Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2014 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	974 453 940
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	EMAS-AMC AS
Forretningsadresse:	Lilleakerveien 2A 0283 OSLO

Regnskapsår

Årsregnskapets periode:	01.09.2013 - 31.08.2014

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Silje Hauland
Dato for fastsettelse av årsregnskapet:	12.02.2015

Grunnlag for avgivelse

År 2014: Årsregnskapet er elektronisk innlevert

År 2013: Tall er hentet fra elektronisk innlevert årsregnskap fra 2014

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 20.11.2020

Resultatregnskap

Beløp i: NOK	Note	2014	2013
RESULTATREGNSKAP			
Inntekter			
Revenue	2	1 906 436 000	1 660 232 000
Other operating income	2	76 000	1 158 000
Sum inntekter		**1 906 512 000**	**1 661 390 000**
Kostnader			
Cost of Sales	17	1 468 381 000	1 507 089 000
Employee benefits expenses	3.7	345 184 000	289 424 000
Depreciation expenses	5	16 658 000	16 205 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	5	3 018 000	
Other operating expenses		51 783 000	45 461 000
Sum kostnader		**1 885 024 000**	**1 858 179 000**
Driftsresultat		**21 488 000**	**-196 789 000**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	4	1 371 000	1 300 000
Annen renteinntekt	4	88 000	145 000
Other fin. income (agio)	4	32 019 000	30 023 000
Sum finansinntekter		**33 478 000**	**31 468 000**
Annen rentekostnad	4	4 637 000	7 122 000
Other fin. exp (agio)	4	45 879 000	55 508 000
Sum finanskostnader		**50 516 000**	**62 630 000**
Netto finans		**-17 038 000**	**-31 162 000**
Ordinært resultat før skattekostnad		**4 450 000**	**-227 951 000**
Income tax expense	6		-4 063 000
Ordinært resultat etter skattekostnad		**4 450 000**	**-223 888 000**
Årsresultat		**4 450 000**	**-223 888 000**
Overføringer og disponeringer			
To other equity		4 450 000	-223 890 000

Resultatregnskap

Beløp i: NOK	Note	2014	2013
Sum overføringer og disponeringer		**4 450 000**	**-223 890 000**

Balanse

Beløp i: NOK	Note	2014	2013
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	6	14 222 000	14 222 000
Sum immaterielle eiendeler	6	**14 222 000**	**14 222 000**
Varige driftsmidler			
Mach. & plant and capt.vessel equipt	5	44 709 000	17 757 000
Equipment	5	14 791 000	17 829 000
Sum varige driftsmidler		**59 500 000**	**35 586 000**
Finansielle anleggsmidler			
Investering i annet foretak i samme konsern	8	1 041 000	1 040 000
Other fin. fixed assets	7	524 000	6 502 000
Sum finansielle anleggsmidler		**1 565 000**	**7 542 000**
Sum anleggsmidler		**75 287 000**	**57 350 000**
Omløpsmidler			
Varer			
Inventories		27 434 000	16 188 000
Sum varer		**27 434 000**	**16 188 000**
Fordringer			
Trade receivables	10	666 669 000	563 529 000
Other receivables	10	48 074 000	125 766 000
Konsernfordringer	10	352 340 000	206 341 000
Sum fordringer		**1 067 083 000**	**895 636 000**
Bankinnskudd, kontanter og lignende			
Cash and bank deposits	11	60 317 000	14 183 000
Sum bankinnskudd, kontanter og lignende		**60 317 000**	**14 183 000**
Sum omløpsmidler		**1 154 834 000**	**926 007 000**
SUM EIENDELER		**1 230 121 000**	**983 357 000**

Balanse

Beløp i: NOK	Note	2014	2013
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	13	218 277 000	218 277 000
Overkurs	13	72 213 000	72 213 000
Annen innskutt egenkapital	13	87 785 000	87 785 000
Sum innskutt egenkapital		**378 275 000**	**378 275 000**
Opptjent egenkapital			
Udekket tap	13	343 517 000	349 386 000
Sum opptjent egenkapital		**-343 517 000**	**-349 386 000**
Sum egenkapital		**34 758 000**	**28 889 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	7	8 038 000	12 525 000
Sum avsetninger for forpliktelser		**8 038 000**	**12 525 000**
Annen langsiktig gjeld			
Other long term liabilities	18	1 316 000	
Sum annen langsiktig gjeld		**1 316 000**	
Sum langsiktig gjeld		**9 354 000**	**12 525 000**
Kortsiktig gjeld			
Leverandørgjeld	10	166 408 000	227 874 000
Public duties payable	10	20 535 000	17 129 000
Kortsiktig konserngjeld	10	726 054 000	481 216 000
Other short term liabilities	10,18	273 012 000	215 724 000
Sum kortsiktig gjeld		**1 186 009 000**	**941 943 000**
Sum gjeld		**1 195 363 000**	**954 468 000**
SUM EGENKAPITAL OG GJELD		**1 230 121 000**	**983 357 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2014	2013
RESULTATREGNSKAP			
Inntekter			
Revenue	31	1 488 351 000	1 262 065 000
Other income	32	7 151 000	105 224 000
Sum inntekter		**1 495 502 000**	**1 367 289 000**
Kostnader			
Cost of Sales		1 261 448 000	1 092 833 000
Administrative expenses		157 284 000	165 739 000
Sum kostnader		**1 418 732 000**	**1 258 572 000**
Driftsresultat		**76 770 000**	**108 717 000**
Finansinntekter og finanskostnader			
Share of profit associated companies		33 763 000	18 508 000
Share of profit joint ventures		3 196 000	3 591 000
Renteinntekt fra foretak i samme konsern	35	2 399 000	2 399 000
Annen renteinntekt	35	1 230 000	2 603 000
Sum finansinntekter		**40 588 000**	**27 101 000**
Annen rentekostnad	36	42 656 000	43 535 000
Sum finanskostnader		**42 656 000**	**43 535 000**
Netto finans		**-2 068 000**	**-16 434 000**
Ordinært resultat før skattekostnad		**74 702 000**	**92 283 000**
Tax	26	20 680 000	28 219 000
Ordinært resultat etter skattekostnad		**54 022 000**	**64 064 000**
Årsresultat		**54 022 000**	**64 064 000**
Minoritetsinteresser		8 753 000	10 415 000
Årsresultat etter minoritetsinteresser		**45 269 000**	**53 649 000**
Exchange diffrences on translating foreign operations		1 217 000	-1 222 000
AFS investments			-29 075 000

Konsernets resultatregnskap

Beløp i: USD	Note	2014	2013
Fair value change on cash flow hedges		3 169 000	-1 059 000
Reclassification on disposal of gain on cash flow hedge to profit or loss			-4 211 000
Share of other comprehesive income of associated companies and joint venture companies		3 127 000	2 262 000
Totalresultat		**52 782 000**	**20 344 000**

Konsernets balanse

Beløp i: USD	Note	2014	2013
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Goodwill	5a	231 370 000	231 017 000
Other intangible assets	5b	10 509 000	10 919 000
Sum immaterielle eiendeler		**241 879 000**	**241 936 000**
Varige driftsmidler			
Leasehold building	4	110 997 000	69 961 000
Motor Vehicles	4	2 471 000	1 773 000
Plant and Machinery	4	76 061 000	68 639 000
Yard improvments and renevations	4	1 494 000	1 896 000
Vessels	4	730 982 000	705 837 000
Vessels under construction	4	568 312 000	396 050 000
Assets on bord vessels	4	62 935 000	62 185 000
Drydocking expenditures	4	33 362 000	32 505 000
Office equipment, furniture and fittings	4	2 640 000	2 827 000
Computers	4	4 701 000	4 558 000
Sum varige driftsmidler		**1 593 955 000**	**1 346 231 000**
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	7	187 765 000	148 009 000
Investments in joint venture comp	8	25 738 000	24 311 000
AFS investments	9	3 075 000	
Faire Value through profit or loss investments	42		2 282 000
Long term recivable from associated companies	11	48 080 000	37 800 000
Funding scheme pension	12	48 000	178 000
Trade recivables	15	49 621 000	33 074 000
Defferd tax	26	2 496 000	2 496 000
Sum finansielle anleggsmidler		**316 823 000**	**248 150 000**
Sum anleggsmidler		**2 152 657 000**	**1 836 317 000**
Omløpsmidler			
Varer			
Assets held for sale	13	120 298 000	102 548 000

Konsernets balanse

Beløp i: USD	Note	2014	2013
Inventories and work in progress	14	91 364 000	75 311 000
Sum varer		**211 662 000**	**177 859 000**
Fordringer			
Trade receivables	15	546 406 000	459 465 000
Other receivables and assets	15	105 559 000	119 865 000
Konsernfordringer	15	167 200 000	157 205 000
Sum fordringer		**819 165 000**	**736 535 000**
Investeringer			
Derivative financial instruments	41	615 000	
Sum investeringer		**615 000**	
Bankinnskudd, kontanter og lignende			
Cash, cash pledged	17, 18	178 893 000	175 738 000
Sum bankinnskudd, kontanter og lignende		**178 893 000**	**175 738 000**
Sum omløpsmidler		**1 210 335 000**	**1 090 132 000**
SUM EIENDELER		**3 362 992 000**	**2 926 449 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	27	490 085 000	490 085 000
Sum innskutt egenkapital		**490 085 000**	**490 085 000**
Opptjent egenkapital			
Perpetual securities	28	123 047 000	122 940 000
Accumalated profits		523 716 000	492 695 000
Capital reserves	29a	-3 242 000	-3 210 000
Fair value adjustment reserves	29b	4 951 000	3 491 000
Hedging reserves	29c	243 000	-2 790 000
Translation reserves	29d	-1 622 000	-4 674 000
Treasury shares	30	-7 376 000	-7 376 000
Sum opptjent egenkapital		**639 717 000**	**601 076 000**

Konsernets balanse

Beløp i: USD	Note	2014	2013
Minoritetsinteresser		55 967 000	48 755 000
Sum egenkapital		**1 185 769 000**	**1 139 916 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	12	1 297 000	2 047 000
Utsatt skatt	26	1 032 000	675 000
Sum avsetninger for forpliktelser		**2 329 000**	**2 722 000**
Annen langsiktig gjeld			
Obligasjonslån	25	374 405 000	272 769 000
Gjeld til kredittinstitusjoner	23	665 940 000	510 386 000
Other Payables	19	26 076 000	12 152 000
Deferred income	21	24 442 000	27 006 000
Lease obligations	22	811 000	751 000
Sum annen langsiktig gjeld		**1 091 674 000**	**823 064 000**
Sum langsiktig gjeld		**1 094 003 000**	**825 786 000**
Kortsiktig gjeld			
Bills payable to banks	20	228 585 000	192 758 000
Bank term loans	23	281 122 000	258 919 000
Convirtable bonds	24		49 204 000
Lease obligations	22	1 054 000	1 048 000
Derivative financial instruments	41	3 847 000	11 122 000
Leverandørgjeld	19,20	424 283 000	349 206 000
Provision for taxation		17 734 000	14 115 000
Progress billings in aexcess of work-in-progress	15a	61 766 000	41 026 000
Deffered income	21	1 540 000	1 644 000
Balance due to joint ventures	19	2 500 000	2 500 000
Balance due to associated companies	19	60 789 000	39 476 000
Sum kortsiktig gjeld		**1 083 220 000**	**961 018 000**
Sum gjeld		**2 177 223 000**	**1 786 804 000**
SUM EGENKAPITAL OG GJELD		**3 362 992 000**	**2 926 720 000**

EY
Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Oslo Atrium, P.O.Box 20, NO-0051 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax: +47 24 00 24 01
www.ey.no
Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of
EMAS-AMC AS

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of EMAS-AMC AS, comprising the statement of financial position as at 31 August 2014, the statements of income and cash flows for the year then ended as well as 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 on the financial statements.

EY
Building a better working world

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 2014 and its financial performance and cash flow 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 and the going concern assumption 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, 12 February 2015
ERNST & YOUNG AS

Erik Søreng
State Authorised Public Accountant (Norway)

ANNUAL REPORT 2014 EMAS AMC

FURTHER BUILDING UP OF RIGID PIPELAY CAPABILITIES

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 three wholly owned subsidiaries Emas-AMC Pty and Emas-AMC Inc and EMAS Marine Base Holding Co.LLC. This annual report refers solely to Emas-AMC AS (the company), as the Company is exempted from producing a consolidated annual report for the group (i.e. Emas-AMC AS and its wholly owned subsidiaries) the overall financial figures for Emas-AMC AS with its two subsidiaries will be consolidated by the ultimate parent company, Ezra Holdings Limited.

The annual report covers the company's financial year which for EMAS AMC AS commences on the 1st September and ends on the 31st August every year. 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' full suite of services is carried out across two listed groups, EZRA Holdings Limited, which is listed on the Singapore stock exchange, and EMAS Offshore Limited, which is listed on the Oslo stock exchange and with a secondary listing on the Singapore stock exchange. 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.

EMAS AMC was established in 2011 following a strategic acquisition of Aker Marine Contractors (AMC) by Ezra Holdings. Today EMAS AMC contributes to approximately 70% of the Group's total revenue. The company has a clear vision to become the premier subsea tieback contractor in the global SURF industry.

The company's activities are run from the office in Lysaker, and it also has operations out of an office in Stavanger which was set up in 2013 and will gradually be expanded over the next years

In financial year 2014 the company has continued its growth and 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. The company has especially focused on further strengthening its rigid pipelay capabilities, by attracting key competence and establishing a spoolbase on the Northwest coast of Norway.

Through the last three years the company has progressed from less complex subsea work to more complex Subsea Umbilicals, Risers and Flowlines and full Engineering, Procurement, Commissioning and Installation projects. In the area of flexible products, templates and structures, EMAS AMC has in a short time established a solid position in the North-sea

The company has a very competent global organization with an impressive history as well as some of the world's most advanced construction vessels, with Lewek Connector as a key differentiating asset. The main focus has been on delivering safely, efficiently and best value solutions to our clients.

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 operations at sea, where EMAS AMC utilize its modern fleet of construction vessels ensuring safety and quality throughout the entire project.

Through the parent company, Ezra, the company has access to 12 construction vessels, including vessels under construction. Five of these vessels are chartered by the company on long term charter parties. The two rigid pipe layers Lewek Express and Lewek Centurion are on bare boat charter party agreements.

The BOA Sub C, which is on time charter with the company has for most part of the financial year been allocated to company's subsidiary in the United States of America. Last year the company made a decision not to call the option to extend the charter the subsea construction vessel the BOA Deep C, as the vessel capabilities no long fit into the overall vessel and company strategy. The company has, as for the three previous years, chartered the Lewek Connector to ABB for parts of the financial year 2014, and the vessel has also for parts of the year been allocated to company's the subsidiary in the United States.

In November the company took delivery of the light subsea construction vessel the Lewek Inspector under a charter party with Forland. The vessel has since the entering of the agreement and throughout the financial year been leased to Saipem for work offshore Brazil.

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

Per 31.08 2014, EMAS AMC had a total revenue of NOK 1907 million compared to NOK 1661 million in 2013, which resulted in an profit before tax at NOK 4.4 million.

The company ended up with a small positive result, which has been an improvement from last year where the company had an Profit/(loss) before tax at NOK -228 million. Overall the project margins have improved significantly due to focus on reducing the overall cost base as well as improved revenue at the project level in the financial year.

The main reasons for not ending up with a better result based on the increase in revenue are lower than expected vessel utilization rate during the North Sea winter period.

Revenue from projects is recognized according to the percentage of completion method. The application of this method requires use of judgment and brings along inherent risk related to the estimates. Revenue recognition is based on management's best estimate.

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. For the financial year 2014, the total net cash flow from operations was positive by NOK 91 million compared to a negative cash flow from operations of NOK 76 million in 2013.

The net cash flow from investment activities in 2014 were NOK - 45 million compared to a net impact in 2013 of NOK + 81 million. The positive contribution in previous year, was related to the sale of a fixed asset.

The total cash position has improved over the financial year and is expected to be positive over the coming year.

Balance sheet and liquidity

The company's cash position per 31.08.2014 was NOK 60,3 million compared to a balance of NOK 14,2 million in 2013. The accounts receivables had increased significantly compared to 2013 year end and was NOK 1.067 million for 2014 against NOK 895 million the year before.

The Company's operating cash flow is derived from approximately 10 – 15 medium to big 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 positive or neutrally funded. The Company therefore expects to generate positive operating cash flow from all of these projects in the future. Should Company require short term funding for any reason, intercompany loans are available from the Parent Company or through intra-group short term loans.

Total assets for the company at the end of August 2014 was NOK 1,230 million compared to NOK 983 million for the end of the financial year 2013. 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 company's equity was positive by NOK 35 million by end August 2014 compared to a positive NOK 29 million at 31.08.2013. The equity ratio for the company per 31.08.2014 was 3%, which is the same as per 31.08.2013.

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 energy 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 constantly monitored, but 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.

Further building up of rigid pipelay capabilities

The year has been dedicated to further strengthening EMAS AMC within the rigid pipelay segment. During the year the company made changes to the organizational structure to optimize the efficiency of handling larger EPCI contracts and increase focus on minimizing overhead cost.

The company is also in the process of establishing a spool base, which is under construction in Western part of Norway in Gulen municipality Halsvik to support the company's capabilities within the rigid pipelay segment. The EMAS Marine Base Gulen will be capable of fabricating 1 km long pipe stalks in readiness for loading onto either of the companies established or new build reel-lay ships.

Just before end of the calendar year 2014 the company entered into a development and lease agreement for EMAS Marine Base Gulen with Grieg Wergeland Markets (GWM AS). The spool base is expected to be operationally ready in the beginning of the calendar year 2015.

The tender and project activity level has remained high throughout year, especially to position EMAS AMC for rigid pipelay projects. Due to the current downturn in the market some of the subsea projects awards have been postponed by the operators.

At the end of the financial year the company announced the securing of a three-year frame agreement with Apache North Sea Ltd. Typical scope of work under this agreement will be smaller subsea tiebacks, intervention work, diving, etc. For diving services, the company has entered into a strategic cooperation agreement with Harkand in Aberdeen.

This year the company also announced the Martin Linge award where EMAS AMC will lay one of the world's longest subsea HVAC cables to power the offshore installation, reaching from the coast of Norway (Kollsnes) and 160 km out in the North Sea. Electrification of offshore installations is public topic which is high on the agenda, and as a part of key initiatives to reduce emissions related to the oil and gas activities on the Norwegian Continental Shelf.

In terms of offshore work the company has successfully completed the offshore operations for Fram H Nord, the Goliat, Troll and executed work on the Smørbukk project. The company has also installed the anchor system for the new Heidrun FSO which is scheduled to be hooked up spring 2015.

The company consistently works towards delivering maximum operational capability while protecting health, safety and the environment. The company strives to minimize the impact of our operations on the environment by having in place waste management plans, and ensure full compliance with local/global regulations with regards to all emissions. The EMAS AMC vessels are modern and hence following new standards and regulations.

Everyone working for us is required to comply with our safety standards and intervene in unsafe situations. We also actively engage with companies we contract with to encourage them to embed safety cultures in their workforce. Our industry is determined to learn from incidents and accidents to prevent similar occurrences in the future. We believe that accidents can be prevented, however, we recognize the risk associated with our business and are prepared to handle situations that require immediate action to save lives and protect the environment, facilities, equipment and third parties who may be affected. As such, EMAS AMC holds regular emergency response courses and exercises. Key focus areas going forward will be to further enhance technical integrity and to continue to implement Compliance and leadership programs, which focus on strengthening safety culture and behavior.

Key to ensure EMAS AMC's future growth is to secure a high vessel utilization rate, especially during the winter season, as well as making sure the company is able to differentiate itself from its competitors combined with market prospects. The company believes that the actions taken throughout the year both on the competence side as well as on the assets side have placed the company in a favorable position to capture significant contracts also within the rigid pipelay segment in the coming years.

Overall the company acknowledges that there is a slowdown in the North Sea Market with an increased focus by operators on capex discipline and cost savings, which the company experiences through projects being postponed. To mitigate the effects of the downturn in the North Sea Market, the company will further strengthen its presence and business offerings in other regions like the Mediterranean and Western Africa as well as focus on further expanding its client base.

Uncertainty remains over the timing of market awards for most large SURF projects. The decline in crude oil prices, which began at the end of the financial year 2014, is adding to the uncertainty over our clients' timing to proceed with offshore field

development projects. Overall despite the market slowdown and the decline in crude oil prices, the company expects the activity level within the company's business offerings to be sufficiently high to ensure growth for the next coming years. The company also expects business opportunities in the market for subsea power cable installation due to the drive towards a stronger commitment to renewable energy. 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 acceptable. The prerequisites for continued operations have been met by the company, and the annual accounts have been prepared accordingly and confirmed by the board. 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 has budgeted with a profit for FY2015, and the board believes this will help strengthen the currently low equity ratio. A parent company guarantee is also in place covering all potential financial obligations for the company and its subsidiaries for the FY2015. The annual financial statements have been prepared under the going concern assumption, and the Board confirms that the assumption is fulfilled"

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 having significantly strengthened is rigid pipe lay capabilities.

WORKING ENVIRONMENT AND PERSONNEL

At year end the company had a permanent staff of 215, an increase of 16.2% compared to 2013. In addition the company has drawn upon the expertise of consultants, expatriates and seconded personnel equivalent to 61 full time positions in 2014. This is a reduction compared to previous year and is a sign that key competencies are more in place. However, the use of consultants has been necessary following a continued high activity level in tendering and project execution. The company continues to witness a positive development in employment branding, however less efforts have been spent in the external market on attraction measures as the company is becoming more mature and recognized.

During 2014 various efforts have been made to create stronger interaction and engagement between the Oslo office and the Stavanger office. Increased use of technology during town hall meetings, and employee participation in e.g. SCR initiatives are amongst the company driven efforts to strengthen both working environment and engagement for employees based in Stavanger.

The number of sick days in the fiscal year 2014 was 217.5, in which constitutes 1.15% (0.95% in 2013) of overall worked hours. The sick leave percentage for long term illness constitutes 0.63% for the year (0.49% in 2013). The negative development on these indicators must primarily be seen in light of the increase of staff and the specific circumstances for some of the reported sick leave. The company continues to maintain a strong and positive position in terms of low numbers of overall sick leave days. There are no indications or evidence that long term illness is related to internal factors such as the physical work environment, work load or stress. EMAS AMC focuses on the benefits of utilizing a flexible working time arrangement, as well as providing opportunities for exercise during work hours. These are amongst the factors considered important to the low figures. EMAS AMC had no long term injuries amongst own personnel in 2014.

