the office in Lysaker, and it also has operations out of an office in Stavanger.

THE SOLUTIONS

EMAS AMC installs subsea systems for oil and gas companies all over the world, within the SURF (Subsea, Umbilical, Risers and Flowlines) segment. We install structures (templates and manifolds), flexible and rigid pipes, umbilicals and risers, and undertake purchases and testing of subsea systems.

EMAS AMC also installs mooring systems for floating installations, conducts maintenance and makes modifications, and installs and removes floating and fixed platforms.

Furthermore, EMAS AMC installs subsea power cables, for example for the electrification of oil and gas production platforms, export cables for transferring offshore wind power to the electricity grid, and cables for transferring power between countries.

These installation projects involve various tasks, including studies, engineering, project management, purchasing and manufacturing follow-up as well as the operations at sea, where EMAS AMC utilize its modern fleet of construction vessels ensuring safety throughout the entire project.



Trough Ezra the company has access to 10 construction vessels, including vessels under construction. Three of these vessels are on charter party with the company. The two BOA vessels, BOA Deep C and BOA Sub C are on time charter with company. The BOA Sub C has for the full year and the BOA Deep C for most of the year been leased to the subsidiary in the United States. After the end of the fiscal year (31.08.12), Ezra sold its 50 percent ownership share in the Lewek Connector ship owning company Aker Connector AS (ACAS). Lewek Connector is as of 11th of October 2012 on a long-term bareboat charter to the company from the new owner Ocean Yield. The company has, in turn, sub-chartered the Lewek Connector to ABB for parts of the years 2012, 2013 and 2014.

RESEARCH AND DEVELOPMENT

EMAS AMC has no research and development activities at their own expense. Development of methods occurs mainly as part of project implementation.

RESULTS

Although the financial year 2012 results is not fully comparable to 2011 results due to change of financial reporting calendar, the financial results demonstrates that the company has managed to turn a negative operating result into a positive one, as expected. This shows that the company is on a right track, as 2011 was a transitional year following the ownership change.

Per 31.08 2012, EMAS AMC had a total revenue of NOK 867 million which resulted in an operating result before tax at NOK 49 million.

The main reasons for the positive development are higher project activity and high vessel utilization rate. The activities on the Norwegian Continental Shelf are generally lower in the second and third quarter of the financial year as the winter season is not optimal for subsea construction work; this is not fully reflected in the FY12 results as it does not take into account the full winter season.

The utilization rate of Lewek Connector has been very high following its first commercial operations in March 2012 on the riser replacement project for Statoil. Lewek Connector has also been on a charter party agreement with ABB for most of the year.

As for the BOA vessels the utilization rates have also been good. Boa Deep C has been operated by the subsidiary in the United States before returning to do work on the Norwegian Continental Shelf on chain replacements for Statoil at the end of the year. Boa Sub C has been sublet throughout 2012 to the subsidiary in the United States.

The projects with Statoil combined with the operations executed under the strategic cooperation agreement with ABB have overall yielded good financial results for the company.

CASH FLOW

Cash flow from operations is dependent on many factors, including the progress and delivery of projects, working capital changes and advance payments from customers. As per 31.8.12, the total net cash flow from operations was negative by NOK 78 compared to a negative total net cash flow of NOK 26 million in 2011. The negative operating cash flow was a direct result of the company reducing the overdue vendor payments from the previous financial year by using the proceeds from positive earnings in the project portfolio.

The net cash flow from investments was minus NOK 17 million, mainly caused by purchase of fixed assets. Net cash from financing activities amounted to NOK 49 million, where the change is mainly related to repayment of intercompany loans.



BALANCE SHEET AND LIQUIDITY

The company's cash position per 31.08.2012 was NOK 9,8 million.

The change in the Company's cash position is due to change in working capital. The Company's operating cash flow arrives from approximately 10 medium size projects. Billing is typically based on milestones and/or progress; Company may occasionally receive advance payments. Significant month to month fluctuations in working capital is expected since the Company typically has fewer large receivables.

The Company continues to secure profitable projects and require all projects to be neutrally funded. The Company therefore expects to generate positive operating cash flow from these projects. Should Company require short term funding for any reason, intercompany loans are available from the Parent Company.

Total assets for the company at the end of August 2012 was NOK 651 million compared to NOK 542 million for the end of the financial year 2011.