EQUAL OPPORTUNITIES

The female population is 25.1% out of 215 permanent employees. This is a slight increase compared to the previous year, however no specific drivers or initiatives have been established for this purpose. The percentage of females amongst employees below 35 years is 18.5%, a decrease compared to 2013. The main reason for this is general changes to

employee population through recruitment and turnover. The female percentage in the management team at year end is 30.7%.

When hiring employees the company focuses on hiring the right candidate for the specific position and potential future roles, however there is a high overall awareness internally with regards to increasing the female population. 33% of all new hires in 2014 were females, an increase from 22% the previous year. This is a figure the company is pleased with given a competitive employment market and an industry with strong male influence. On a principle level the company's attitude is to practice equal pay for work of equal value. Base salaries for new hires and graduates and independent of gender, 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.

OWNERSHIP

Emas-AMC AS was by the end of financial year (31.08.2014) owned 100% by Ezra.

Per. 31.08.2014 Board of Directors consisted of Lionel Lee Chye Tek, Asle Bjørnstad, Svein Haug, Kumar Lal Amarnath Chranji Adarash, C.J. D'Court, Siew Leng Yap, Kjartan Alnes and Jon Jørgen Gudbrandsen.

By 31.08 2014 EMAS AMC has a result after taxes of NOK 4.4 million

Lysaker, 10.12.2014

Tek Lionel Lee Chye
Chairman

Asle Bjørnstad

Svein Haug
Regional Head

C.J D'Court

Kjartan Alnes

Siew Leng Yap

Jon Jørgen Gudbrandsen

Kumar Chranji Lal Amarnath Adarash

INCOME STATEMENT

Amounts in NOK 1000	NOTE	01.09.2013 - 31.08.2014	01.09.2012 - 31.08.2013
Revenue	2	1,906,436	1,660,232
Other operating income	2	76	1,158
Total revenue		**1,906,512**	**1,661,390**
Cost of sales	17	1,468,381	1,507,089
Employee benefits expenses	3.7	345,184	289,424
Depreciation expenses	5	16,658	16,205
Write down on fixed asset	5	3,018	
Other operating expenses		51,783	45,461
Total operating expenses		**1,885,024**	**1,858,179**
Operating profit		**21,488**	**-196,789**
Financial income	4	33,478	31,467
Financial expenses	4	50,516	62,631
Profit/(loss) before tax		**4,450**	**-227,953**
Income tax expense	6		-4,063
Profit/(loss) after tax		**4,450**	**-223,890**
Transfers			
To other equity		4,450	-223,890
Uncovered loss			
Total transfers		**4,450**	**-223,890**

BALANCE SHEET

Amounts in NOK 1000	*NOTE*	31.08.2014	31.08.2013
ASSETS			
Deferred tax assets	6	14,222	14,222
Total intangible assets		**14,222**	**14,222**
Machinery & plant and Capatilized vessel equipment	5	41,330	17,757
Equipment	5	14,791	17,829
Asset under construction	5	3,379	
Total tangible fixed assets		**59,500**	**35,585**
Net pension plan assets	7	294	1,338
Investments in subsidiaries and joint ventures	8	1,041	1,040
Other financial non-current assets		230	5,164
Total financial fixed assets		**1,566**	7,543
Total non-current assets		**75,287**	**57,350**
Inventories		**27,435**	**16,187**
Trade receivables	10	976,335	729,117
Other receivables	10	90,748	166,519
Recivables		**1,067,083**	**895,637**
Cash and bank deposits	11	60,317	14,183
Total current assets		**1,154,835**	**926,007**
Total assets		**1,230,122**	**983,357**

BALANCE SHEET

Amounts in NOK 1000	*NOTE*	31.08.2014	31.08.2013
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	-343,517	-349,386
Total retained earnings		**-343,517**	**-349,386**
Total equity		**34,759**	**28,890**
LIABILITIES			
Long-term liabilities			
Pension liabilities	7	8,038	12,525
Total provisions		**8,038**	**12,525**
Other long term liabilities	18	1,316	
Total of other long term liabilities		**1,316**	
Current liabilities			
Trade creditors	10	730,376	561,343
Public duties payable	10	20,535	17,129
Other short-term liabilities	10,18	435,099	363,471
Total short-term liabilities		**1,186,010**	**941,943**
Total liabilities		**1,195,363**	**954,467**
Total equity and liabilities		**1,230,122**	**983,357**

Lysaker, 10.12.2014

Tek Lionel Lee Chye
Chairman of the Board

Asle Bjørnstad

Svein Haug
General Manager

C.J D'Court

Kjersti Alnes

Siew Leng Yap

Jon Jørgen Gudbrandsen

Kumar Shanji Lal Amarnath Adsras

CASH FLOW

Amounts in NOK 1000	01.09.13-31.08.14	01.09.12-31.08.13
Profit before income taxes	4,450	-227,953
Taxes paid in the period		-
Depreciation	16,658	16,205
Write down fixed asset	3,018	
Impairment of fixed assets		-
Change in inventory, trade debtors, trade creditors	-89,433	67,354
Change in other accruals	156,503	68,043
Net cash flow from operations	**91,196**	**-76,351**
Proceeds from sale of fixed assets		101,438
Purchase of fixed assets	-45,062	-20,591
Net cash flow from investments	**-45,062**	**80,847**
Repayment of loan intercompany		
Repayment of short term loans		-
Proceeds from issuance of equity	-	-
Repayment of equity	-	-
Investment i companies	-1	-149
Net cash flow from financing	**-1**	**-149**
Net change in cash and cash equivalents	**46,133**	**4,347**
Cash and cash equivalents 01.09	**14,183**	**9,836**
Cash and cash equivalents 31.08	**60,317**	**14,183**

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 financial statement for Ezra Holdings Limited can be found at the following address: www.ezra.listedcompany.com.

This annual financial statement follows the financial calendar of Ezra Holdings Limited which goes from 1 September to 31 August, as an exemption has been given in accordance with the Norwegian Accounting Act. 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.

Accounting for contracts using the percentage of completion method requires judgment relative to assessing risk and estimating total contract cost. Due to the length and scope of work required to be performed on these contracts, the estimation of total cost at completion is subject to many variables and accordingly, is subject to change. When adjustments in estimated total contract sales or estimated total costs are required, any change from prior estimates is recognized in the current accounting period.

Other fixed price contracts (a small portion of the turnover) are recognized based on completed contract method.

Subsidiaries and Joint ventures

Investments in subsidiaries and accounting of Joint ventures 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. Impairment is recognized if the carrying amount is greater than recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. 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 2014. In 2014, 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.

Cash and cash equivalents in the balance sheet comprise of cash in bank accounts, on hand and short-term deposits with an original maturity of three months or less.

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 carrying amount is greater than the recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Depreciation is made on a linear basis over the expected useful life of the asset. The depreciation period for the different assets range from 3-10 years, based on expected useful 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.

The company has a defined contribution plan in place for of its employees. Defined benefit plans are valued at the present value of accrued future pension benefits at the balance sheet date. Pension plan assets are valued at their fair value.

A revised IAS 19 became effective from January 1 2013 and the Company has implemented the standard retrospectively. Any re-measurements (unrecognized actuarial gains and losses) are recorded towards equity. The applied discount rate equals the percentage to the expected return on the plan's assets. The impact on the 2013 accounts is a reclassification of actuarial gains or losses on defined benefit plans from profit or loss to equity. The effect of the revised standard on the opening balance at 1 September 2013 is NOK 1,419 million which is recognized towards equity.

Foreign currency

Transactions in a currency other than the respective functional currencies ("foreign currency") of the Company 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.

Derivative financial instruments

The company occasionally uses hedging instruments to mitigate risks associated with any foreign currency or commodities fluctuations.

Derivative financial instruments are recognized at fair value. Changes in fair value in terms of gains / losses are booked in the income statement as profit or loss for the financial year.

Derivatives are included in current assets or current liabilities, except for maturities greater than 12 months after balance sheet date. These are classified as non-current assets or non-current liabilities.

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

	01.09.2013-31.08.2014	01.09.2012-31.08.2013
Revenue	1,906,436	1,660,232
Other operating income	76	1,158
Total	**1,906,512**	**1,661,390**
Geographical distribution		
Norway	915,615	1,123,237
USA	91,341	92,447
Australia	131	618
Great Britain	67,920	2,875
Singapore	-84	
Sweden	535,591	296,530
Nederland/Holland	70,777	51,853
Ghana		64,554
Nigeria	31,242	29,276
France	193,979	
Total	**1,906,512**	**1,661,390**

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

	01.09.2013-31.08.2014	01.09.2012-31.08.2013
Payroll expenses		
Salaries	187,949	134,458
Social security	27,690	20,591
Pension costs	11,433	11,534
Other benefits	117,188	122,842
Total payroll expenses	**344,260**	**289,424**
Number of employees during the year	200	146

Total payroll expenses also includes payments for consultants

Remunerations key management

01.09.13-31.08.14	Salary	Bonus	Other benefits	Pension
General Manager	2,704	0	12	62

The General Manager's contract may be terminated by either party given a six month notice period.

No remuneration is paid to the Board of Directors.

	01.09.2013 - 31.08.2014	01.09.2012 - 31.08.2013
Audit fees, exclusive VAT		
Mandatory audit	1,194	1,212
Other fees		
Total fees to auditor	**1,194**	**1,212**

NOTE 4 FINANCIAL ITEMS

Amounts in NOK 1000

	01.09.2013 - 31.08.2014	01.09.2012 - 31.08.2013
Financial income		
Interest income from other group entities	-1,371	-1,300
Other interest income	-88	-145
Other financial income (agio)	-32,019	-30,023
Total financial income	**-33,478**	**-31,467**

	01.09.2013 - 31.08.2014	01.09.2012 - 31.08.2013
Financial expenses		
Interest expenses from other group entities	-	-
Other interest expenses	4,637	7,122
Other financial expenses (agio)	45,879	55,508
Total financial expenses	**50,516**	**62,631**

NOTE 5 FIXED ASSETS AND LEASES

Amounts in NOK 1000

Tangible fixed assets	**Equipment**		**Machinery and plant**	**Asset under construction**		**Total**
Accumulated cost as of 01.09.13	29,015	-	26,141	-	-	55,156
Additions	4,369	-	40,693	-	3,379	48,441
Disposals	-	-		-	-	
Accumulated cost as of 31.08.14	**33,384**	-	**66,834**	-	**3,379**	**103,598**
	-	-	-	-	-	
Accumulated depreciations 01.09.13	11,148	-	8,423	-	-	19,571
Accumulated depreciations 31.08.14	18,593	-	22,487	-	-	41,080
Accumulated write downs 31.08.14	-	-	3,018	-	-	3,018
Net amount as of 31.08.14	**14,791**	-	**41,330**	-	**3,379**	**59,500**
Depreciations for the financial year	7,445	-	9,213	-	-	16,658
Write down for the financial year	-	-	3,018	-	-	3,018
Expected useful life	**3-5 year**		**5-10 year**			
Depreciation method	linear		linear		linear	

Amounts in NOK 1000

Operating lease arrangements

	31.08.14	31.08.13
Lease payments recognized in operating expenses for the year	437,655	413,880

The operating lease payments which are related to hire of vessels equals TNOK 423,674. The fixed hire periods varies with one expiring in July 2015, one in December 2017, and one in October 2022. None of the lease agreements contains a purchase option.

The total operating lease commitments as per 31.08.2014 were TNOK 3,327,135 these consist mainly of charter hire obligations. The obligations related to office facilities as at 31.08.2014, where TNOK 49 933. The lease agreement lasts until 30.04.2018 with option to extend with 5 years, however Emas-AMC can terminate the agreement 30.04.2016 with 4 months compensation to the lessor. In addition to the existing obligations, EMAS AMC AS has signed an agreement to lease EMAS Marine Base Gulen over a period of 15 years starting November 2014. The lease of EMAS Marine

Emas AMC AS outstanding lease commitments fall due as follows

	31.08.14
Within one year	673,536
Years two to five inclusive	1,575,124
After five years	1,078,455
Total	3,327,115

Further to the above obligations, EMAS AMC AS has ongoing charter parties for the vessels Lewek Express & Lewek Centurion, where both vessels are sublet to group companies reducing the financial exposure for Emas AMC AS. The total gross commitment for the vessels as per 31.08.2014 is TNOK 74,952. Since the vessel are sublet to group companies they are not presented in EMAS AMC AS financial statement, neither in the balance sheet as receivables/liabilities or in the income statement as revenue/cost.

NOTE 6 TAX

Amounts in NOK 1000	01.09.2013 - 31.08.2014	01.09.2012 - 31.08.2013
Tax expenses for the year		
Taxes payable		
Changes in deferred tax		
Federal tax		
Correction tax payable prior years		-4,539
Foreign Withholding tax		476
Total tax expenses		**-4,063**
Tax calculation		
Operating profit before tax	4,450	-227,953
Permanent differences	528	661
Changes in temporary differences	74,030	45,303
Tax base current year	**79,008**	**-181,988**
Use of tax loss carried forward:	-79,008	
Basis for tax payable:	**0**	**-**

Temporary differences	31.08.2014	31.08.2013	changes
Property, plant and equipment	-60,532	-75,442	-14,910
Construction contracts	56,343	149,860	93,517
Other differences	-16,520	-21,097	-4,578
Total temporary differences	**-20,708**	**53,321**	**74,030**
Tax loss carried forward	-253,467	-332,475	-79,008
Tax credits carried forward	-4,853	-12,947	-8,094
Base for deferred tax asset	**-279,029**	**-292,101**	**-13,072**

Adjustments to deferred tax asset	31.08.2014	31.08.2014
27% deferred tax asset	-75,338	-81,788
Deferred tax asset not recognized	-61,116	67,566
Recognized deferred tax asset	**-14,222**	**-14,222**

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

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 tjenestepensjon"). 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

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 subject to substansial change from 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 219 members, of which 183 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.

Pension cost	01.09.2013 - 31.08.2014			01.09.2012 - 31.08.2013		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Current service cost	760	1,283	**2,043**	1,001	1,868	**2,869**
+Interest cost	(20)	51	**31**	769	221	**990**
- Return on plan assets	-	-	**-**	(1,085)	-	**(1,085)**
= Pension cost	**740**	**1,334**	**2,074**	**685**	**2,089**	**2,774**
	-	-	**-**	-	-	**-**
+Adm. cost	31	-	**31**	177	-	**177**
Net pension cost	**772**	**1,334**	**2,106**	**862**	**2,089**	**2,951**
+Social security (AGA)	116	228	**344**	122	295	**416**
- Amortisation of net actuarial losses (gains)						
	-	282	**282**	1,352	290	**1,642**
Net periodic pension cost	**888**	**1,844**	**2,732**	**2,336**	**2,674**	**5,010**
Contribution defined contribution plan						5,544
New early retirement plan			-			979
Cost related to defined contribution plans						
			-			**6,524**
Total pension cost			**2,732**			**11,533**

>>

>> NOTE 7 (Continued)

	31.08.2014			31.08.2013		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance pension liability/ (asset) as of 01.01	(1,338)	12,525	**11,186**	(1,672)	12,160	**10,488**
+ NPPC during year	2,087	(2,202)	**(115)**	2,336	2,674	**5,010**
- Paid pension premium	(1,043)	(2,285)	**(3,328)**	(2,002)	(2,309)	**(4,311)**
Closing balance pension liability (asset) 31.08	**(294)**	**8,038**	**7,743**	**(1,338)**	**12,525**	**11,186**

	31.08.204			31.08.2013		
Pension liablities	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance	27,465	9,199	**36,665**	30,004	9,524	**39,528**
Current service cost	902	1,522	**2,424**	1,001	1,868	**2,869**
Interest	1,076	322	**1,398**	769	221	**991**
Pension paid	(1,348)	(2,285)	**(3,633)**	(853)	(2,009)	**(2,862)**
Actuarial gains and losses	1,916	(721)	**1,196**	(3,451)	(1,542)	**(4,993)**
Closing balance pension liabilties	**30,012**	**8,038**	**38,050**	**27,470**	**8,062**	**35,533**

	31.08.204			31.08.2013		
Pension funds	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance	27,504		**27,504**	26,120		**26,120**
Expected return on assets	1,091		**1,091**	1,086		**1,086**
Deposits	2,471		**2,471**	1,755		**1,755**
Payment	(1,348)		**(1,348)**	(853)		**(853)**
Actuarial gains and losses	589		**589**	(426)		**(426)**
Adm. cost	-		**-**	(177)		**(177)**
Closing balance pension funds	**30,307**		**30,307**	**27,504**		**27,504**
Actual return on plan assets						
Expected return on assets	1,916		**1,916**	1,086		**1,086**
Actuarial gains and losses, pension fund total	(1,328)		**(1,328)**	(426)		**(426)**
Actuarial gains and losses, pension fund other	(589)		**(589)**	(660)		**(660)**
Actual returns	-		**-**	-		**-**

	31.08.204			31.08.2013		
Distribution pension funds	Funded	Unfunded	Total	Funded	Unfunded	Total
Current bonds	14.1 %			14.2 %		
Cash unit trust	24.1 %			26.2 %		
Shares	8.3 %			6.3 %		
Hold to maturity bonds	31.8 %			34.5 %		
Investments property	14.9 %			14.8 %		
Alternative investments	4.2 %			3.4 %		
Other	2.6 %			0.5 %		
Total	**100 %**			**100 %**		

	Funded	Unfunded		Funded	Unfunded
Financial Assumptions	**31.08.2014**	**31.08.2014**		**31.08.2013**	**31.08.2013**
Discount rate	4.00 %	4.00 %		4.00 %	4.00 %
Expected return	4.00 %	4.00 %		4.00 %	4.00 %
Salary increase	3.75 %	3.75 %		3.50 %	0-3.5%
G-regulation	3.50 %	3.50 %		3.25 %	0-3.25%
Adjustment of current pension	0,60%	2.75 - 4,00%		0.20 %	0-2.5%
	31.08.2014	**31.08.2014**		**31.08.2013**	**31.08.2013**
Discount rate	4.00 %	4.00 %		4.00 %	4.00 %
Expected return	4.00 %	4.00 %		4.00 %	4.00 %

NOTE 8 Investments in subsidiaries and joint ventures

Amounts in NOK 1000

Company name	Business offices	Shares	Book value*	Voting right	Equity (accumulated loss)	Net profit (loss) 31.08.14
EMAS-AMC Pty.Ltd.	Perth, Australia	100 %	12	100 %	71,926	2,828
EMAS-AMC US Inc.	Houston, USA	100 %	891,238	100 %	-201,686	2,797
FODE & EMAS Joint Venture Co. Ltd	Nigeria	40 %	148,999	40 %		

*Book value is presented in full amount not NOK 1000.

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 and joint ventures are recognized using the cost method.

FODE & EMAS Joint Venture Co. Ltd is a joint venture with Field Offshore Design Engineering Nigeria Limited (FODE), established in June 2013. FODE holds the remaining 60% of the company shares. There are no official financial statements as per 31.08.2014 for FODE & EMAS Joint Venture Co. Ltd.

NOTE 9 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 energy 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. If deemed necessary, credit risk is mitigated by implementing adequate payment securities such as bank guarantees, parent company guarantees and/or upfront customer payments.The Company has not suffered any losses due to payment defaults by any of its 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 the risk that the company will encounter in meeting financial obligations due to shortage of funds. The company's activities and cash inflow may fluctuate during the year and therefore potentially affecting the cash balance. 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	31.08.2014	31.08.2013
Intercompany	309,666	165,598
Trade recivables, third parties	255,948	251,308
Performed not invoiced construction	410,720	312,222
Provision for losses	0	0
Total trade receivables	976,335	729,117

Other receivables	31.08.2014	31.08.2013
Intercompany	42,674	40,753
Excess payment of tax	2,259	2,259
Other third-party recivables	45,816	123,508
Total other receivables	90,748	166,519

All receivables are due within one year.

Trade creditors	31.08.2014	31.08.2013
Intercompany	563,967	333,469
Trade payables, third parties	166,409	227,874
Total trade creditors	730,376	561,343

Other short-term liabilities	31.08.2014	31.08.2013
Inter-company	162,087	147,747
Unearned income	35,135	98,920
Accrued expenses	207,307	98,985
Fuel Hedging, short term	1,461	
Employee benefits	29,110	17,819
Total short-term creditors	435,099	363,471

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 15 million for the witholding of tax.

NOTE 12 SHARES AND SHAREHOLDERS

Parent company	Number	Face value	Recognized
The share capital consists of	216,116	NOK 1010	218,277,160

EMAS-AMC AS has 1 shareholder as of 31.08.2014

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

NOTE 13 EQUITY

Amounts in NOK 1000

	Share Capital	Share Premium Account	Other EQ	Other EQ/ Uncovered loss	Total Equity
Equity as per 31.08.13	218,277	72,213	87,785	-349,387	28,890
Effect of Revised IAS 19 prior years				2,026	
Effect of Revised IAS 19 current year				-607	
Net profit for the year				4,450	
Equity as per 31.08.14	218,277	72,213	87,785	**-343,517**	**34,759**

NOTE 14 CONSTRUCTION CONTRACTS

At year end of August 2014 there were seven ongoing construction contracts, and some additional charter contracts.

Amounts in NOK 1000

Book amounts construction contracts	31.08.2014	31.08.2013
Performed not invoiced construction	410,720	312,222
Invoiced not performed construction	35,134	98,920

Current projects	31.08.2014	31.08.2013
Total production*	3,102,527	1,771,686
Total expenses	2,741,212	1,621,826
Estimated profit	361,315	149,860

*At year end August 2014 the company has no contractual disputes with clients in regards to revenue recognition.

NOTE 15 GUARANTEE LIABILITIES

Guarantee liabilities not recognized
Emas-AMC AS provides guaranties for project performance to customers on projects in the normal course of its business. These guarantees are usually from a financial institution.
As of 31.08.2014 total bank guarantees issued in favor of EMAS AMC's clients amounted to NOK 311 Million. As of 31.08.2014 bank guarantees

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.

Transactions with related companies

Amounts in NOK 1000	**31.08.2014**	**31.08.2013**
Sales to subsidiaries	91,473	100,198
Sales to parent company	-84	-698
Sales to other group companies		164,930
Total sales to related companies	**91,389**	**264,430**
Purchases from subsidiaries	19,756	3,485
Purchases from parent company		10,994
Purchases from other group companies	241,651	152,383
Total purchases from related companies	**261,407**	**166,862**

NOTE 17 COST OF SALES

Amounts in NOK 1000	**01.09.2013 - 31.08.2014**	**01.09.2012 - 31.08.2013**
Bunkers	85,447	75,267
Rental of ships	531,013	573,920
Purchase of materials	300,814	677
Purchase of services	366,882	759,209
Others	183,909	98,016
Total	**1,468,065**	**1,507,089**

NOTE 18 Financial instruments

Commodity risk

Emas AMC AS has during the financial year used fuel hedging contracts to mitigate potential exposure to fluctuations in the fuel price.

The fair value of the financial instruments are based on quotations given by a third party counterpart. The quotations represent a indicative valuation of the subject transactions at the balance date using a standard methodology for trancations of this kind.

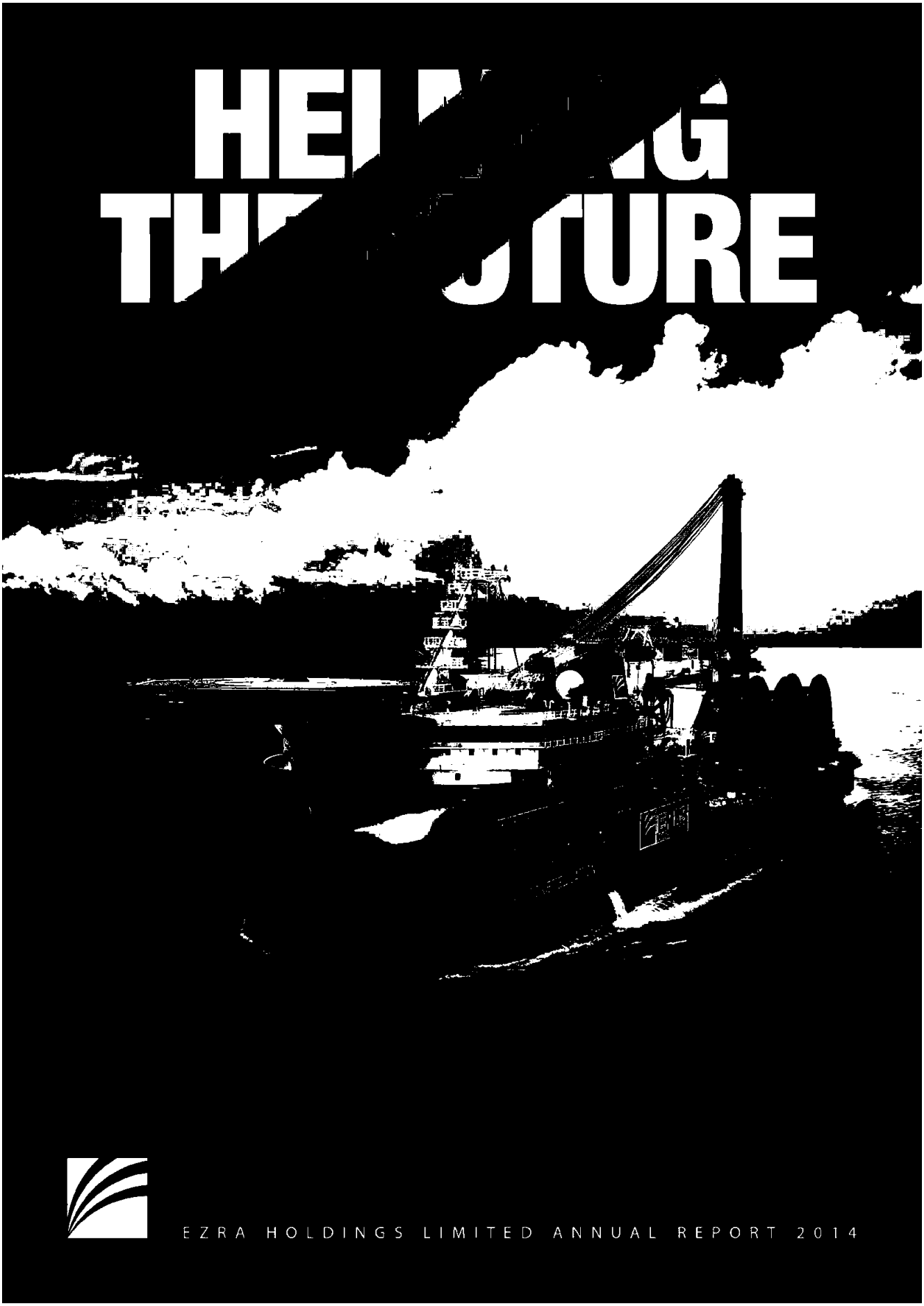
Amounts in NOK 1000

	Notional amount	MtM value at 31.08.214	Gain/loss booked in the income statement
Maturity shorter than 1 year	32,374	-1,461	-1,461
Maturity longer than 1 year	35,593	-1,316	-1,316
Total	67,966	-2,776	-2,776

NOTE 19 SUBSEQUENT EVENT

There are no significant subsequent events for EMAS AMC after the close of the books

All activity is related to ongoing business.

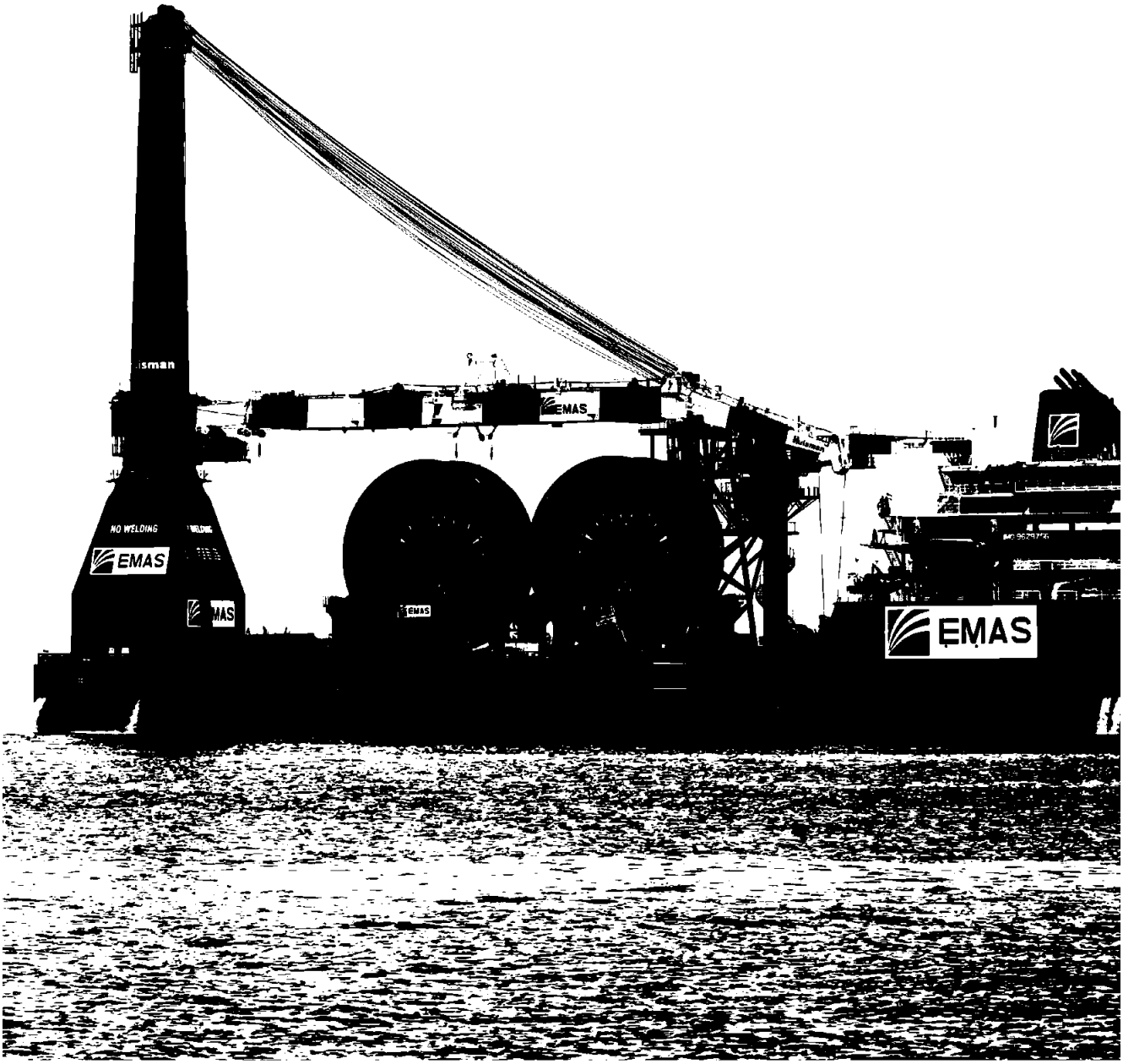

EZRA HOLDINGS LIMITED ANNUAL REPORT 2014

[redacted]

HELMING THE FUTURE

CONTENT

CORPORATE PROFILE 04
FINANCIAL HIGHLIGHTS 06
CHAIRMAN'S MESSAGE 12
GROUP CEO AND MANAGING DIRECTOR'S MESSAGE 16
BOARD OF DIRECTORS 20
MANAGEMENT TEAM 24
CORPORATE MILESTONES 26
OPERATIONS REVIEW 28
CORPORATE STRUCTURE 38
CORPORATE DIRECTORY 40
CORPORATE GOVERNANCE REPORT 42
FINANCIAL STATEMENTS 55



EZRA HOLDINGS LIMITED ANNUAL REPORT 2014

STAYING AHEAD

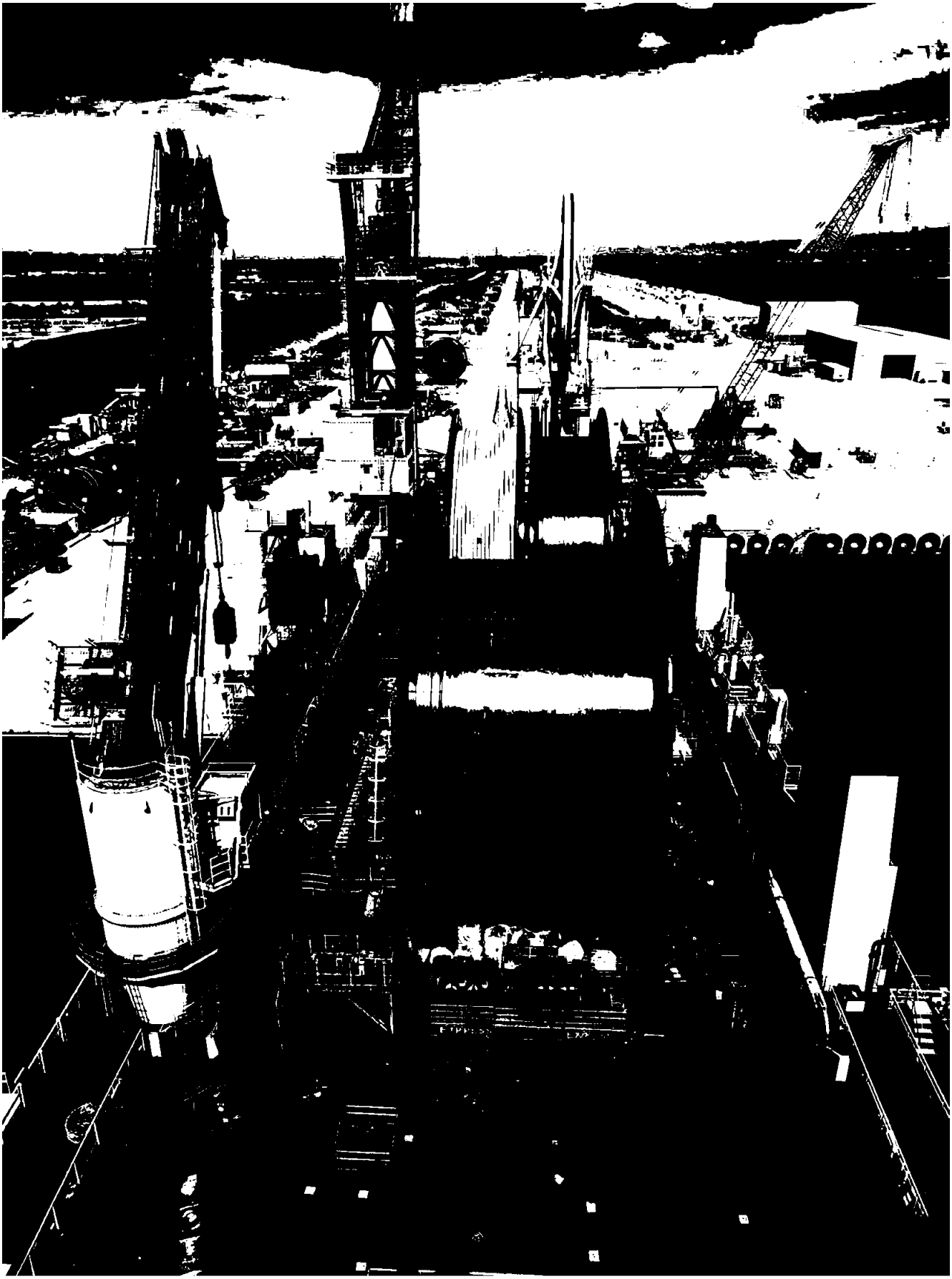
"WITH *LEWEK CONSTELLATION*, ONE OF TWO IN THE WORLD IN HER CLASS, I TRULY BELIEVE WE ARE HELMING THE FUTURE OF THE GROUP"

MR. KOH POH TIONG
Chairman, Ezra Holdings Limited

CORPORATE PROFILE

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.

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 ("O&G") industry. The Group has three main business divisions, namely Subsea Services ("EMAS AMC"), Offshore Support and Production Services (under subsidiary EMAS Offshore Limited or "EMAS Offshore"), and Marine Services (under subsidiary Triyards Holdings Limited or "TRIYARDS") 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 six continents spanning Africa, the Americas, Asia, Australia 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 three main business divisions, Ezra consistently strives to create value for our clients and stakeholders.



REVENUE

1,488.4

US$MILLION

GROSS PROFIT

226.9

US$MILLION

NET ATTRIBUTABLE PROFIT

45.3

US$MILLION

ADJUSTED PROFIT AFTER TAX

41.2

US$MILLION

FINANCIAL HIGHLIGHTS

The Group's revenue increased by US$226.3 million (18%) for the financial year ended 31 August 2014 ("FY14").

The Subsea Services division contributed US$1.04 billion to the Group's revenue; the Offshore Support Services division contributed US$259.9 million while the Marine Services division contributed US$188.2 million.

The Group's net gearing ratio has increased from 1.02 times as at 31 August 2013 to 1.22 times as at 31 August 2014.

REVENUE

The Group's revenue increased by US$226.3 million (18%) for FY14 when compared to the financial year ended 31 August 2013 ("FY13"). The increase was due to an increase in revenue of US$252.7 million from the Subsea Services division. This increase was partially offset by a decrease of US$1.0 million from the Marine Services division and US$25.4 million from the Offshore Support Services division.

The increase in revenue for FY14 from the Subsea Services division was mainly due to an increase in the value and number of projects undertaken in FY14 compared to FY13, and additional variation orders arising mainly from projects closed out in FY14. In addition, the revenue contribution from two subsea construction vessels, *Lewek Express* and *Lewek Centurion* and the inspection, maintenance and repair vessel, *Lewek Inspector*, which have commenced operations in FY14 also contributed to the increase in revenue.

The revenue from the Marine Services division for FY14 remains comparable to FY13.

The decrease in revenue from the Offshore Support Services division for FY14 was mainly due to a decrease in revenue contribution from two leased-in vessels which were returned to the owner during FY14. In addition, the weakness in the anchor handling tugs ("AHT") segment and the shallow water platform support vessels ("PSV") segment also contributed to the decrease. The decrease was partially offset by revenue contribution from two PSVs, *Lewek Avior* and *Lewek Alkaid* and one anchor handling tug and supply vessel ("AHTS"), *Lewek Teal*, which were delivered subsequent to second half year of FY13.

GROSS PROFIT

Gross profit increased from US$169.2 million in FY13 to US$226.9 million in FY14 and gross profit margin has increased from 13% in FY13 to 15% in FY14.

The improvement in gross profit and gross profit margin in FY14 as compared to FY13 was mainly due to the Subsea Services division's FY13 performance being affected by a one-off higher than expected cost at the project level resulting from delays in the execution of certain projects and the recognition of additional costs that were previously unexpected for certain projects. The unexpected cost situation that impacted the corresponding period is not present in FY14, hence improving the overall gross profit and gross profit margin.

OTHER OPERATING INCOME, NET

The decrease in other operating income for FY14 when compared to FY13 was mainly due to the absence of one-off gains from the disposal of fixed assets and assets held for sale amounting to US$25.4 million; and the disposal of Available For Sale ("AFS") investment amounting to US$67.4 million.

The decrease was also attributable to the turnaround of the realised gain on derivative instruments of US$4.2 million in FY13 to realised loss of US$0.3 million in FY14 and an increase in net foreign exchange loss of US$2.7 million.

FINANCIAL HIGHLIGHTS

ADMINISTRATIVE EXPENSES

The decrease in administrative expenses for FY14 when compared to FY13 was mainly due to lower personnel expenses as a result of higher utilisation rate of project personnel and lower provision for doubtful debts.

SHARE OF PROFIT OF ASSOCIATED COMPANIES

The increase in share of profit of associated companies for FY14 when compared to FY13 was mainly due to higher share of profit from an associated company, EMAS Offshore Limited (formerly known as EOC Limited), resulting from the sale and leaseback of a vessel, *Lewek Champion*. The Group's share of the gain from disposal of the vessel is US$16.6 million.

PROFIT BEFORE TAX

Profit before tax decreased by 19% to US$74.7 million in FY14 when compared to FY13. The decrease was mainly due to lower other operating income and was partially offset by higher gross profit and share of profit of associated companies.

TAX

Tax expense in FY14 amounting to US$20.7 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 and projects undertaken in foreign tax jurisdiction. Charter income derived from Singapore and foreign flagged vessels which operate in international waters continues to remain tax exempt under Section 13 of the Singapore Income Tax Act and Maritime Sector Incentive - Approved International Shipping Enterprise Scheme.

The decrease in tax expense in FY14 when compared to FY13 was mainly due to the decrease in withholding tax expense due to change in area of operations of certain vessels and projects.

UTILISATION OF PROCEEDS

Utilisation of Share Placement proceeds

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$88.1 million has been utilised for paying down existing debt.

Utilisation of S$25 million Fixed Rate Notes proceeds

On 16 September 2013, the Company issued S$25 million Fixed Rate Notes due 2015 (the "S$25 million Notes"). The S$25 million Notes were issued under the US$500 million Multicurrency Debt Issuance Programme established by the Company on 28 August 2012 and were consolidated to form a single series with the existing S$200 million 5.00% Fixed Rates Notes due 2015 issued on 7 September 2012. The net proceeds from the issuance of the S$25 million Notes (after deducting issuance expenses) have been fully utilised by the Company to refinance existing borrowings of the Company and its subsidiaries and for general working capital purposes.

Perpetual Securities Issue

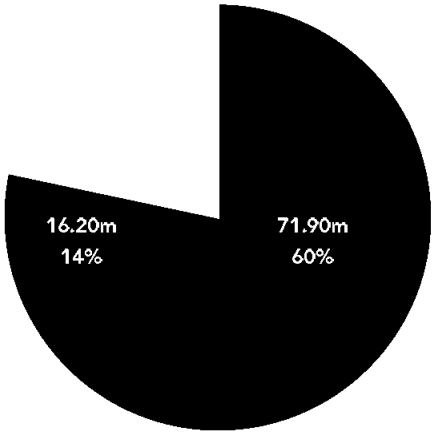
On 18 September 2012, the Company issued S$150 million Fixed Rate Subordinated Perpetual Securities (the "Securities"). The Securities were issued under the US$500 million Multicurrency Debt Issuance Programme established by the Company on 28 August 2012. The net proceeds from the issue of the Securities (after deducting issuance expenses) were to be used by the Company to refinance existing borrowings of the Company and its subsidiaries, and for general working capital and general corporate purposes.

To date, S$124.3 million has been utilised for paying down existing debt and general working capital purposes.

Utilisation of S$95 million Fixed Rate Notes proceeds

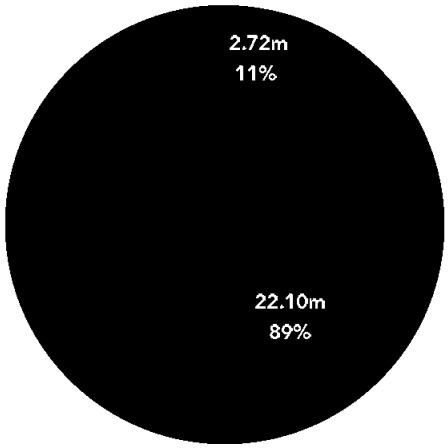
On 21 March 2014, the Company issued S$95 million Fixed Rate Notes due 2016 (the "S$95 million Notes"). The S$95 million Notes were issued under the US$500 million Multicurrency Debt Issuance Programme established by the Company on 28 August 2012. The net proceeds from the issue of the S$95 million Notes (after deducting issuance expenses) have been fully utilised by the Company for repayment of existing borrowings.