The Company has had a higher level of sales activity than last year which has led to a higher volume of outstanding trade receivables.

The equity ratio for the company per 31.08.2012 was 39%, compared to 37% per 31.12.2011. The company's equity was positive by NOK 253 million by end August 2012

FINANCIAL RISK

The company has a low exposure to credit risk as the customer base is largely made up of a limited number of large oil companies with good creditworthiness. The company has a process in place where credit assessments are made prior to entering into contracts with new customers and smaller companies. Credit assessments are also performed on key suppliers. If deemed necessary, credit risk is mitigated by implementing adequate payment securities such as bank guarantees or by monitoring customer payments. The Company has not suffered any losses due to payment defaults by any of our clients.

During the tender phase and upon contract execution of a new project, currency inflows and outflows are analyzed and any resulting currency exposure is minimized by the use of natural hedging i.e. multi-currency contracts. The company occasionally uses hedging instruments to mitigate any remaining currency exposure.

Liquidity risk is considered low as the company is generating positive operating cash flow through successful execution of profitable projects. Further, any potential short term fluctuations in cash balance could potentially be covered by an intercompany loan from the parent company.

The company has no significant interest rate exposure.

AN EVENTFUL YEAR AND FUTURE PROSPECTS

The stronger focus towards the SURF EPCI segment has resulted in significant contract awards. At the start of the year the company was awarded two contracts from Statoil, for chain and riser replacements. The riser replacements operations for 2012 were successfully completed using the newly built Lewek Connector. The company was also awarded a SURF EPCI contract for marine installation and pipe lay from Statoil for the Fram H Nord project.

Within installation of subsea construction cables the company has been awarded a contract to supply subsea HVDC Light transmission systems to the Troll A platform in the North Sea by ABB, pursuant to an arrangement of strategic cooperation for the installation of subsea power cables between ABB and the company. This year also saw the first commercial subsea



power cable installation of the power cable connection between Wales and Ireland, part of the East-West Interconnector project.

The contract awards as well as a higher activity level are in line with the expectations and future prospects commented in last year's annual report.

Keys to ensure EMAS AMC's future growth is ensuring a high vessel utilization rate, especially during the winter season as well as making sure company is able to differentiate itself from its competitors combined with market prospects.

Overall the growth in activity and level of investment within the company's business offerings is expected to continue over the next years, strengthening EMAS AMC's prospects. We anticipate future growth based on the activity in pipe-laying and installation of subsea equipment. These new projects are in addition to a large amount of IMR (Inspection, Maintenance & Repair) work on already existing infrastructure. The oil companies have decided on a number of quick expansions particularly on the Norwegian Continental Shelf. We also see that new technology is extending the life of existing fields, which will also have a positive effect on the level of activity.

The oil companies have announced strong growth in exploration activities. A large proportion of this growth will be in deep water areas and this will generate an increased demand for our services in a long term perspective.

It is also expected strong growth in the market for subsea power cable installation due to the drive towards a stronger commitment to renewable energy. A market EMAS AMC expects to capture significant shares of.

The Board will, however, emphasize that there will always be risk associated with the estimation of future results.

GOING CONCERN ASSUMPTION

The board finds the company's financial standing to be good. The prerequisites for continued operations have been met by the company, and the annual accounts have been prepared accordingly. There were no post-balance sheet events that are likely to significantly affect the company's financial position and results beyond those reflected in the annual accounts.

The company focuses on being able to continually adapt to market fluctuations and to adjust the level of activity in an efficient manner. The company has refocused its product portfolio, and significantly increased resource commitment to better cater to the EPCI SURF segment.

This year has set EMAS AMC on the right track following 2011 being a transitional year. The results for 2012 demonstrate a profit. The company has been awarded a satisfactory number of new contracts. This trend is likely to continue, given the company's positioning and good market prospects.

WORKING ENVIRONMENT AND PERSONNEL

The company has a staff of 113 permanent employees, and have utilized consultants equivalent to 66 full time positions in 2012. The amount of consultants has been necessary following the activity level in tendering and project execution.

The number of sick days in the fiscal year was 292.50, in which constitutes 0,93% (1,23% in 2011) of overall worked hours. The sick leave percentage for long term illness constitutes 0.62% for the year. There are no indications or evidence that long term illness is related to internal factors. EMAS AMC focuses on the benefits of utilizing a flexible working time arrangement; additionally the company has no employees performing physical work. These factors are considered important to the low figures.