UTILISATION OF SHARE PLACEMENT PROCEEDS (IN SGD MILLION)



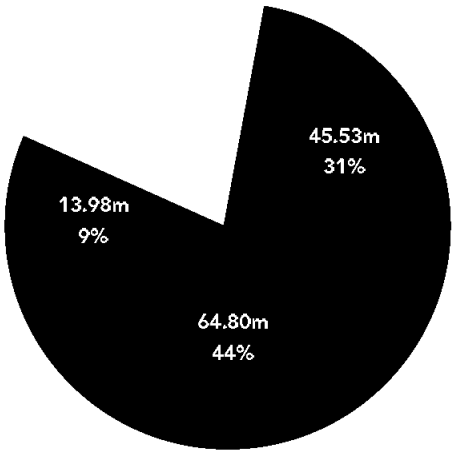
- Repayment of bank credit facilities
- General working capital
- Unutilised funds

UTILISATION OF S$25 MILLION FIXED RATE NOTES PROCEEDS (IN SGD MILLION)



- Repayment of bank credit facilities
- General working capital

UTILISATION OF S$150 MILLION PERPETUAL SECURITIES PROCEEDS (IN SGD MILLION)



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

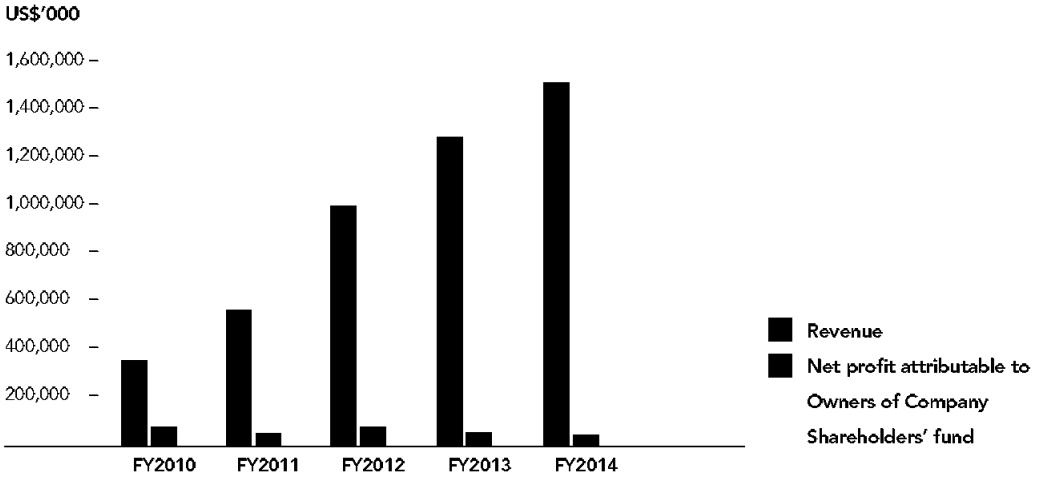
FINANCIAL HIGHLIGHTS

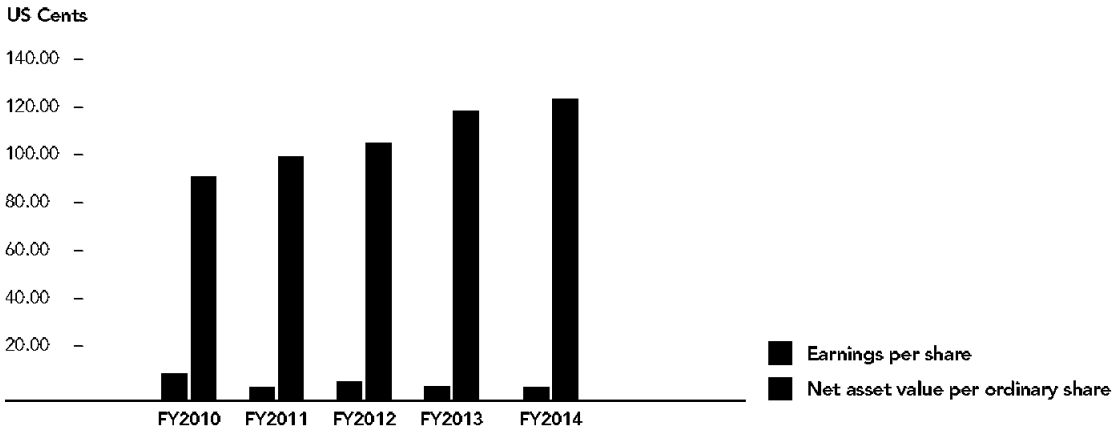
FINANCIAL SUMMARY

US$'000	FY 2010 (restated)	FY 2011 (restated)	FY 2012 (restated)	FY 2013	FY 2014
Revenue	353,618	559,100	984,182	1,262,065	1,488,351
Net profit attributable to Owners of Company	76,710	43,130	66,108	53,649	45,269
Shareholders' fund	593,417	848,350	1,012,491	1,091,161	1,129,802
Earnings per share (US cents)	10.98	5.28	7.24	5.51	4.65
Net asset value per ordinary share (US cents)	90.20	98.43	103.98	116.98	121.69

FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY





CHAIRMAN'S MESSAGE

"WE WILL BE ILLUMINATING THE VALUE OF OUR DIVERSE BUSINESS DIVISIONS, AS EACH BUSINESS SEGMENT BECOMES FREE TO PURSUE THEIR OWN GROWTH STORY."

DEAR VALUED SHAREHOLDERS,

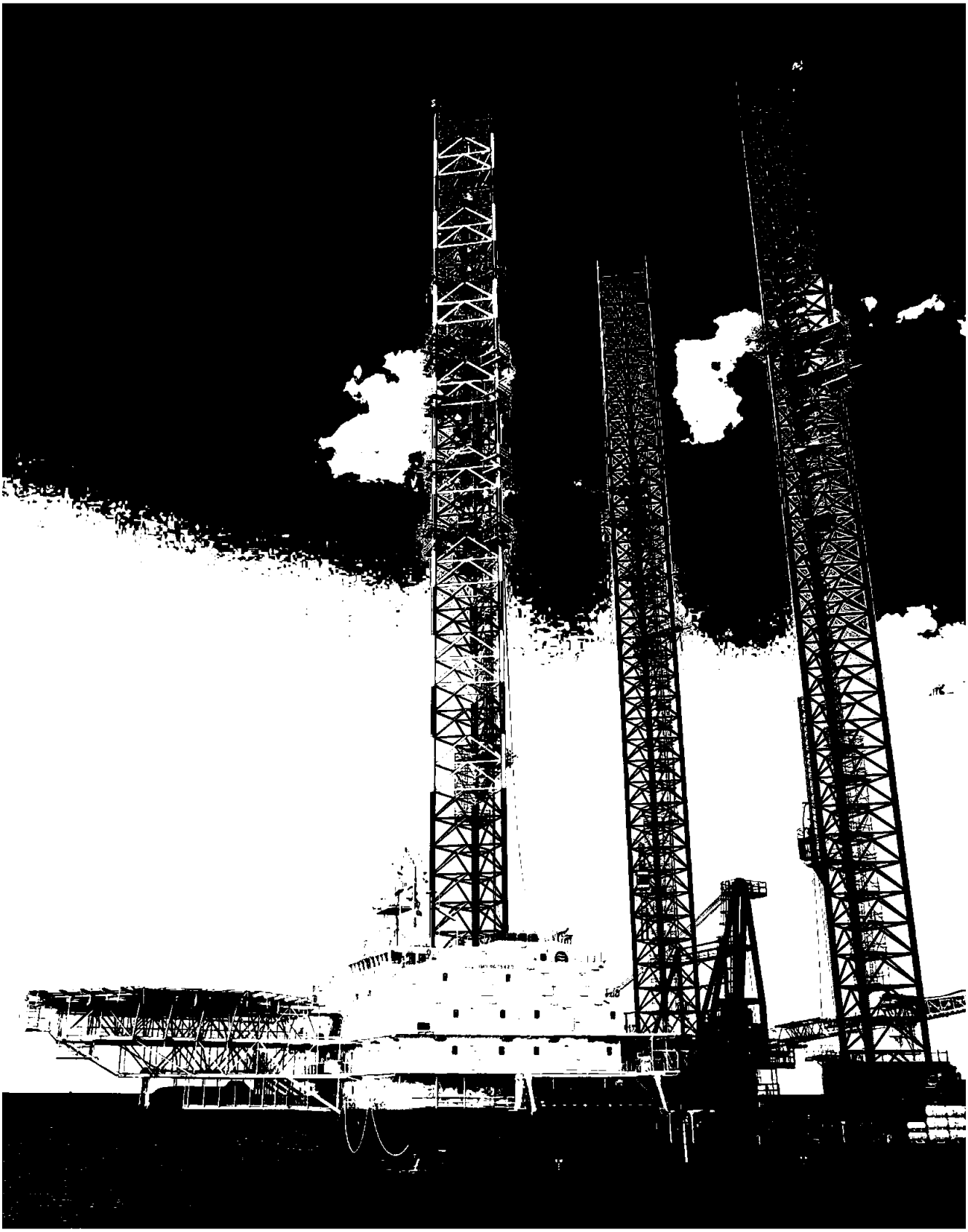
As we approach the new year, I am delighted to represent the Board of Ezra Holdings Limited ("the Group") in conveying our sincere and heartfelt thanks for your support and patience as we embraced changes and overcame challenges together.

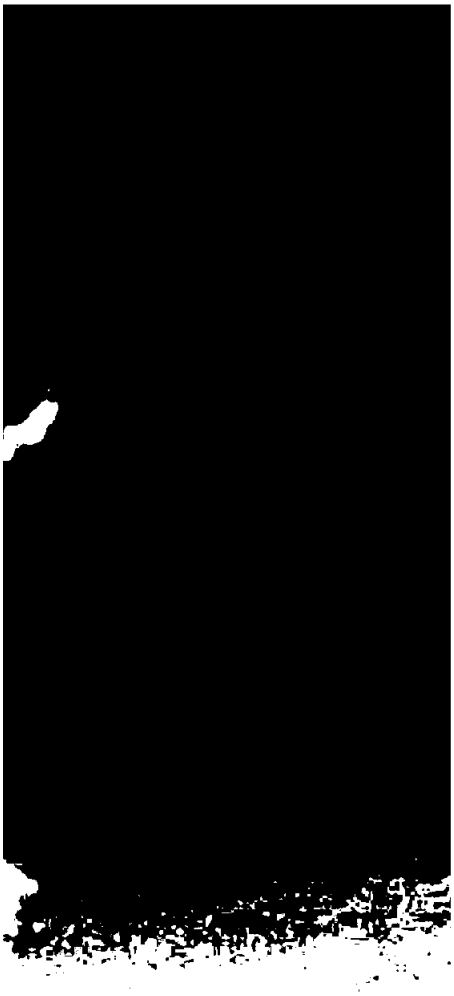
Ezra has finished the year on a relatively positive note, with the most significant milestone being the consolidation of EMAS Marine and EMAS Offshore Limited, ("EMAS Offshore", formally known as EOC Limited). This was a strategic move that garnered unanimous shareholders' approval. In doing so, we have created one of Asia's largest offshore services providers. We will be extending our service offerings into the deepwater accommodation market and expanding our geographical presence globally whilst maintaining our leadership position in Asia. With a fleet having an aggregate of nearly 4,000 ton bollard pull, 37,000 dead weight tonnes and approximately 350,000 bhp, EMAS Offshore is set to maintain its regional leadership in terms of vessel capability, and is well positioned for growth in deepwater regions around the world, including Latin America and West Africa.

This is the right move for the Group. We will be illuminating the value of our diverse business divisions, as each business segment becomes free to pursue their own growth story. We have seen success in this with the listing of TRIYARDS in October 2012, and likewise, we believe that the listing of EMAS Offshore will allow investors to better appreciate all of our business divisions.

FY14 has been a fulfilling fiscal year of many firsts. As part of the Ezra family, I am sure you are excited and eagerly anticipating our flagship vessel, *Lewek Constellation* to become fully operational. The *Lewek Constellation* is an ice-classed, multi-lay offshore construction vessel with ultra deepwater pipe laying and heavy lift capabilities. Many industry watchers had adopted a "wait and see" approach on this investment when we first announced our intention to build the vessel, but she is now addressing her critics in the most comprehensive manner – she has successfully completed her first heavy lift job off West Africa, and she already has a reel-lay project with Noble Energy lined up immediately after the installation of her multi-lay system and when she turns fully operational

"We are now at the forefront of subsea engineering capabilities, leveraging our global expertise to deliver more value and staying ahead of the Oil and Gas industry trends."





CHAIRMAN'S MESSAGE

in 1Q2015. With *Lewek Constellation*, one of two in the world in her class, I truly believe we are helming the future of the Group. We are now at the forefront of subsea engineering capabilities, leveraging our global expertise to deliver more value and staying ahead of the oil and gas ("O&G") industry trends.

I am also pleased to note that our Subsea Services division, EMAS AMC, has maintained its operational profitability in FY14. This is a commendable achievement and my heartiest congratulations to the EMAS AMC management and team.

Those of you following the Company may also be aware that our Offshore Support Services division is still undergoing an operational turnaround. We have ushered in a new management team and adopted a holistic review to improve our management systems and operational delivery to our clients. Our strategic decision to consolidate EMAS Marine and EMAS Offshore has also given us an opportunity to tap on the offshore accommodation market, by leveraging our expertise and track record in offshore support operations and ship management. As a consolidated entity, EMAS Offshore is one with lots of potential.

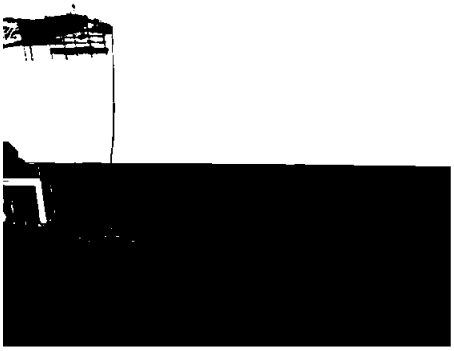
TRIYARDS, our Marine Services division in the second full year of listing, continues to perform consistently. I am delighted to note that TRIYARDS has successfully delivered its first exclusive design Self Elevating Unit ("SEU"), the *BH 450*. This brings the total number of SEUs delivered by our yards to seven, making us one of the largest SEU fabricators in Asia, which is a growing market for SEUs. The work that TRIYARDS has won to date is expected to keep our yards busy all the way through to 2016.

However, we do recognise that in recent months, the outlook has been somewhat muted in the O&G industry, and we are facing headwinds in the near term. Yet, we firmly believe the long term fundamentals of the industry remain secure. Oil continues to be the primary energy source that is most easily produced, stored and distributed. Also, there is no viable alternative for jet and transport fuel at the moment. Finally, economic growth in emerging markets will continue to drive demand for energy.

On that note, I wish to ask you, our esteemed shareholders, for your continued patience and support. The Board will be working closely with the management to ensure Ezra remains a sustainable and profitable business. I would also like to take this opportunity to extend my gratitude to the members of the Board, management team and staff for their contributions through FY14.

Together we deliver!

MR. KOH POH TIONG
Chairman



GROUP CEO AND MANAGING DIRECTOR'S MESSAGE

"WE HAVE ACHIEVED SEVERAL CRUCIAL GLOBAL MILESTONES, AND WE ARE STARTING TO SEE OUR LONG TERM INVESTMENTS COME TO FRUITION."

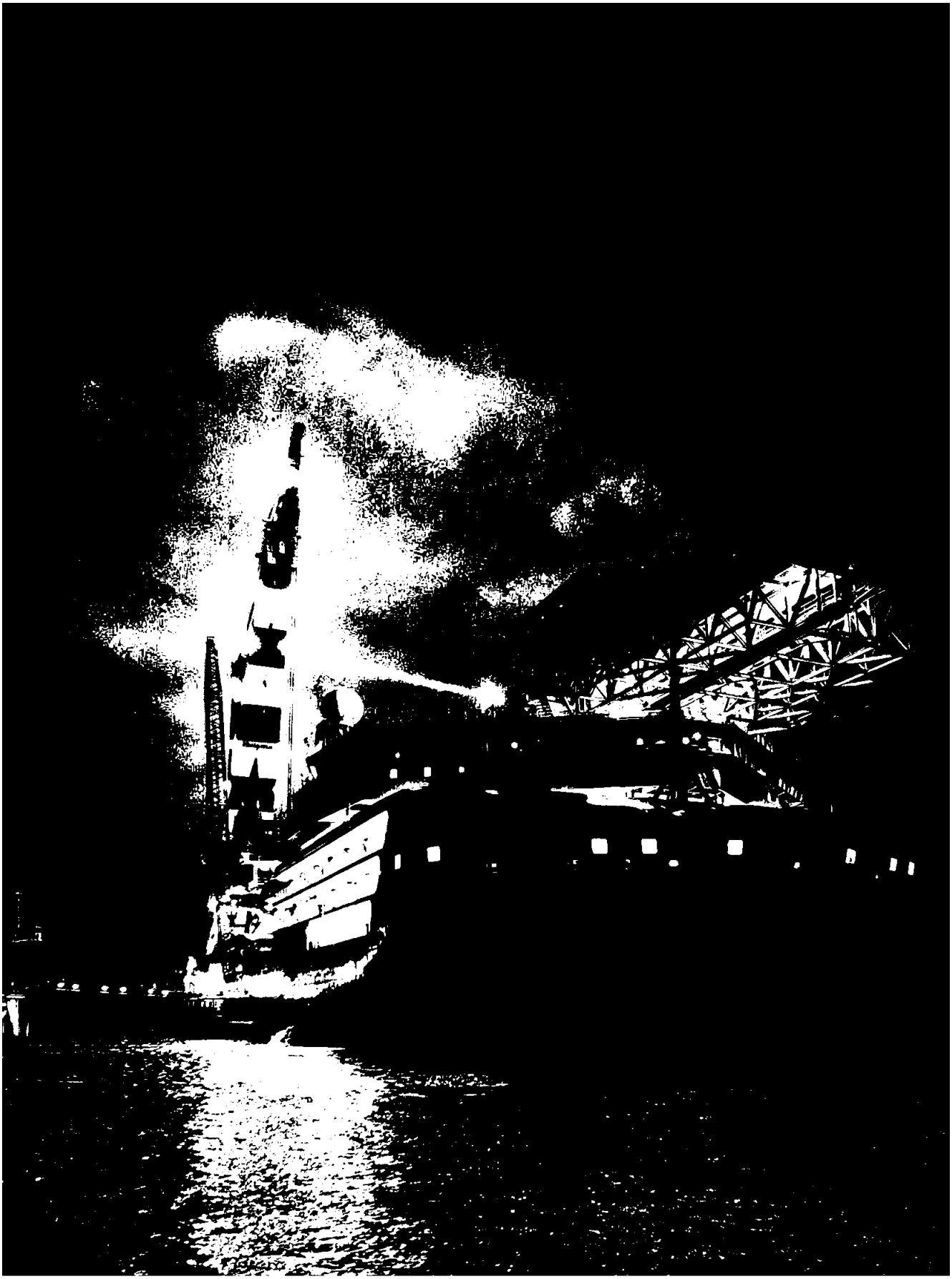
DEAR FELLOW SHAREHOLDERS,

It has been an exciting and progressive year for Ezra Holdings Limited ("the Group"). We have achieved several crucial global milestones, and we are starting to see our long term investments come to fruition. *Lewek Constellation*, our flagship ice-classed, multi-lay offshore construction vessel with ultra deepwater pipe laying and heavy lift capabilities has successfully completed her inaugural heavy lift job in Gabon, West Africa. She will embark on her inaugural deepwater reel-lay project with Noble Energy in the Gulf of Mexico once she turns fully operational in 1Q2015. Additionally, I would like to acknowledge the successful consolidation of EMAS Marine and EMAS Offshore. This would not have been possible without our valued shareholders' approval and our management team's continued strategic guidance to transform EMAS Offshore into one of Asia's largest offshore support services providers. Our Group's revenue has grown to US$1.5 billion in FY14 (+18% year on year), as we leveraged our strengths and capitalised on the resilient oil and gas industry.

INDUSTRY TRENDS

While the sector is currently facing negative sentiments due to the low oil prices, we see that the fundamentals of the industry remain strong. Infield Systems expects offshore exploration and production capital expenditure to reach US$842.0 billion over 2014 and 2019. This augurs well for the Company, as we are heavily invested into this arena. In particular, significant resources will be channelled into the pipelay market, especially the Subsea Umbilicals Risers Flowlines ("SURF") market. This plays right into our strengths, as we have been steadily building our assets and engineering capabilities in this segment over the past three years. Our project enabling assets, *Lewek Constellation*, *Lewek Express*, *Lewek Centurion* and *Lewek Connector* are precisely the types of vessels required to tackle this growing market segment.

"We are heralding the next era of global opportunities and unprecedented growth by leveraging our subsea capabilities and expertise, with an emphasis on operational excellence across our divisions."



GROUP CEO AND MANAGING DIRECTOR'S MESSAGE

ACHIEVEMENTS AND MILESTONES

Our Subsea Services division, EMAS AMC, has been a consistent achiever this financial year, bringing in a total of US$1.0 billion in revenue, which contributes 70% of the Group's revenue. As a testament to our track record and growing capabilities, we received the Letter of Agreement from Noble Energy for the Gunflint Field Developments in the Gulf of Mexico back in April 2014, and we have since forged ahead to close the deal and win an additional two contracts. The three contracts with Noble Energy are valued at over US$300 million in total and includes engineering, procurement, construction and installation of subsea tie-backs for the Big Bend, Gunflint and Dantzler Projects. Additionally, we have also completed a milestone of 50 platform installations for Chevron in the Gulf of Thailand, as part of a long-term campaign with them. EMAS AMC has done well for itself, winning more than US$1.0 billion worth of subsea orders and having a healthy backlog of approximately US$1.1 billion. I am especially delighted to see that the types of projects that we are bidding for and winning are increasing in both value and complexity with more expected to come. With *Lewek Constellation* coming online, we are confident that she will be helming the future of the Group, and forming the benchmark of our industry's standard. These are truly exciting times.

However, our Offshore Support Services division's results leave room for improvement. We were at the receiving end of flat charter rates, coupled with downtime for unscheduled maintenance works, which affected a number of our vessels. This has led to a decline in the division's revenue. Consequently, we have moved swiftly to address this, and implemented a rigorous maintenance process that is spearheaded by a new management team comprising of industry veterans from across the globe. Of course, this division has now been consolidated with EMAS Offshore. Having successfully listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 8 October 2014, we are confident that this move opens up new possibilities for EMAS Offshore to penetrate the growing offshore accommodation market globally.

Our Marine Services division, TRIYARDS, has performed well operationally, having successfully delivered the hull of *Lewek Constellation* and our first exclusive design SEU, the *BH 450*. TRIYARDS is one of the largest SEU fabricators in Asia, having delivered seven such vessels. However, the division will not rest on its laurels, and will continue to explore new business opportunities that it can branch into. With the acquisition of Strategic Marine*, they can now enter into the highly specialised aluminium craft fabrication space and have a diverse range of clientele that includes government linked organisations.

Further, in alignment with TRIYARDS' growth strategy and business prospects, they have issued warrants to Ezion Holdings Limited as a catalyst for potential contracts worth at least US$150 million.

CHALLENGES

As a global company, we are aware of world events that might impact us. Unrest in the Middle East and between Russia and Ukraine naturally puts tension on the markets. In recent weeks, we have also seen the global economy slowing down, and in particular, decline in oil prices.

Our focus and commitment have always been to safely deliver our projects on time and on budget. With this as our starting point, I am cautiously optimistic about our short to medium term prospects, especially when our backlog is healthy, and we have work lined up till 2016. Additionally, we will begin to see increasing revenue contribution by *Lewek Constellation* in FY15.

CORPORATE SOCIAL RESPONSIBILITY

We are a firm believer of being an equal opportunity employer; we embrace a diverse workforce of 8,000 passionate individuals from across six continents who will help to drive the business forward. Additionally, Ezra believes strongly in corporate responsibility. To date, we have active contributions to 24 charities across the world, and we will continue to encourage our staff to participate actively in companywide initiatives such as Movember and Earth Hour, to better foster a sense of social responsibility.

WHAT'S NEXT

FY14 has truly been a year of new beginnings, and we are heralding the next era of global opportunities and growth by leveraging our subsea capabilities and expertise, with an emphasis on operational excellence across our divisions. Let me take this opportunity to extend my gratitude to our clients, employees and shareholders. It is indeed very exciting as Group CEO and Managing Director to see our transformation into a global offshore contractor market leader.

Together we deliver!

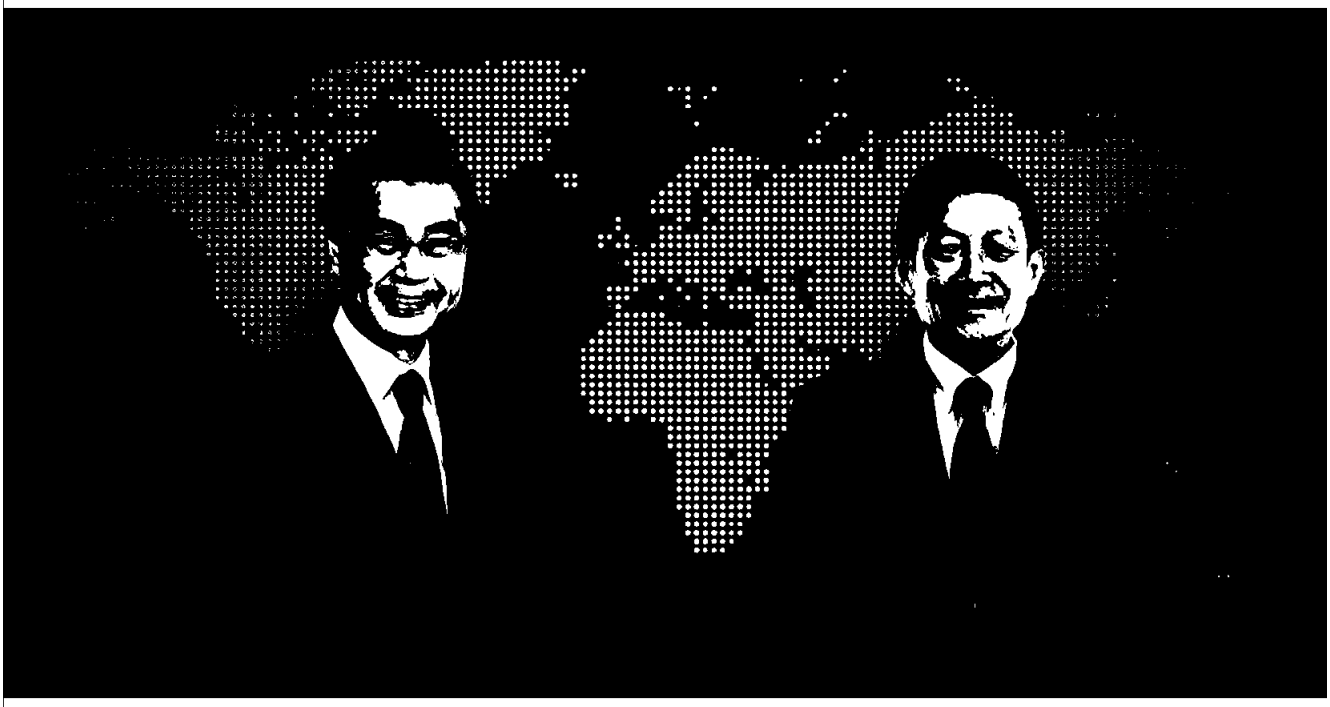
MR. LEE CHYE TEK LIONEL
Group CEO and Managing Director

* Strategic Marine refers to Strategic Marine (S) Pte Ltd and Strategic Marine (V) Company Limited

BOARD OF DIRECTORS

MR. KOH POH TIONG
MR. LEE KIAN SOO
MR. LEE CHYE TEK LIONEL
CAPT. ADARASH KUMAR A/L CHRANJI LAL AMARNATH
MR. ENG HENG NEE PHILIP
DR. NGO GET PING
MR. SOON HONG TECK
MR. KARL ERIK KJELSTAD

BOARD OF DIRECTORS



MR. KOH POH TIONG
Non-Executive and Non-Independent Chairman
Appointed as Director on 1 October 2011 and
last re-elected on 31 December 2011

Mr. Koh, 68, has more than 42 years of corporate experience in sectors ranging from food and beverages to shipping. Mr. Koh was most recently the Chief Executive Officer ("CEO") of the food and beverage division of Fraser and Neave Limited. Prior to this, he was the CEO of Asia Pacific Breweries Limited ("APB") for 15 years and grew its footprint from a network of five breweries in three countries to 30 breweries in 12 countries at the time of his retirement. Mr. Koh transformed the company into one of the top brewers in Asia Pacific and established Tiger Beer as APB's flagship beer brand and Heineken as the leading international beer brand in the region.

MR. LEE KIAN SOO
Group Founder, Non-Executive and Non-Independent Director
Appointed as Director on 1 August 2000 and
last re-elected on 16 December 2013

Mr. Lee, 69, is one of the founders of the Group and is 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 advises the Group's business development and marketing functions. Prior to founding the Group, Mr. Lee worked in various shipyards. He holds a Second Mate Certificate of Competency.

BOARD OF DIRECTORS

MR. LEE CHYE TEK LIONEL
Group CEO and Managing Director
Appointed as Director on 23 March 1999 and last re-elected on 31 December 2011

Mr. Lionel Lee, 41, is responsible for the overall management and operations of the Group. He has been the driving force behind the Group's dynamic growth and was instrumental in its listing on the Singapore Exchange in 2003. He also spearheaded the Group's entry into subsea construction industry, with the acquisition of AMC in 2011. Also recognised for his work in corporate social responsibility, he was awarded Singapore's Public Service Medal in 2011 for his work with underprivileged children in Singapore. 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 ("COO") and Executive Director
Appointed as Director on 24 March 2003 and last re-elected on 31 December 2012

Capt. Kumar, 54, assists the Group CEO and Managing Director with the day to day running of the Group. Prior to being appointed Group COO, Capt. Kumar was the CEO of the Group's Offshore Support Services division. He has more than 25 years of experience in the marine industry. Before 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 onboard 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.

MR. ENG HENG NEE PHILIP
Lead Independent Director
Appointed as Director on 1 July 2012 and last re-elected on 31 December 2012

Mr. Eng, 68, is the Independent Non-Executive Chairman of Frasers Centrepoint Asset Management Ltd and mDR Limited, in addition to serving on the Boards of various public and private companies in Singapore, he is also Singapore's Non-Resident High Commissioner to Canada. 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.

BOARD OF DIRECTORS

DR. NGO GET PING
Independent Director
Appointed as Director on 18 July 2007
and last re-elected on 16 December 2013

Dr. Ngo, 56, is presently a Director of OSK International Investments Hong Kong Limited and an Independent Director of OSK Holdings Bhd, OSK Property Holdings Berhad and OSK Ventures International Berhad. He is also a Non-Executive Director of RHB OSK International Investments Pte Ltd and RHB OSK Asset Management Pte Ltd, and has held positions with various financial institutions. 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 Doctorate of Philosophy in Metallurgy from the University of Oxford, the United Kingdom.

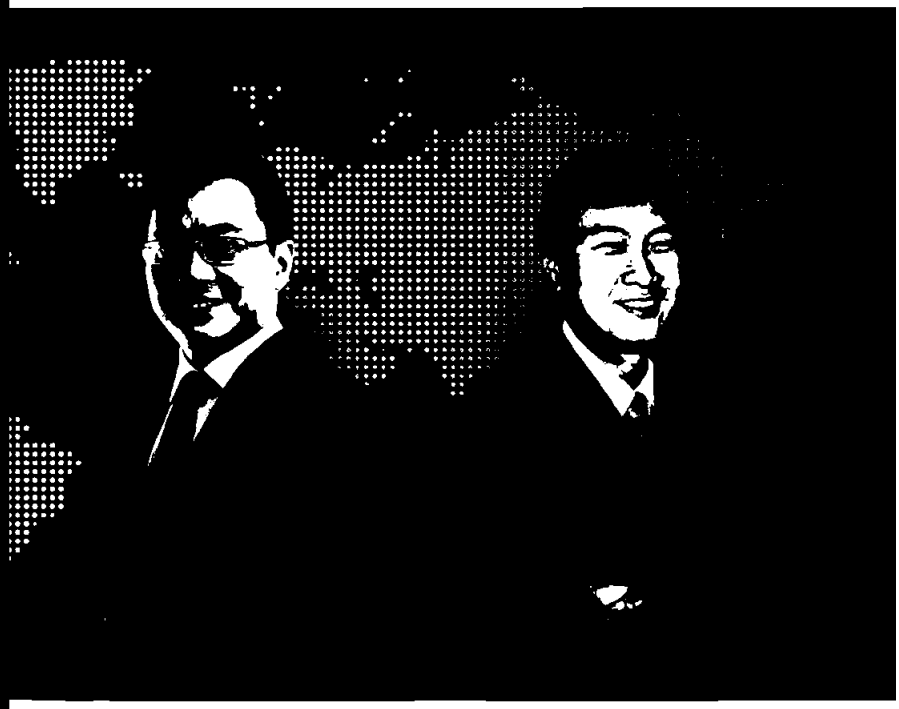
MR. SOON HONG TECK
Independent Director
Appointed as Director on 16 May 2008
and last re-elected on 31 December 2012

Mr. Soon, 56, has over 20 years of manufacturing industry experience as Financial Controller, overseeing financial operations, management reporting and 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 in 1984. From 1987 to 1996, he held various positions at a French multinational corporation for its Singapore and South East Asia operations. He was the Senior Finance Director of GlobalFoundries Singapore Pte Ltd (previously known as Chartered Semiconductor Manufacturing Ltd) since 1999. Mr. Soon holds a Bachelor Degree in Accountancy from the National University of Singapore. He is a Singapore Chartered Accountant of the Institute of Singapore Chartered Accountants and a member of the Association of Chartered Certified Accountants.

MR. KARL ERIK KJELSTAD
Non-Executive and
Non-Independent Director
Appointed as Director on 1 March 2011
and last re-elected on 16 December 2013

Mr. Kjelstad, 48, is Investment Director and part of the leadership team in Akastor ASA that is listed on the Oslo Stock Exchange. Mr. Kjelstad joined Akastor in August 2014 coming from the position as Executive Vice-President in Aker Solutions ASA a position he had held since July 2009. Before that, Mr. Kjelstad was 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 Masters of Science in Marine Engineering from the Norwegian University of Science and Technology.

MANAGEMENT TEAM



MR. EUGENE CHENG CHEE MUN
Group Chief Financial Officer ("CFO")

Mr. Cheng is responsible for all financial matters of the Group, including the financial reporting, strategic financial planning and treasury functions. He has more than 10 years of experience in bulge-bracket investment banks where he worked on a range of cross-border mergers and acquisitions advisory and financing mandates across Asia. Prior to joining Ezra, Mr. Cheng was Senior Vice-President in J.P. Morgan's South East Asia Corporate Finance and Mergers & Acquisitions franchise. He was also previously involved in multiple advisory and financial transactions for major clients with Citigroup Global Markets Singapore as Vice President of its South East Asia Investment Banking Asia team. Mr. Cheng started his career with Anderson as a staff Accountant. Mr. Cheng holds both Masters and Bachelors (1st Class Honours) of Accountancy degrees from Singapore's Nanyang Technological University and has published papers in renowned accounting and financial journals.

MR. YEO KENG NIEN
Group Company Secretary

Mr. Yeo has over 14 years of experience in finance and auditing, and is currently the Secretary of the companies in the Group overseeing the Group's corporate secretarial matters. Prior to his current appointment in Ezra, he served as the Financial Controller in two Singapore companies (one of which is listed on the Oslo Stock Exchange) and was with Deloitte & Touche as an audit manager. Mr. Yeo holds a Bachelor of Accountancy degree from Singapore's Nanyang Technological University, and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

MANAGEMENT TEAM

MR. C. J. D'CORT
Chief Executive Officer, EMAS AMC

Mr. D'Cort brings nearly 30 years of 'on the job' experience in engineering, project management, construction and subsea marine operations (deep and shallow water) in the upstream O&G industry throughout the world. Prior to his appointment at EMAS AMC, Mr. D'Cort was the CEO at SapuraAcergy and has extensive global experience in operational and corporate management. His experience in the field of offshore construction has seen him evolve from an active engineering background to his recent and current CEO positions.

MS. CHERYL YAP
Chief Financial Officer, EMAS AMC

Ms. Yap is responsible for all financial matters of EMAS AMC. She joined the Group in July 2007 and brings with her more than 15 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. and Maxtor Peripherals Inc., and in a Singapore Exchange Main Board listed company. Her past experience included handling statutory and management reporting for a group of entities in the Asia Pacific region, financial planning and analysis, group consolidation 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 member of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

MR. BOB DAVIDSON
Chief Operating Officer, 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 services and drilling industry. His first 10 years were spent in the drilling industry in the North Sea for a major drilling contractor. He then ventured into the hydraulic workover and snubbing service line and has remained there for the past 15 years. He has led and managed a series of well blow-out campaigns with Halliburton in Iraq prior to locating to Thailand to start and run their Hydraulic Workover ("HWO") Services business. He joined PSL in 2005 and was instrumental in securing the HWO contract from Chevron and establishing PSL Energy Services in-country. Originally from Scotland, Mr. Davidson has lived and worked in Thailand for the last 10 years since joining the Group.

CORPORATE MILESTONES

2014

30 OCTOBER 2014
The *Lewek Constellation* has her 800mT Huisman Multi-Lay System successfully installed, capable of achieving combined pipelay (reel-lay and flex-lay) through a centerline moon pool and supporting both rigid and non-rigid pipelines. *Lewek Constellation* will be fully operational by 1Q2015, and thereafter she will proceed to the Gulf of Mexico to begin work for Noble Energy.

24 OCTOBER 2014
EMAS AMC continued to achieve consistent growth across the US Gulf of Mexico and Asia Pacific with multiple new awards from various energy companies valued at over US$70 million. The scope of work included subsea installation of umbilicals, flowlines and jumpers, as well as provision of services to support rigs.

16 OCTOBER 2014
EMAS AMC successfully executed a full field installation for the VAALCO Etame Extension Project offshore Gabon with new flagship vessel, *Lewek Constellation*; her inaugural heavy lift project completion at a contract value of US$120 million with *Lewek Express*. The total scope included installation of rigid and flexible pipelines along with the transportation and installation of two production platforms.

9 OCTOBER 2014
EMAS AMC finalised triple contract signings valued in excess of US$300 million with Noble Energy for subsea tie-back projects in the US Gulf of Mexico. The total work scope include engineering, procurement, construction and installation of subsea tie-backs for the Big Bend, Dantzler and Gunflint field developments. This will be the inaugural deepwater pipelay project for flagship vessel *Lewek Constellation*.

8 OCTOBER 2014
The secondary listing of EMAS Offshore Limited in Singapore places the company as the first to dual-list in Norway and Singapore for capital raising. The Group retains 75.2% of the stake in EMAS Offshore Limited.

19 AUGUST 2014
Ezra's shareholders voted for the creation of one of Asia's largest offshore support services providers, with the consolidation of EMAS Marine and Ezra's associated company, EOC Limited (now known as EMAS Offshore Limited).

18 AUGUST 2014
EMAS AMC continued its contract winning momentum in the North Sea, with a three year frame agreement for subsea installation in UK with Apache. The frame agreement includes, among others, pipeline construction, umbilical/cable lay, structure installation and other related offshore construction services.

5 AUGUST 2014
EMAS AMC secured contracts from the Gulf of Mexico, Africa and the Asia Pacific regions worth close to US$110 million, including options. The scope of work includes the transportation and installation of subsea structures in Africa, inspection, maintenance and repair work in the Gulf of Mexico, as well as support services for a deepwater project with an oil major in the Asia Pacific.

1JULY 2014
EMAS AMC achieved the 50th platform completion milestone for Chevron, showcasing EMAS AMC's project execution capabilities. Additionally, as part of Chevron's long term project, EMAS AMC successfully laid 376km of subsea pipes utilising the construction vessel *Lewek Champion*, a DP2 rigid pipe laying vessel with heavy lift capabilities. Chevron has also extended the contract to 2015 with a further option thereafter.

21 MAY 2014
EMAS AMC annonounced project wins with a value of almost US$40 million (including options) in the North Sea and Gulf of Mexico. Amongst the projects is one of the longest High Voltage Alternate Current (HVAC) cable lays in the world, at 160km in the North Sea. EMAS Marine was also awarded several contracts in Africa and Asia, with an aggregate value of more than US$55 million (including options). These awarded contracts totaled more than US$95 million across Subsea Services and Offshore Support Services, strengthening Ezra's position as a global brand and leader.

CORPORATE MILESTONES

2013

11 APRIL 2014
EMAS AMC received a Letter of Agreement from Noble Energy to perform the offshore installation of pipelines, umbilicals and ancillary equipment for the Gunflint Project in the US Gulf of Mexico in water depths in excess of 2,000m. The pipelines will be installed by EMAS AMC's flagship vessel the *Lewek Constellation* while the EMAS Marine Base in Ingleside, Texas will be used to perform the pipe stalking and fabrication of various subsea structures, and these activities will be executed in FY15.

5 MARCH 2014
EMAS AMC won contracts totalling nearly US$100 million in West Africa and Asia, including a deepwater pipeline installation project in the South China Sea demonstrating global capabilities of its Subsea Services division. Project work included Floating Platform Storage Offloading ("FPSO") mooring repair work in West Africa, and in Asia, the installation of flowlines, associated Pipeline End Terminations (PLETS) and spools in working water depths of up to 1,400m. Additionally, EMAS Marine added contracts worth approximately US$25 million for offshore support work in Malaysia, Thailand and Australia with the deployment of two AHTS and one PSV.

1 MARCH 2014
Mr. Tay Chin Kwang, Ezra's Executive Director stepped down from the Board with effect from 1 March 2014 as part of the Group's efforts to comply with the Code of Corporate Governance of having Independent Directors make up at least half of the Board. He continues to serve as an Advisor to the Board.

24 JANUARY 2014
EMAS AMC was awarded new subsea projects worth almost US$80 million, which demonstrated the breadth of capabilities that EMAS AMC possessed as these projects covered a large spectrum of subsea work, including the decommissioning and towage of a FPSO in Asia and the deployment of an inspection, maintenance and repair vessel in the Americas.

JANUARY 2014
Lewek Constellation completed the installation of her 3000mT Huisman crane in China, bringing her one step closer to being fully operational.

10 DECEMBER 2013
Ezra's associated company, EOC Limited, announced that the FPSO *Perisai Kamelia* has successfully completed start-up and commissioning, with earnings expected to add to EOC's bottomline from FY14. The FPSO *Perisai Kamelia* was deployed on a fast-track gas production project in the North Malay Basin, Malaysia, and represents the Group's first contract with Hess Exploration and Production Malaysia B.V..

NOVEMBER – DECEMBER 2013
Lewek Constellation completed her sea trials in Vietnam.

OPERATIONS REVIEW

"EZRA'S FOCUS NOW WILL BE TO CONTINUE TO BUILD A STRONG GROUP OF COMPANIES WITH AN EXPERIENCED MANAGEMENT TEAM, CAPABLE EMPLOYEES, TECHNOLOGICALLY ADVANCED PROJECT ENABLING ASSETS AND EFFICIENT PROCESSES AND SYSTEMS."

With a combined fleet of 67 vessels, the Group is a leading offshore contractor and provider of integrated offshore solutions to the global O&G industry. The Group has 16 offices globally with assets deployed across six continents of Africa, the Americas, Asia, Australia and Europe. Through its three main business divisions, the Group offers a full range of seabed-to-surface engineering, construction, marine and production services globally.

Building on its global growth strategy and transformation into a global offshore contractor, the Group achieved revenue growth of 18% to US$1.5 billion in FY14, setting another new record from the US$1.3 billion achieved in FY13. Adjusted profit after tax[1] turned positive in FY14, achieving US$41.2 million as compared to a loss of US$26.7 million in FY13.