EMAS AMC had no long term injuries amongst own personnel in 2012.



The company has a goal to improve the registration of near misses, and encourage all employees to report incidents. A high number of reported incidents indicates high attention to, and a sensible attitude towards safety, and provides a good basis for systematic preventive safety work and measures prior to any accident. The company has identified risk factors when performing dangerous work processes and provides employees with training to minimize risk.

The working environment in the company is perceived as good. An election for new members to the Working Environmental Committee was held in 2011. This committee has conducted two meetings in 2012.

The cooperation with the employee unions has been constructive, and contributed positively to the business.

EQUAL OPPORTUNITIES

The female population is 24% out of 113 permanent employees. The percentage of females amongst employees below 35 years is 33%. The female percentage in the management team is 25%. As per today, there are no females on the board.

When hiring new employees the company pay attention to hiring the right candidate for the specific position, however there is a high overall awareness internally with regards to increasing the female population.

On a principle level the company's attitude is to practice equal pay for work of equal value. Base salaries for new hires are established on the background of internal and external benchmark.

The board and company management is aware of the societal expectations regarding measures to promote equal opportunities in the company and the board. As per today, no specific measures are taken to promote this work, however the board has the ambition to meet society's expectations over time.

DISCRIMINATION

EMAS AMC has an established principle that all employees have the same opportunities. This applies to all, potential hires and current employees, independent of race, color, religion, gender, age, national origin or disability. Furthermore, EMAS AMC has separate guidelines for whistle-blowing that particularly address harassment, bullying, and discrimination.

HEALTH, SAFETY AND ENVIRONMENT

In 2012 the company focused on furthering its work with Health, Safety and Environment. The company's quality and safety system has been certified by DNV to satisfy the requirements in ISM / ISO 9001/ ISO 14001.

The management is involved in continuous educational work in the field of HSE and puts a particular emphasis on sharing experience that lays the groundwork for continuous improvement.

The environmental strategy of EMAS AMC includes a zero emission philosophy with reporting and follow-up on near misses regarding injuries and accidents. A limited amount of hazardous materials are utilized in the company's operations, and the risk of damage to the external environment is considered minimal.

The company is certified towards the international environmental standard ISO 14001, and all environmental aspects in EMAS AMCs activities are governed and controlled through this standard.

The company's land-based activities do not pollute the environment beyond normal levels for similar activities.



OWNERSHIP

Emas-AMC AS was by the end of financial year (31.08.2012) owned 100% by Ezra.

Per. 31/8/12 Board of Directors consisted of Lionel Lee Chye Tek, Asle Bjørnstad, Svein Haug, Tay Chin Kwang, Kjartan Aines, Kumar Lal Amarnath Chranji Aderash and Jon Jørgen Gudbrandsen.

ALLOCATION OF PROFIT

By 31.08 2012 EMAS AMC has a result after taxes of NOK 51.2 million

The 2012 result will be used upon transfer to other equity. After the disposal of the result, the company has no free equity as per 31.08.2012.

Oslo, December 17 2012

Tek Lionel Lee Chye
Chairman

Asle Bjørnstad

Svein Haug
Regional Head

Chin Kwang Tay

Kjartan Aines

Kumar Chranji Lal Amarnath Aderash

Jon Jørgen Gudbrandsen



ERNST & YOUNG

To the Annual Shareholders' Meeting in
EMAS-AMC AS

State Authorised Public Accountants
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Oslo Atrium, P.O.Box 20, NO-0051 Oslo

Business Register: NO 976 389 387 MVA
Tel.: +47 24 00 24 00

Fax: +47 24 00 24 01
www.ey.no

Member of the Norwegian Institute of Public
Accountants

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of EMAS-AMC AS, which comprise the balance sheet as at 31 August 2012, the statements of income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors' and General Manager's responsibility for the financial statements

The Board of Directors and General Manager are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and General Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

A member firm of Ernst & Young Global Limited



Opinion

In our opinion, the financial statements of EMAS-AMC AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 August 2012 and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and General Manager have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 28 January 2013

ERNST & YOUNG AS

Erik Sørensen

State Authorised Public Accountant (Norway)