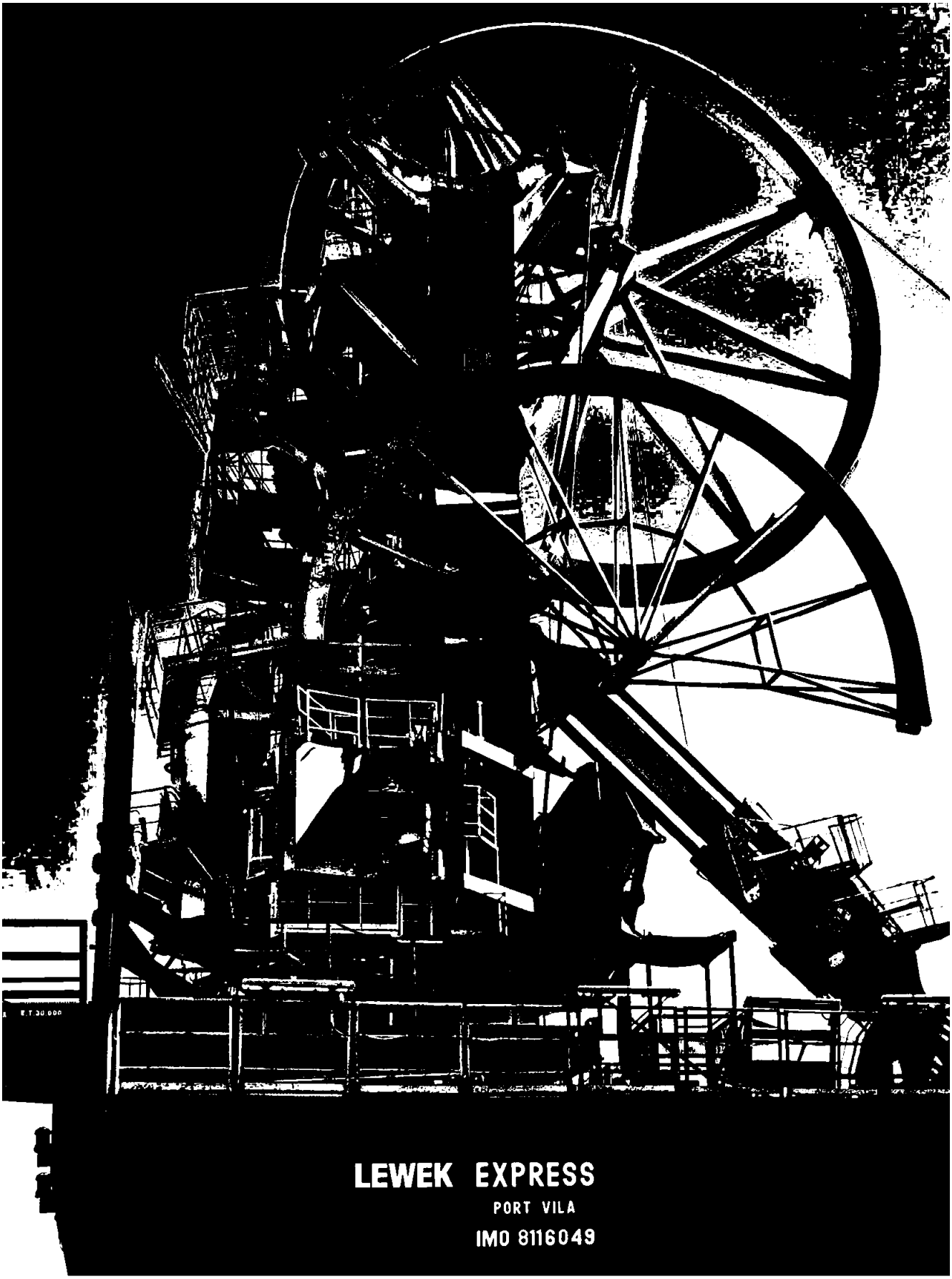
SUBSEA SERVICES

The Group's Subsea Services division ("EMAS AMC") is a global engineering, procurement, construction, installation and commissioning ("EPCIC") service provider of comprehensive subsea-to-surface solutions for the offshore oil and gas industry, especially in the SURF and subsea tie-back sector. Core business services include subsea installation of umbilicals/power cables, pipelines as well as platforms, FPSO and floater installations.

Ezra acquired AMC from Aker Solutions AS in March 2011 and has since focused on integration and on tendering and executing complex deepwater construction projects. As a result, the Subsea Services division has won approximately US$3.5 billion in contracts since the acquisition. Further, the division's success in winning contracts in the North Sea, Gulf of Mexico, Africa and the Asia Pacific is an attestation of its capabilities in the global subsea market. Notable wins in FY14 included:

- Triple contract signings with Noble Energy for subsea tie-back projects for the Big Bend, Dantzler and Gunflint field developments in the US Gulf of Mexico
- Three-year frame agreement with Apache North Sea Ltd. for subsea installation in the UK
- One of the longest High Voltage Alternate Current cable lays in the world, at 160km in the North Sea

[1] Excludes Group's gain/loss from disposal of fixed assets and assets held for sale, gain on disposal of AFS Investment, write off and impairment of fixed assets and Group's share of gain from disposal of vessel by EMAS Offshore Limited


LEWEK EXPRESS
PORT VILA
IMO 8116049

OPERATIONS REVIEW

The Subsea Services division continues to deliver strong growth, sustaining operational profitability since the last quarter of FY13. This was made possible through the division's strategy to improve operational efficiency and economies of scale by increasing fleet capacity and optimising deployment to undertake more projects. The division attained various operational achievements in FY14 that included:

- Successful completion of *Lewek Constellation*'s inaugural heavy lift project in offshore Gabon, West Africa
- Successful installation by *Lewek Champion* of 50 platforms for Chevron in the Gulf of Thailand

Additionally, the Subsea Services division is preparing for the delivery of its flagship vessel, the *Lewek Constellation*, one of two in her class in the world. The construction of the vessel has made much progress and achieved multiple important milestones in FY14. The hull was fabricated by TRIYARDS in Ho Chi Minh, Vietnam and the vessel underwent sea trials successfully in November-December 2013. Thereafter, the *Lewek Constellation* went to Xiamen, China to install her 3,000 mT Huisman offshore crane, which was put to work on her inaugural project in offshore Gabon, West Africa. *Lewek Constellation* has since completed the installation of her multi-lay system and is in the process of commissioning.

The Subsea Services division continues to be the main driver of the Group's revenue with 70% contribution in FY14. The division's revenue increased 32% from US$787.5 million in FY13 to reach US$1.0 billion in FY14. The subsea backlog is currently approximately US$1.1 billion.

OFFSHORE SUPPORT SERVICES

The Group's Offshore Support Services division ("EMAS Marine") manages and operates a young, versatile fleet of advanced offshore support vessels, offering an extensive range of maritime services that cater to clients' needs throughout a field's life cycle.

While there were some challenges earlier in the year due to unplanned repairs, the division has since taken proactive and constructive steps to rectify the problems. The following are some of the highlight wins for FY14:

- Awarded several contracts in Africa and Asia, with the deployment of one AHTS vessel and two PSVs in Africa and another five AHT/AHTS vessels and one PSV in Asia
- Added contracts for offshore support work in Malaysia, Thailand and Australia with the deployment of two AHTS vessels and one PSV

The revenue of the Offshore Support Services division decreased in FY14 to US$259.9 million from US$285.3 million in FY13. The Offshore Support Services division contributed 17% of the Group's total revenue in FY14.

In line with the Group's strategy to tap on the division's areas of

OPERATIONS REVIEW

strength and consolidate its leading position in the region, the Offshore Support Services division was consolidated with EOC Limited, then an associated company of Ezra. Further details are provided in the next section.

PRODUCTION

The Group's Production division ("EMAS Production") was housed under EOC Limited ("EOC"), which was the first Singapore incorporated company to be listed on the Oslo Stock Exchange. EMAS Production owns and operates cutting-edge FPSO facilities, offering services that support the post-exploration needs of offshore fields, such as FPSO conversion management.

On 10 July 2014, EOC entered into the Business Combination Agreement with Ezra pursuant to which Ezra agreed to transfer all the issued shares in the capital of each of the Offshore Support Companies to EOC for a sum equal to US$520 million.

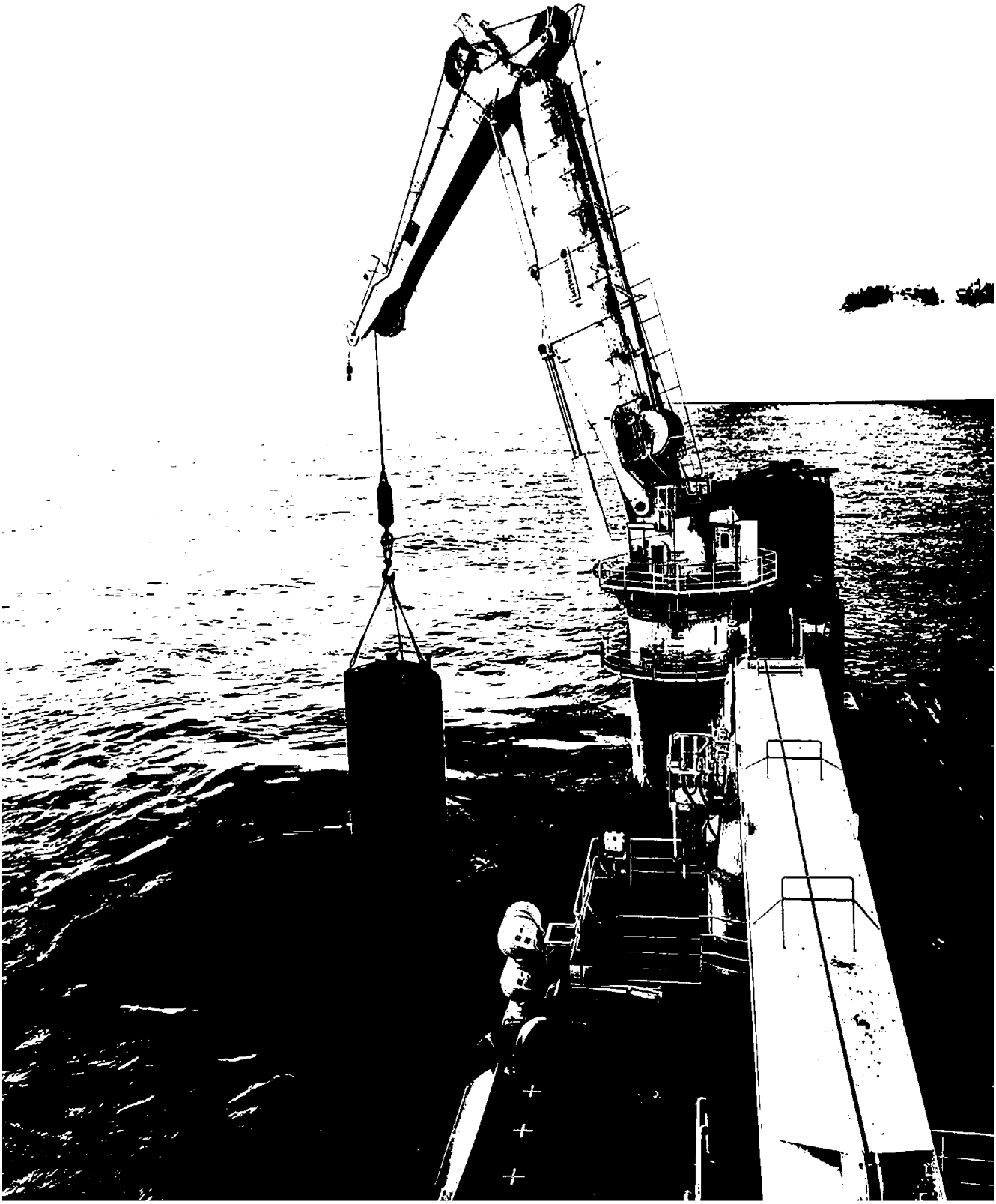
On 15 September 2014, EOC obtained the shareholders' approval for the change of name to EMAS Offshore Limited ("EMAS Offshore"). With the fulfilment of the conditions in the Business Combination Agreement, the Offshore Support Companies were successfully combined with EMAS Offshore on 3 October 2014.

Subsequent to the Business Combination, EMAS Offshore offers offshore support, accommodation and offshore production services to customers in the offshore O&G industry throughout the oilfield lifecycle, spanning exploration, development production and decommissioning stages. EMAS Offshore's business activities are carried out by two business segments, namely (i) Offshore Support and Accommodation Services division, and (ii) Offshore Production Services division.

EMAS Offshore successfully achieved secondary listing on the Mainboard of SGX-ST on 8 October 2014 and became the first company to dual-list in Norway and Singapore for capital raising. The secondary listing on the SGX-ST will support EMAS Offshore's growth plans and provide a platform for the company to tap on the Asian and European markets. Ezra currently holds approximately 75.2% of EMAS Offshore.

MARINE SERVICES

Marketed under the TRIYARDS brand, the Group's Marine Services division is fast becoming an acknowledged leader in developing advanced and customised solutions for world-class vessels. By focusing on sophisticated platforms and equipment that can tackle even the most complex offshore projects, it has already established itself as a front runner in the fabrication of SEUs. TRIYARDS provides its integrated engineering, ship construction and fabrication services out of yard facilities located in Singapore, the U.S. and Vietnam. With the acquisition of Strategic Marine (S) Pte Ltd and Strategic Marine (V) Company Limited (collectively known as "Strategic Marine"), TRIYARDS has gained an advantageous entry to the highly specialised aluminium craft and project fabrication, with more capacity for new builds, repair and maintenance opportunities. In addition, TRIYARDS will be able



OPERATIONS REVIEW

to target a wider client base beyond construction and product lines in the oil and gas industry. TRIYARDS was listed on the Mainboard of SGX-ST on 18 October 2012 and is 61% owned by Ezra.

TRIYARDS continues to deliver on its strategies with the following achievements:

- Successful delivery of the hull of *Lewek Constellation*
- Delivered its first *BH 450* liftboat, TRIYARDS' first lattice-leg lifeboat that is among the tallest available in the industry
- Clinched new liftboat contracts including one for the *BH 300-L4T* series and another for the existing *BH 335* series, the total value of both contracts was US$112 million. The *BH 300-L4T* represents another TRIYARDS milestone, being its very first four-legged liftboat. Another liftboat contract, worth US$50.5 million, was added in September 2014 to bring total liftboat contracts won by TRIYARDS since 2007 to 13
- Secured two new orders in vessel construction and outfitting for two cruise liners worth a total of approximately US$7.5 million

TRIYARDS has also taken steps to strengthen the company through the following:

- Completed placement of 29.5 million shares in the capital of TRIYARDS on 29 September 2014. 90% of the placement proceeds were used for the acquisition listed below
- Completed acquisition of Strategic Marine on 15 October 2014 that included shipbuilding and fabrication facilities in Singapore and Vietnam held by the target companies
- Entered into a subscription agreement with Ezion Holdings Limited ("Ezion") on 10 November 2014, pursuant to which Triyards Holdings Limited will issue 29.5 million warrants to Ezion

The Marine Services division's revenue remained flat in FY14 at US$188.2 million as compared to US$189.2 million in FY13. Revenue contribution from the Marine Services division comprised 13% of the Group's total revenue in FY14.

OUTLOOK FOR THE GLOBAL OFFSHORE O&G INDUSTRY REMAINS UPBEAT

The recent decline in oil prices has added uncertainties to the O&G market. Due to high costs and low returns amidst market volatility, the oil companies are deferring or cancelling increasing number of exploration and production projects. Coupled with the strong emergence of shale gas as a source of energy, the Group is facing headwinds in the market in the near to medium term.

Despite the challenging times, the fundamentals of the O&G industry remain intact as oil remains the dominant fuel for transportation and industrial work. Given the depletion of oil reserves onshore and in shallow water locations, offshore capex is increasingly moving towards deeper waters. Infield Systems expects deepwater offshore capex to increase at 14.1% Compound Annual Growth Rate ("CAGR") between 2013 and 2019, with increased investments in regions such as West Africa and Brazil, while shallow water capex is projected

OPERATIONS REVIEW

to increase moderately at 4.7% CAGR during the same period. With the growth in offshore capex, more offshore infrastructure will have to be installed, which bodes well for the Group.

Due to these factors, the Group is of the view that the outlook of the global offshore O&G industry remains promising in the long term despite recent headwinds. The Group is focused on achieving operational excellence and cost efficiencies, and firmly believes that it can overcome the challenges ahead and emerge stronger as a company.

STAYING FOCUSED ON THE GROUP'S GROWTH

In FY14, the Group has been focused on building backlog, increasing margins and improving utilisation. The results are evident with the Subsea Services division winning approximately US$1.0 billion worth of new orders, including project wins for *Lewek Constellation*. Other achievements include the *Lewek Constellation*'s successful completion of her inaugural heavy lift project for VAALCO and the stabilisation of the offshore fleet operations. Financially, the Group has attained significant turnaround in achieving recurring profit performance and the successful consolidation and listing of EMAS Offshore has created an independent funding platform.

Moving forward, the Group will focus on operational excellence and cash flow optimisation in FY15. This will be done by building quality backlog amidst volatile macro environment, realising operational efficiency upside in EMAS Offshore's platform and focusing on cost efficiency to drive margin improvements. The Group aims to achieve free cash flow positivity by end 2015 with focus on de-leveraging the balance sheet after the delivery of the *Lewek Constellation*.

Ezra's focus will be to continue to build a strong group of companies with an experienced management team, capable employees, technologically advanced project enabling assets and efficient processes and systems. This focus will be supported by active management of its capital structure and resources to allow flexibility and diversification. For this purpose, Ezra has established a US$500 million Multicurrency Debt Issuance Programme ("Programme") on 28 August 2012. Ezra has since tapped on the Programme to extend the Group's debt maturity profile through the issuance of a combination of fixed rate notes and perpetual securities totaling S$620 million. Backed by this strong foundation, the Group will concentrate on bidding for and winning contracts to build up its orderbook, and ensure the safe and successful execution of these projects to enhance value for its shareholders.

Additionally, a fleet of young and technologically advanced subsea construction vessels and Offshore Support Vessels ("OSV") has enabled the Group to achieve high vessel utilisation and charter rates. Thus, it is a key strategic area for the Group to maintain and operate a young fleet of vessels. Currently, Ezra's OSVs have an average age of approximately six years against the industry average of about 10 years for AHTS vessels and 18 years for PSVs, according to Infield Systems. Ezra will continue to explore the renewal and enhancement of its fleet to complement its expertise in engineering and project management to deliver projects safely, on budget and on time.

HEALTH, SAFETY AND ENVIRONMENT ("HSE")

The Group is strongly committed to achieving HSE excellence in its business operations and strives for 'Target Zero' of accident, harm to people, damage to environment and damage to property.

To reach the goal of 'Target Zero', the Group has taken proactive steps to:

- manage HSE matters as a core business activity,
- implement a systematic approach to HSE to ensure compliance with rules and regulations, international codes and standards, mandatory conventions and client requirements. In particular, the Group adopts the International Safety Management Code and has attained the OHSAS 18001 and ISO 14001 certificates,
- identify hazards and manage risks to people, property and the environment,
- develop the competency of its employees to ensure it meets HSE objectives and targets.

The Group's accomplishments include building up its quality management systems to comply with the ISO 22301:2012 standard for business continuity management, the Offshore Support Services division achieving zero Lost Time Injury (LTI) and downtime for the operation of *Lewek Penguin* in Vietnam and EMAS Production winning two awards: Workplace Safety and Health Award 2014 from Ministry of Manpower for the successful completion of *Perisai Kamelia* conversion and the Global Safety Award from Hess for the successful project delivery of *Perisai Kamelia*.

EMAS
EMAS
EMAS
EMAS

OPERATIONS REVIEW

GLOBAL CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The EMAS Global CSR programme was implemented in 2011 as part of the Group's efforts to be a good corporate citizen and contribution to society. Now in its third year of implementation, the programme continues to garner support and active participation from employees globally. Some key areas of activities in FY14 were:

Environment Sustainability

One of the areas of focus for the Group's CSR efforts is on the conservation of the environment. Across the Group's various offices, employees took part in 'Earth Hour' by switching off their lights and power when they leave the office. Notices were also circulated to remind employees on the initiative and to transform these actions into daily habits.

Community Engagement

The Singapore office collaborated with the Milan Soccer School, started by world renowned AC Milan Football Club, to organise an event for the employees and their children, as well as children from ACE@Boon Lay, a day care centre for underprivileged children and a long time beneficiary supported by Ezra.

In Houston, employees helped to feed less fortunate families across the greater Houston area by working with the Houston Food Bank.

Education

Another key area that the Group's CSR programme focuses on is education. The Group's IT department has been donating used laptops to schools in developing countries to help increase the students' proficiency in the use of technology and access to online educational materials.

Further, employees in Houston joined the Susan G. Komen Race for the Cure and raised money to help fund research, education, screening and treatment programmes for breast cancer patients.

Social Causes

The Group's employees have been actively participating in fund raising activities such as the charity futsal and Run & Raisin events organised by the TOUCH Community in Singapore. The funds raised were used to assist children and families from the lower income bracket.

Additionally, employees from EMAS AMC across the regional offices in Singapore, Houston and Oslo participated in the Movember campaign by growing a moustache, beard or making donations to raise funds for research and increase awareness on men's health.

EZRA HOLDINGS

AS AT 14 NOVEMBER 2014

- **75.2%** EMAS Offshore Limited (formerly EOC Limited)
  - **100%** Lewek Evershine Shipping Pte. Ltd.
  - **100%** Lewek Emerald Shipping Pte. Ltd.
  - **100%** Lewek Chancellor Shipping Pte. Ltd.
  - **100%** Lewek Castor Shipping Pte. Ltd.
  - **100%** Emas Offshore Construction and Production Pte. Ltd.
  - **100%** Lewek Conqueror (BVI) Pte Ltd
  - **100%** Lewek Eversure Shipping Pte. Ltd.
  - **100%** Lewek Champion Shipping Pte. Ltd.
  - **100%** EOC Victoria Production Sdn Bhd
  - **49%** Emas Victoria (L) Bhd
  - **49%** Victoria Production Services Sdn Bhd
  - **49%** SJR Marine (L) Ltd
  - **100%** Lewek Alphard Shipping Pte. Ltd.
  - **100%** Lewek Canopus Shipping Pte. Ltd.
  - **50%** Emas EOC Ventures Pte. Ltd. — **50%**
  - **100%** Emas Offshore Production Services (Vietnam) Pte. Ltd.
    - **41.7%** PV Keez Pte. Ltd. — **37%**
    - **50%** PV Trans Emas Co Ltd
  - **100%** EMAS Holdings Pte. Ltd.
    - **50%** **50%** Lewek Antares Shipping Pte. Ltd.
    - **100%** Emas Offshore Pte. Ltd.
    - **100%** Lewek Shipping Pte. Ltd.
    - **100%** Emas Offshore Services Pte. Ltd.
    - **100%** Lewek Ivory Shipping Pte. Ltd.
    - **100%** Lewek Ebony Shipping Pte. Ltd.
    - **100%** Lewek Ruby Shipping Pte. Ltd.
      - **100%** Emas Offshore Services (Australia) Pty Ltd
      - **100%** Emas Offshore Services (B) Sdn Bhd
      - **40%** EMAS Offshore Services (Philippines) Inc.
    - **100%** Lewek Robin Shipping Pte. Ltd.
    - **100%** Lewek LB1 Shipping Pte. Ltd.
    - **99.99%** Emas Offshore (Thailand) Ltd
    - **100%** Emas Offshore (Labuan) Bhd
    - **100%** Lewek Aries Pte. Ltd.
      - **100%** Aries Warrior AS
      - **100%** Aries Warrior DIS
    - **100%** Tunis Oil Pte. Ltd.
      - **100%** Lewek Altair Shipping Private Limited
    - **100%** Emas Offshore Services Nigeria Limited
    - **100%** Lewek Crusader Shipping Pte. Ltd.
    - **100%** Emas Offshore (M) Sdn Bhd
      - **100%** Emas Offshore Services (M) Sdn Bhd
      - **100%** Bayu Emas Maritime Sdn Bhd
      - **100%** Bayu Intan Offshore Sdn Bhd
      - **100%** Genesis Offshore Sdn Bhd
        - **1.7%** Intan Offshore Sdn Bhd
      - **47.3%** Intan Offshore Sdn Bhd
        - **100%** Sarah Pearl Shipping Pte. Ltd.
        - **100%** Lewek Eagle Offshore Sdn Bhd
        - **100%** Lewek Swift Shipping Pte. Ltd.
        - **100%** Jade Offshore Sdn Bhd
        - **100%** Intan Offshore (Labuan) Sdn Bhd
        - **100%** Lewek Mallard Offshore Sdn Bhd
- **100%** HCM Logistics Limited
  - **11.4%** Perisai Petroleum Teknologi Bhd
- **100%** Telemark Limited
  - **100%** London Marine Group Limited
    - **100%** London Marine Consultants Limited
    - **100%** London Floating Production Limited
      - **100%** Triyards, LLC
    - **100%** LMC (Asia Pacific) Pte. Ltd.
      - **50%** Advanced Mooring Systems Pte. Ltd.

LIMITED

- 100% Lewek Victory Shipping Pte. Ltd.
- 100% NAV Equipment Limited
  - 0%* Intrepid Global Pte. Ltd.
- 100% Asian Drilling Services Pte. Ltd.
- 100% Ezra Marine Services Pte. Ltd.
- 100% Lewek Scarlet Shipping Pte. Ltd.
- 100% Emas Risk Services Pte. Ltd.
- 100% Fodemas Pte. Ltd.
- 100% EMAS IT Solutions Pte. Ltd.
- 100% Emas Offshore Services (NZ) Pty Ltd
- 100% Lewek Sapphire Shipping Pte. Ltd.
  - 100% Future Trillion Enterprises Limited
- 100% Sarah Gold Shipping Pte. Ltd.
- 100% Lewek Everbright Shipping Pte. Ltd.
- 100% Lewek Everglory Shipping Pte. Ltd.
- 100% Fodemas Limited
- 100% Tunis Oil Limited
- 100% DP Polar Pte. Ltd.
- 100% Emas Ghana Pte. Ltd.
  - 49% Sri Emas (GH) Limited
- 100% Emas Offshore Angola Pte. Ltd.
  - 40% EZCA Offshore, LDA
- 75% Amsa Offshore Pte. Ltd.
- 49% JKTS Assets Management Pte. Ltd.

- 100% Ezra Energy Services Pte. Ltd.
  - 90% Intrepid Global Pte. Ltd.
  - 100% Emas Energy Services Pte Ltd
    - 99.99% Emas Energy Services (Thailand) Limited
    - 49% Loyz NZ Ventures Limited
- 50% New Strong Group Limited
- 49% SE Mariam Sdn Bhd
- 50% Eminent Offshore Logistics Pte. Ltd.

- 100% Emas-AMC Holdings Pte. Ltd.
- 100% Emas Subsea Services Pte. Ltd.
- 100% Emas-AMC Pte. Ltd.
  - 99.99% EMAS-AMC (Thailand) Co., Ltd.
- 100% Emas Subsea Services UK Limited (formerly Emas Offshore Limited)
  - 100% Emas Subsea Services LLC
  - 25% Gallatin Marine Management, LLC
- 100% Lewek Falcon Shipping Pte. Ltd.
- 100% Lewek Constellation Pte. Ltd.
- 100% EMAS ROV Pte. Ltd.
- 100% EMAS-AMC AS
  - 100% Emas-AMC Inc
  - 100% EMAS-AMC Pty Ltd
  - 40% Fode&Emas Joint Venture Company Limited
  - 100% Emas Marine Base Holdings Co., LLC
    - 100% Emas Marine Base LLC

- 60.9% Triyards Holdings Limited
  - 100% Triyards Marine Services Pte. Ltd.
  - 100% Triyards Vietnam Limited
    - 100% Gulfstream Management Limited
      - 100% Saigon Offshore Fabrication and Engineering Limited
    - 100% Saigon Shipyard Company Limited
  - 100% Triyards IP Pte. Ltd.
  - 100% SAV Land Pty Ltd
  - 100% Lewek Hercules Pte. Ltd.
  - 100% Triyards UK Limited
    - 100% Triyards Houston Holdings LLC
      - 100% Triyards Houston, LLC
      - 100% Triyards Properties, LLC
  - 100% Triyards Strategic Investments Pte. Ltd
    - 100% Triyards Strategic Vietnam Pte. Ltd
      - 100% Strategic Marine (V) Company Limited
    - 100% Strategic Marine (S) Pte. Ltd.

* Less than 0.1% interest

CORPORATE DIRECTORY

DIRECTORS

Mr. Koh Poh Tiong
Non-Executive and
Non-Independent Chairman

Mr. Lee Kian Soo
Non-Executive and
Non-Independent Director

Mr. Lee Chye Tek Lionel
Group CEO and Managing Director

Capt. Adarash Kumar A/L Chranji Lal Amarnath
Group COO and Executive Director

Dr. Ngo Get Ping
Independent Director

Mr. Soon Hong Teck
Independent Director

Mr. Karl Erik Kjelstad
Non-Executive and
Non-Independent Director

Mr. Eng Heng Nee Philip
Lead Independent Director

AUDIT COMMITTEE

Mr. Soon Hong Teck
Independent Director (Chairman)

Dr. Ngo Get Ping
Independent Director

Mr. Koh Poh Tiong
Non-Executive and
Non-Independent Chairman

Mr. Eng Heng Nee Philip
Lead Independent Director

NOMINATING COMMITTEE

Mr. Eng Heng Nee Philip
Lead Independent Director (Chairman)

Dr. Ngo Get Ping
Independent Director

Mr. Soon Hong Teck
Independent Director

Mr. Koh Poh Tiong
Non-Executive and
Non-Independent Chairman

REMUNERATION COMMITTEE

Dr. Ngo Get Ping
Independent Director (Chairman)

Mr. Soon Hong Teck
Independent Director

Mr. Koh Poh Tiong
Non-Executive and
Non-Independent Chairman

Mr. Eng Heng Nee Philip
Lead Independent Director

ENTERPRISE RISK COMMITTEE

Mr. Eng Heng Nee Philip
Lead Independent Director (Chairman)

Dr. Ngo Get Ping
Independent Director

Mr. Soon Hong Teck
Independent Director

Mr. Koh Poh Tiong
Non-Executive and
Non-Independent Chairman

COMPANY SECRETARY

Mr. Yeo Keng Nien

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
Level 46 DBS Asia Central at
Marine Bay Financial Centre Tower 3
Singapore 018982

DNB Bank Asia, Singapore Branch
8 Shenton Way
Singapore 068811

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

Standard Chartered Bank
8 Marine Boulevard #27-01
Marine Bay Financial Centre Tower 1
Singapore 018981

United Overseas Bank Limited
80 Raffles Place UOB Plaza
Singapore 048624

FINANCIAL CONTENTS

CORPORATE GOVERNANCE 42
DIRECTORS' REPORT 55
STATEMENT BY DIRECTORS 61
INDEPENDENT AUDITOR'S REPORT 62
STATEMENTS OF FINANCIAL POSITION 64
INCOME STATEMENTS 66
STATEMENTS OF COMPREHENSIVE INCOME 67
STATEMENTS OF CHANGES IN EQUITY 68
CONSOLIDATED STATEMENT OF CASH FLOWS 72
NOTES TO THE FINANCIAL STATEMENTS 75
STATISTIC OF SHAREHOLDINGS 185
NOTICE OF ANNUAL GENERAL MEETING 187
PROXY FORM

CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Ezra Holdings Limited (the "Company") is committed to maintain 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, which are substantially in line with the principles set out in the Code of Corporate Governance 2012 (the "Code"). Where there are deviations from the Code, appropriate explanations are provided.

(A) BOARD MATTERS

Board's Conduct of its Affairs

The Board assumes responsibility for stewardship of the Group and the 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 Management is accountable to the Board.

The Board comprises eight (8) Directors and its role is to:

(a) 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;
(b) establish goals for Management and review and monitor the performance and achievement of these goals;
(c) provide entrepreneurial leadership and ensure Management leadership of high quality, effectiveness and integrity;
(d) set the Company's values and standards, and ensure that the obligations to shareholders and other stakeholders are understood and met;
(e) establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interest and the Company's assets;
(f) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation; and
(g) consider sustainability issues as part of the Company's strategic formulation.

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:

(a) quarterly financial results announcements and audited financial statements;
(b) material announcement;
(c) annual budget;
(d) major transactions proposal which include funding, merger, acquisition and disposal transactions;
(e) declaration of interim dividends and proposed final dividends; and
(f) 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"), an Enterprise Risk Committee ("ERC") and an Executive Committee ("EXCO"), 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 will be briefed on the Director's duties and responsibilities. Orientation programme will be 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.

CORPORATE GOVERNANCE

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 seminars or trainings 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. At AC meetings, the external auditors, Ernst & Young LLP provides regular updates on developments in accounting standards wherever it is relevant and applicable to the Group.

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 eight (8) 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 Chye Tek Lionel	(Group Chief Executive Officer and Managing Director)
Capt. Adarash Kumar A/L Chranji Lal Amamath	(Executive Director)

Non-Executive Directors

Mr. Koh Poh Tiong	(Non-Executive and Non-Independent Chairman)
Mr. Lee Kian Soo	(Non-Executive and Non-Independent Director)
Mr. Karl Erik Kjelstad	(Non-Executive and Non-Independent Director)
Mr. Eng Heng Nee Philip	(Lead Independent Director)
Dr. Ngo Get Ping	(Independent Director)
Mr. Soon Hong Teck	(Independent Director)

Currently, the Independent Directors of the Company make up more than one-third of the Board composition. This provides a strong and independent element on the Board which facilitates the exercise of independent and objective judgment on its corporate affairs. However, the Code recommends that where the Chairman of the Board is not an Independent Director, at least half of the Board composition should be independent, no later than the date of the Company's Annual General Meeting ("AGM") to be convened in December 2017. The Board will review the size and composition so as to take the necessary steps to comply with the recommendation under the Code. In the interim, the three Independent Directors will continue to uphold good corporate governance at the Board level and their presence facilitates the exercise of independent and objective judgment on corporate affairs.

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 also meet regularly without the presence of Management.

The profile of each Director and other relevant information are set out on page 21 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.

CORPORATE GOVERNANCE

Role of Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are held by separate individuals. Mr. Koh Poh Tiong is the Non-Executive and Non-Independent Chairman and Mr. Lee Chye Tek Lionel is the Group Chief Executive Officer and Managing Director ("Group CEO and MD").

The Chairman is responsible for:

(a) leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;
(b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
(c) promoting a culture of openness and debate at the Board;
(d) ensuring that the Directors receive accurate, timely and clear information;
(e) ensuring effective communications with shareholders;
(f) encouraging constructive relations within the Board and between the Board and Management;
(g) facilitating the effective contribution of Non-Executive Directors; and
(h) promoting high standard of corporate governance.

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

With effect from 1 September 2013, the Company has appointed Mr. Eng Heng Nee Philip as the Lead Independent Director. The Lead Independent Director would be available to shareholders where they have concerns when contact through the normal channel of the Chairman, Group CEO and MD or the Chief Financial Officer (or equivalent) has failed to resolve the issues or for which such contact is inappropriate.

The Independent Directors will meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

Executive Committee ("EXCO")

The EXCO was formed on 29 October 2014 and comprises of Mr. Eng Heng Nee Philip as Chairman, Mr. Koh Poh Tiong, Mr. Lee Kian Soo, and Mr Lee Chye Tek Lionel as members.

The EXCO has delegated Board authority to perform the following functions:-

(a) chart the course and strategic direction of the Group and oversees and provides guidance to the Ezra Group management;
(b) review and deliberate on the Group's strategic objectives, governance structure, and major corporate projects / initiatives; and
(c) facilitate the decision-making process on major commitments affecting the Group.

CORPORATE GOVERNANCE

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

(a) making recommendations to the Board on the appointment of new Executive and Non-Executive Directors;
(b) recommending Directors who are retiring by rotation to be put forward for re-election;
(c) reviewing regularly the Board structure, size and composition and make recommendations to the Board with regards to any adjustment that are deemed to be necessary;
(d) determining annually, and as and when circumstances require whether or not a Director is independent;
(e) 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;
(f) reviewing of the Board's succession plan;
(g) assessing the effectiveness and performance of the Board as a whole by analysing the strengths and weaknesses of the Board; and
(h) reviewing the training and development programs for the Board.

The NC will meet at least once every financial year and during the financial year; the NC has held one (1) meeting.

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. The NC will also review the number of directorship of each Director and ensure that each Director does not hold more than 6 listed company directorships. Approval will be required from the NC if a Director's directorship exceeds 6 listed companies. For Executive Director, new appointment as a director of a listed company has to be approved by NC prior to appointment.

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.

CORPORATE GOVERNANCE

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. The performance criteria for the Board evaluation are 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's processes, strategy 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, Enterprise Risk Committee and Executive 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

Remuneration Committee ("RC")
Dr. Ngo Get Ping (Chairman)
Mr. Eng Heng Nee Philip
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

Enterprise Risk Committee ("ERC")
Mr. Eng Heng Nee Philip (Chairman)
Mr. Soon Hong Teck
Dr. Ngo Get Ping
Mr. Koh Poh Tiong

Executive Committee ("EXCO")
Mr. Eng Heng Nee Philip (Chairman)
Mr. Koh Poh Tiong
Mr. Lee Kian Soo
Mr. Lee Chye Tek Lionel

CORPORATE GOVERNANCE

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*		Enterprise Risk Committee*	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Koh Poh Tiong	6	6	1	1	1	1	5	5	4	4
Mr. Lee Kian Soo	6	5	NA	NA	NA	NA	NA	NA	NA	NA
Mr. Lee Chye Tek Lionel	6	6	NA	NA	NA	NA	NA	NA	NA	NA
Capt. Adarash Kumar A/L Chranji Lal Amarnath	6	5	NA	NA	NA	NA	NA	NA	NA	NA
Dr. Ngo Get Ping	6	6	1	1	1	1	5	5	4	4
Mr. Soon Hong Teck	6	5	1	1	1	1	5	4	4	3
Mr. Karl Erik Kjelstad	6	6	NA	NA	NA	NA	NA	NA	NA	NA
Mr. Eng Heng Nee Philip	6	6	1	1	1	1	5	5	4	4
Mr. Tay Chin Kwang **	2	2	NA	NA	NA	NA	NA	NA	NA	NA

Note:-

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

** Mr. Tay Chin Kwang stepped down as a Director with effect from 1 March 2014.

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.

Access to Information

Prior to each Board meeting, Management provides the 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 professional advisor is subject to approval by the Board.

CORPORATE GOVERNANCE

(B) 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:

(a) 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;
(b) proposing to the Board, appropriate and meaningful measures for assessing the performance of the Executive Directors;
(c) determining the specific remuneration package for each Executive Director;
(d) to review and administer any performance share plan or other staff incentive schemes of the Group for Directors, senior management and senior executives; and
(e) 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 one (1) meeting.

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 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.

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 namely, Mercer has been engaged to obtain comparator data for the Executive Directors, senior management and executives for benchmarking and 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.

CORPORATE GOVERNANCE

Disclosure on Remuneration

The following tables show a breakdown of the remuneration of Directors and the Key Executives, in bands of S$250,000, for the financial year ended 31 August 2014.

Non-Executive Directors

	Fee[2] %	Others* %	Total %
Above S$500,000 to S$750,000			
Mr. Lee Kian Soo[1]	6.7%	93.3%	100.0%
Mr. Koh Poh Tiong	42.4%	57.6%	100.0%
Up to S$250,000			
Dr. Ngo Get Ping	100.0%	0.0%	100.0%
Mr. Soon Hong Teck	100.0%	0.0%	100.0%
Mr. Karl Erik Kjelstad	100.0%	0.0%	100.0%
Mr. Eng Heng Nee Philip	100.0%	0.0%	100.0%

* Others include advisory fees and other benefits.

Executive Directors and Key Executives

Name of Executive	Salary & CPF %	Bonus %	Other Benefits %	Total %
Above S$1,250,000 to S$1,500,000				
Mr. C.J. D'Cort	86.4%	7.2%	6.4%	100.0%
Above S$750,000 to S$1,000,000				
Capt. Adarash Kumar A/L Chranji Lal Amamath	51.7%	26.6%	21.7%	100.0%
Above S$500,000 to S$750,000				
Mr. Tay Chin Kwang*	47.3%	45.9%	6.8%	100.0%
Above S$250,000 to S$500,000				
Mr. Lee Chye Tek Lionel[1]	88.0%	0.0%	12.0%	100.0%
Ms. Yap Siew Leng, Cheryl	84.5%	14.9%	0.6%	100.0%
Mr. Eugene Cheng Chee Mun	82.8%	17.2%	0.0%	100.0%
Mr. Robert James Davidson	67.5%	6.8%	25.7%	100.0%
Up to S$250,000				
Mr. Yeo Keng Nien	85.9%	13.5%	0.6%	100.0%

Note:-
[1] Mr. Lee Chye Tek Lionel is the son of Mr. Lee Kian Soo.
[2] These fees have been approved by shareholders as a lump sum at the AGM for FY2013.
* Mr. Tay Chin Kwang stepped down as a Director with effect from 1 March 2014.

The Company is of the opinion that it is not in the best interest of the Company to disclose the total remuneration of each Director and Key Executive in dollar terms, given the sensitivity of remuneration matters and the competitiveness of the industry for key talent.

CORPORATE GOVERNANCE

(C) ACCOUNTABILITY AND AUDIT

Accountability

The Board is accountable to the shareholders and other stakeholders while 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 the shareholders with a timely, detailed analysis, explanation and assessment of the Group's financial position and prospects.

To enable effective monitoring and decision-making by the Board, Management provides the Board with a continual flow of relevant information on a timely basis as well as quarterly management accounts of the Group. In particular, prior to the release of quarterly and full year results to the public, Management will present the Group's financial performance together with appropriate details to the AC, which will review and recommend the same to the Board for approval and authorisation for the release of the results. In addition, the financial performance together with appropriate details will be presented to the Board prior to the Board's approval and authorisation for the release of the results.

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 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 their submission to the Board of Directors;
(f) review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls;
(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.

CORPORATE GOVERNANCE

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 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.

During the past financial year, the AC held five (5) meetings with 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 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 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.

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 163 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 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 Audit Committee 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 controls policies and procedures established and maintained by the Group, the regular audits, monitoring and the reviews performed by the internal and external auditors, 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 2014, are adequate to address financial, operational (including information technology) and compliance risks, which the Group considers relevant and material in its current business environment.

In addition, the Board has received assurance from the CEO and CFO that: (a) the financial records have been properly maintained and the financial statements give true and fair view of the Group's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems in all material aspects.

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.

CORPORATE GOVERNANCE

Enterprise Risk Committee ("ERC")

The Group has in place 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. Eng Heng Nee Philip, Mr. Soon Hong Teck, Dr. Ngo Get Ping and Mr. Koh Poh Tiong. The Chairman of the ERC is Mr. Eng Heng Nee Philip.

The responsibilities of ERC are as follows:-

(a) determining the approach to risk governance for the Company;
(b) setting and instilling the right culture throughout the Company for effective risk governance;
(c) 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;
(d) 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;
(e) ensuring that Management put in place action plans to mitigate the risks identified where possible; and
(f) 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 over the identification, prioritisation, assessment, management and monitoring of key risks. Through this Framework, risk management capabilities and competencies are continuously enhanced. The risk management process in place covers, inter alia, financial, operational (including information technology) 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 ERC on a quarterly basis. The ERC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-à-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 Crisis Management, Business Continuity and Disaster Recovery plans, code of conduct, documented policies and procedures, proper segregation of duties, approval authorities as well as checks and balances built into the business processes. The Group has also considered the various financial risks, details of which are found on page 168 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 key controls, including financial, operational and compliance controls and risk management. Procedures are in place for Deloitte to report independently their findings and recommendations to AC. Management updates the AC on the status of the remedial action plans.

In July 2014, the Group set up its own internal Audit function. The Head of Internal Audit primary reporting is to the AC Chairman, although he reports administratively to the Group CFO. The AC approves the hiring, removal, evaluation and compensation of the Head of Internal Audit. Staffed by suitably qualified executives, Internal Audit shall have unrestricted access to all documents, records, properties and personnel, and unrestricted direct access to the AC. Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. An audit plan for the next financial year has been developed using a structured risk assessment framework.

CORPORATE GOVERNANCE

Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and has in place whistle-blowing procedures 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 raised through the whistleblowing email account (id@whistleblowingsg.com) are received by Internal Audit who will assess the actions required. All whistleblowing cases and their assessments are reported by Internal Audit to the AC Chairman and Group CEO and MD. They will decide whether further action or review is required, and if so, whether this should be conducted by an internally appointed Board of Inquiry (BOI) or external authority. The whistle-blowing procedure is posted on the Company's intranet for staff's easy reference, and on an ongoing basis, the whistle-blowing procedure is covered during staff orientation as part of the Group's efforts to promote fraud control awareness.

(D) SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

The Group ensures that all shareholders are treated fairly and equitably. The Company recognises, protects and facilities the exercise of shareholders' rights and continually reviews and updates such governance arrangements.

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.

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 chairpersons 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 auditor's report.

Since 2013, the Company has conducted electronic poll voting for all resolutions passed at the AGM for greater transparency in the voting process. Votes cast for or against and the respective percentages on each resolution, will be tallied and displayed 'live' on-screen to shareholders immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the AGM via SGXNET. 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.

CORPORATE GOVERNANCE

Dividend

The Group does not have a formal policy on dividend distribution.

In lieu of dividend payment for the financial year ended 31 August 2014, the Board has proposed a bonus issue of new ordinary shares in the capital of the Company on the basis of one (1) new ordinary share for every twenty five (25) existing ordinary shares held by shareholders of the Company. Details on the bonus issue were announced on SGXNET on 24 October 2014.

(E) 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.

(F) 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 2014.

(G) 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	324

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 2014.

1. DIRECTORS

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

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

In accordance with Articles 106 of the Company's Articles of Association, Mr. Koh Poh Tiong, Mr. Lee Chye Tek Lionel and Mr. Soon Hong Teck 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.

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:

DIRECTORS' REPORT

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Direct interest			Deemed interest		
	At 1 September 2013	At 31 August 2014	At 21 September 2014	At 1 September 2013	At 31 August 2014	At 21 September 2014
The Company						
Ordinary shares						
Mr. Koh Poh Tiong	348,000	348,000	348,000	–	–	–
Mr. Lee Kian Soo	15,050,000	15,050,000	15,050,000	–	–	–
Mr. Lee Chye Tek Lionel	184,790,384	184,790,384	184,790,384	36,465,920	36,465,920	36,465,920
Capt. Adarash Kumar A/L Chranji Lal Amarnath	7,888,070	7,888,070	7,888,070	–	–	–
Mr. Eng Heng Nee Philip	–	200,000	200,000	–	–	–
Dr. Ngo Get Ping	–	80,000	80,000	–	–	–
S$150,000,000 8.75% Perpetual Securities						
Mr. Koh Poh Tiong	–	–	–	$250,000	$250,000	$250,000
Mr. Lee Chye Tek Lionel	$12,500,000	$12,500,000	$12,500,000	–	–	–
Triyards Holdings Limited						
Ordinary shares						
Mr. Koh Poh Tiong	800	800	800	–	–	–
Mr. Lee Kian Soo	1,505,000	1,505,000	1,505,000	–	–	–
Mr. Lee Chye Tek Lionel	18,479,038	18,479,038	18,479,038	201,302,827	201,302,827	201,302,827
Capt. Adarash Kumar A/L Chranji Lal Amarnath	788,807	788,807	788,807	–	–	–

Capt. Adarash Kumar A/L Chranji Lal Amarnath has an interest in conditional award of shares as disclosed in section 5 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.

DIRECTORS' REPORT

5. 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

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, 15,664,981 shares have been granted under the Plan for performance period ended 31 August 2008 to 31 August 2014. There were no (2013: 1,604,461) shares vested during the financial year. The shares that were vested were settled by the delivery of existing shares held as treasury shares or payment in cash.

DIRECTORS' REPORT

5. EMPLOYEE SHARE PLAN (CONT'D)

Date of Grant	Share awards granted	Share awards vested	Share awards cancelled	Balance as at 31 August 2014
For staff and key executives				
22 December 2009	904,684	(855,674)	(49,010)	–
14 January 2010	262,956	(237,962)	(24,994)	–
14 January 2011	630,458	(548,026)	(82,432)	–
14 January 2013	942,800	(926,800)	(16,000)	–
14 June 2013	4,119,255	–	(4,119,255)	–
13 December 2013	6,967,000	–	–	6,967,000
Sub-total for staff and key executives	13,827,153	(2,568,462)	(4,291,691)	6,967,000
For Executive Director - Capt. Adarash Kumar A/L Chranji Lal Amarnath				
22 December 2009	662,876	(662,876)	–	–
14 January 2010	144,460	(144,460)	–	–
14 January 2011	291,983	(291,983)	–	–
14 June 2013	238,509	–	(238,509)	–
13 December 2013	500,000	–	–	500,000
	1,837,828	(1,099,319)	(238,509)	500,000
Total	15,664,981	(3,667,781)	(4,530,200)	7,467,000

DIRECTORS' REPORT

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 2012 in relation to the roles and responsibilities of the AC. The AC will perform the following functions:

(a) review the audit plans 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 and report to the Board of Directors at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls;

(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.

DIRECTORS' REPORT

6. AUDIT COMMITTEE (CONT'D)

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 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.

7. AUDITOR

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

On behalf of the Board of Directors,

Lee Chye Tek Lionel
Director

Capt. Adarash Kumar A/L Chranji Lal Amarnath
Director

Singapore
14 November 2014

STATEMENT BY DIRECTORS

We, Lee Chye Tek Lionel and Capt. Adarash Kumar A/L Chranji Lal Amarnath, 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 2014, 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 Chye Tek Lionel
Director

Capt. Adarash Kumar A/L Chranji Lal Amarnath
Director

Singapore
14 November 2014

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2014

INDEPENDENT AUDITOR'S REPORT 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 184 which comprise the statements of financial position of the Group and the Company as at 31 August 2014, 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 information.

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 2014

INDEPENDENT AUDITOR'S REPORT 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 2014 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
Chartered Accountants
Singapore
14 November 2014

STATEMENTS OF FINANCIAL POSITION

AS AT 31 AUGUST 2014

(Amounts expressed in United States dollars)

		Group		Company	
	Note	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Non-current assets					
Fixed assets	4	1,593,955	1,346,231	1,468	2,074
Goodwill	5a	231,370	231,017	–	–
Other intangible assets	5b	10,509	10,919	–	–
Investments in subsidiaries	6	–	–	306,965	306,965
Investments in associated companies	7	187,765	148,009	29,743	29,743
Investments in joint venture companies	8	25,738	24,311	18,987	18,987
Available-for-sale ("AFS") investments	9	3,075	–	3,075	–
Fair value through profit or loss ("FVTPL") investments	42	–	2,282	–	2,282
Long term receivable from a subsidiary	10	–	–	13,817	13,458
Long term receivable from associated companies	11	48,080	37,800	37,800	37,800
Funding scheme pension	12	48	178	–	–
Trade receivable	15	49,621	33,074	–	–
Deferred tax assets	26	2,496	2,767	–	–
Current assets					
Assets held for sale	13	120,298	102,548	101,785	101,785
Inventories and work-in-progress	14	91,364	75,311	–	–
Trade receivables	15	546,406	459,465	–	–
Other receivables	15	36,517	48,371	1,969	1,109
Other current assets	16	69,042	71,494	536	637
Balances due from					
- subsidiaries	15	–	–	792,050	792,215
- associated companies	15	145,110	135,455	13,234	16,007
- joint venture companies	15	22,090	21,750	6	2
Derivative financial instruments	41	615	–	615	–
Cash and cash equivalents	17	174,365	173,078	94,827	96,619
Cash pledged	18	4,528	2,660	–	–
		1,210,335	1,090,132	1,005,022	1,008,374

STATEMENTS OF FINANCIAL POSITION

AS AT 31 AUGUST 2014 (CONT'D)

(Amounts expressed in United States dollars)

		Group		Company	
	Note	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Current liabilities					
Trade payables	19	154,001	152,167	–	–
Other payables	19	270,282	197,039	33,278	20,590
Bills payable to banks	20	228,585	192,758	56,601	66,491
Deferred income	21	1,540	1,644	–	–
Progress billing in excess of work-in-progress	15a	61,766	41,026	–	–
Balances due to					
- subsidiaries	19	–	–	40,278	46,062
- associated companies	19	60,789	39,476	–	–
- joint venture companies	19	2,500	2,500	2,500	2,500
Derivative financial instruments	41	3,847	11,122	3,398	11,122
Lease obligations	22	1,054	1,048	30	180
Bank term loans	23	281,122	258,919	92,192	130,134
Convertible bonds	24	–	49,204	–	49,204
Provision for tax		17,734	14,115	2,125	288
		1,083,220	961,018	230,402	326,571
Net current assets		127,115	129,114	774,620	681,803
Non-current liabilities					
Other payables	19	(26,076)	(12,152)	(6,076)	(12,152)
Pension liability	12	(1,297)	(2,047)	–	–
Deferred income	21	(24,442)	(27,006)	–	–
Lease obligations	22	(811)	(751)	–	(13)
Bank term loans	23	(665,940)	(510,386)	(11,000)	(2,363)
Notes payable	25	(374,405)	(272,769)	(374,405)	(272,769)
Deferred tax liabilities	26	(1,032)	(675)	–	–
NET ASSETS		1,185,769	1,139,916	794,994	805,815
EQUITY					
Share capital	27	490,085	490,085	490,085	490,085
Perpetual securities	28	123,047	122,940	123,047	122,940
Accumulated profits		523,716	492,695	190,976	205,073
Capital reserves	29a	(3,242)	(3,210)	(2,353)	(2,353)
Fair value adjustment reserve	29b	4,951	3,491	–	–
Hedging reserve	29c	243	(2,790)	615	(2,554)
Translation reserve	29d	(1,622)	(4,674)	–	–
Treasury shares	30	(7,376)	(7,376)	(7,376)	(7,376)
		1,129,802	1,091,161	794,994	805,815
Non-controlling interests		55,967	48,755	–	–
TOTAL EQUITY		1,185,769	1,139,916	794,994	805,815

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2014

(Amounts expressed in United States dollars)

		Group		Company	
	Note	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Revenue	31	1,488,351	1,262,065	37,426	12,398
Cost of sales		(1,261,448)	(1,092,833)	–	–
Gross profit		226,903	169,232	37,426	12,398
Other income/(expenses), net	32	7,151	105,224	(1,152)	78,318
Administrative expenses		(157,284)	(165,739)	(24,659)	(12,243)
Profit from operations	33	76,770	108,717	11,615	78,473
Financial income	35	3,629	5,002	11,965	3,888
Financial expenses	36	(42,656)	(43,535)	(23,000)	(29,183)
Share of profit of associated companies		33,763	18,508	–	–
Share of profit of joint venture companies		3,196	3,591	–	–
Profit before tax		74,702	92,283	580	53,178
Tax	26	(20,680)	(28,219)	(429)	(1,194)
Profit after tax		54,022	64,064	151	51,984
Attributable to:					
Owners of the Company		45,269	53,649	151	51,984
Non-controlling interests		8,753	10,415	–	–
		54,022	64,064	151	51,984
Earnings per share (US cents)	37				
- basic		4.65	5.51		
- diluted		4.65	5.51		

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 2014

(Amounts expressed in United States dollars)

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Profit after tax	54,022	64,064	151	51,984
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	1,217	(1,222)	–	–
AFS investments				
- Fair value changes during the financial year	–	28,886	–	28,886
- Reclassification on disposal of AFS investment included in profit or loss	–	(57,961)	–	(57,961)
	–	(29,075)	–	(29,075)
Fair value change on cash flow hedges	3,169	(1,059)	3,169	(1,197)
Reclassification of gain on cash flow hedge to profit or loss	–	(4,211)	–	(4,211)
Share of other comprehensive income of associated companies and joint venture companies	3,127	2,262	–	–
Other comprehensive income, net of tax	7,513	(33,305)	3,169	(34,483)
Total comprehensive income for the financial year	61,535	30,759	3,320	17,501
Attributable to:				
Owners of the Company	52,782	20,344	3,320	17,501
Non-controlling interests	8,753	10,415	–	–
	61,535	30,759	3,320	17,501

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 2014

(Amounts expressed in United States dollars)

	← Attributable to owners of the Company →										
Group	Share capital US$'000	Perpetual securities US$'000	Accumulated profits US$'000	Capital reserves US$'000	Fair value adjustment reserve US$'000	Hedging reserve US$'000	Translation reserve US$'000	Treasury shares US$'000	Total equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total Equity US$'000
Balance at 1 September 2012	490,085	–	487,865	13,089	29,075	2,703	(2,062)	(9,364)	1,011,391	(213)	1,011,178
Effects on purchase price allocation	–	–	1,100	–	–	–	–	–	1,100	–	1,100
As restated	490,085	–	488,965	13,089	29,075	2,703	(2,062)	(9,364)	1,012,491	(213)	1,012,278
Total comprehensive income for the financial year	–	–	53,649	384	(25,584)	(5,493)	(2,612)	–	20,344	10,415	30,759
Issuance of perpetual securities	–	120,231	–	–	–	–	–	–	120,231	–	120,231
Perpetual securities issuance expense	–	(2,082)	–	–	–	–	–	–	(2,082)	–	(2,082)
Accrued perpetual securities distribution	–	10,051	(10,051)	–	–	–	–	–	–	–	–
Payment of perpetual securities distribution	–	(5,260)	–	–	–	–	–	–	(5,260)	–	(5,260)
Dividend in specie (Note 45)	–	–	(12,531)	–	–	–	–	–	(12,531)	12,531	–
Dividend in specie issuance expense	–	–	(1,315)	–	–	–	–	–	(1,315)	–	(1,315)
Performance shares awarded using treasury shares	–	–	–	(1,119)	–	–	–	1,988	869	–	869
Derivative component of convertible bond on redemption	–	–	–	(15,564)	–	–	–	–	(15,564)	–	(15,564)
Total transactions with owners in their capacity as owners	–	122,940	(23,897)	(16,683)	–	–	–	1,988	84,348	12,531	96,879
Dilution of equity interest of subsidiary group to non-controlling interest without change in control	–	–	(26,022)	–	–	–	–	–	(26,022)	26,022	–
Balance at 31 August 2013	490,085	122,940	492,695	(3,210)	3,491	(2,790)	(4,674)	(7,376)	1,091,161	48,755	1,139,916

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2014 (CONT'D)

(Amounts expressed in United States dollars)

	← Attributable to owners of the Company →										
Group	Share capital US$'000	Perpetual securities US$'000	Accumulated profits US$'000	Capital reserves US$'000	Fair value adjustment reserve US$'000	Hedging reserve US$'000	Translation reserve US$'000	Treasury shares US$'000	Total equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total Equity US$'000
Balance at 1 September 2013	490,085	122,940	492,695	(3,210)	3,491	(2,790)	(4,674)	(7,376)	1,091,161	48,755	1,139,916
Total comprehensive income for the financial year	–	–	45,269	(32)	1,460	3,033	3,052	–	52,782	8,753	61,535
Accrued perpetual securities distribution	–	10,434	(10,434)	–	–	–	–	–	–	–	–
Payment of perpetual securities distribution	–	(10,327)	–	–	–	–	–	–	(10,327)	–	(10,327)
Payment on dividend on ordinary shares (Note 45)	–	–	(3,814)	–	–	–	–	–	(3,814)	–	(3,814)
Payment of dividend by subsidiary company to non-controlling interests	–	–	–	–	–	–	–	–	–	(1,541)	(1,541)
Total transactions with owners in their capacity as owners	–	107	(14,248)	–	–	–	–	–	(14,141)	(1,541)	(15,682)
Balance at 31 August 2014	490,085	123,047	523,716	(3,242)	4,951	243	(1,622)	(7,376)	1,129,802	55,967	1,185,769

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 2014 (CONT'D)

(Amounts expressed in United States dollars)

	← Attributable to owners of the Company →								
Company	Share capital US$'000	Perpetual securities US$'000	Accumulated profits US$'000	Capital reserves US$'000	Fair value adjustment reserve US$'000	Hedging reserve US$'000	Total reserves US$'000	Treasury shares US$'000	Total Equity US$'000
Balance at 1 September 2012	490,085	–	175,671	14,330	29,075	2,854	221,930	(9,364)	702,651
Total comprehensive income for the financial year	–	–	51,984	–	(29,075)	(5,408)	17,501	–	17,501
Issuance perpetual securities	–	120,231	–	–	–	–	–	–	120,231
Perpetual securities issuance expense	–	(2,082)	–	–	–	–	–	–	(2,082)
Accrued perpetual securities distribution	–	10,051	(10,051)	–	–	–	(10,051)	–	–
Payment of perpetual securities distribution	–	(5,260)	–	–	–	–	–	–	(5,260)
Dividend in specie (Note 45)	–	–	(12,531)	–	–	–	(12,531)	–	(12,531)
Performance shares awarded using treasury shares	–	–	–	(1,119)	–	–	(1,119)	1,988	869
Derivative component of convertible bond on redemption	–	–	–	(15,564)	–	–	(15,564)	–	(15,564)
Total transactions with owners in their capacity as owners	–	122,940	(22,582)	(16,683)	–	–	(39,265)	1,988	85,663
Balance at 31 August 2013	490,085	122,940	205,073	(2,353)	–	(2,554)	200,166	(7,376)	805,815

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2014 (CONT'D)

(Amounts expressed in United States dollars)

	Attributable to owners of the Company								
Company	Share capital US$'000	Perpetual securities US$'000	Accumulated profits US$'000	Capital reserves US$'000	Fair value adjustment reserve US$'000	Hedging reserve US$'000	Total reserves US$'000	Treasury shares US$'000	Total Equity US$'000
Balance at 1 September 2013	490,085	122,940	205,073	(2,353)	–	(2,554)	200,166	(7,376)	805,815
Total comprehensive income for the financial year	–	–	151	–	–	3,169	3,320	–	3,320
Accrued perpetual securities distribution	–	10,434	(10,434)	–	–	–	(10,434)	–	–
Payment of perpetual securities distribution	–	(10,327)	–	–	–	–	–	–	(10,327)
Payment of dividend on ordinary shares (Note 45)	–	–	(3,814)	–	–	–	(3,814)	–	(3,814)
Total transactions with owners in their capacity as owners	–	107	(14,248)	–	–	–	(14,248)	–	(14,141)
Balance at 31 August 2014	490,085	123,047	190,976	(2,353)	–	615	189,238	(7,376)	794,994

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 2014

(Amounts expressed in United States dollars)

	Note	Group 2014 US$'000	2013 US$'000
Cash flows from operating activities			
Profit before tax		74,702	92,283
Adjustments:			
Depreciation of fixed assets		71,289	58,232
Loss on disposal of assets held for sale		–	3,416
Fixed assets written off		3,057	47
Amortisation of other intangible assets		843	1,646
Loss/(gain) on disposal of fixed assets		197	(28,835)
Impairment loss on fixed assets		607	2,000
Share of profit of associated companies		(33,763)	(18,508)
Share of profit of joint venture companies		(3,196)	(3,591)
Gain on dilution of interest in associated companies		(4,995)	(4,684)
Gain on disposal of AFS investments		–	(67,369)
Gain on disposal of a subsidiary		–	(151)
Realised loss/(gain) on derivative instruments, net		270	(4,180)
Fair value changes in respect of derivative instruments, net		–	(613)
Fair value changes in respect of FVTPL investments, net		(345)	29
Unrealised exchange loss/(gain)		539	(7,924)
Interest expense		42,656	43,535
Interest income		(3,629)	(5,002)
Gross dividend income from AFS investments		(1,200)	(32)
Gross dividend income from FVTPL investments		(180)	(115)
Negative goodwill on acquisition of a subsidiary		–	(610)
Allowance for doubtful debts, net		4,149	6,898
Bad debts recovered		(1,075)	(225)
Bad debts written off		177	1,629
Operating profit before working capital changes		150,103	67,876
(Increase)/decrease in:			
Inventories and work-in-progress		(10,305)	10,911
Trade receivables		(106,191)	(10,147)
Other receivables and other current assets		15,342	(31,292)
Due from associated companies, net		1,377	(40,521)
Due from joint venture companies, net		(340)	(9,905)
Increase/(decrease) in:			
Trade payables		1,834	33,199
Other payables		85,174	(5,775)
Progress billing in excess of work-in-progress		20,738	24,077
Due to joint venture companies, net		–	(1,114)
Cash from operations		157,732	37,309
Interest paid		(44,520)	(25,523)
Interest income received		3,245	3,407
Tax paid		(16,435)	(30,041)
Net cash from/(used in) operating activities		100,022	(14,848)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2014 (CONT'D)

(Amounts expressed in United States dollars)

		Group	
	Note	2014 US$'000	2013 US$'000
Cash flows from investing activities			
Purchase of fixed assets	A	(326,963)	(241,589)
Purchase of intangible asset		(433)	(7,200)
Purchase of an AFS investment		(3,075)	–
Proceeds from disposal of assets held for sale		–	24,434
Proceeds from disposal of a subsidiary, net of cash disposed	B	–	2,593
Proceeds from disposal of fixed assets		5,911	64,015
Proceeds from disposal of AFS investments		–	72,119
Proceeds from disposal of FVTPL investments		2,627	–
Proceeds from liquidation of a joint venture company		–	57
Dividend received (net) from AFS investments		–	32
Dividend received (net) from FVTPL investments		180	115
Dividend received (net) from a joint venture company		1,260	1,232
Advances to associated companies		–	(2,586)
Increase in cash pledged		(1,868)	(2,610)
Interest paid and capitalised as fixed assets		(8,614)	(6,236)
Net cash used in investing activities		(330,975)	(95,624)
Cash flows from financing activities			
Proceeds from/(repayment of) from bills payable, net		25,077	(95,029)
Repayment of lease obligations, net		(1,027)	(568)
Proceeds from issuance of perpetual securities, net of transaction costs		–	118,149
Proceeds from bank term loans		404,245	386,718
Repayment of bank term loans		(225,187)	(403,799)
Repayment of guaranteed notes		–	(40,582)
(Payment for)/receipt of derivative instruments, net		(270)	4,334
Redemption of convertible bonds		(50,000)	(100,000)
Proceeds from issuance of fixed rate notes, net of transaction costs		94,587	281,115
Payment for perpetual securities distribution		(10,327)	(5,260)
Payment of dividend on ordinary shares		(3,814)	–
Payment of dividend by subsidiary company to non-controlling interest		(1,541)	–
Net cash generated from financing activities		231,743	145,078
Net increase in cash and cash equivalents		790	34,606
Effects of exchange rate changes on cash and cash equivalents		497	5,116
Cash and cash equivalents at beginning of financial year		173,078	133,356
Cash and cash equivalents at end of financial year	17	174,365	173,078

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 2014 (CONT'D)

(Amounts expressed in United States dollars)

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A. PURCHASE OF FIXED ASSETS

	Group	
	2014 US$'000	2013 US$'000
Aggregate cost of fixed assets acquired	341,505	246,146
Amount payable to a third party shipbuilder (included in other payables)		
- remaining unpaid at the end of financial year	(6,446)	(1,611)
- opening balance paid during the financial year	1,611	4,350
Interest capitalised	(8,614)	(6,236)
Purchase by way of lease obligations	(1,093)	(1,060)
Purchase of fixed assets in cash	326,963	241,589

B. DISPOSAL OF SUBSIDIARY, NET OF CASH RECEIVED

The Group disposed of Hinna Base AS, a wholly owned subsidiary, on 21 December 2012. The disposal consideration was fully settled in cash.

The value of assets and liabilities of Hinna Base AS recorded in the consolidated financial statements as at 21 December 2012, and the cash flow effect of the disposal were:

	2013 US$'000
Fixed assets	986
Trade and other receivables	1,821
Deferred tax assets	92
Inventories	3,559
Cash and cash equivalents	8,379
	14,837
Trade and other payables	(2,543)
Provision for tax	(1,241)
Pension liability	(232)
Carrying value of net assets disposed	10,821
Total consideration	10,972
Cash and cash equivalents disposed	(8,379)
Net cash inflow on disposal of subsidiary	2,593

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

1. CORPORATE INFORMATION

Ezra Holdings Limited (the "Company") is a limited company, 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 2013. The adoption of these standards and Interpretations did not have any effect on the financial performance or position of the Group and the Company.

Revised FRS 19 *Employee Benefits*

On 1 September 2013, the Group adopted the Revised FRS 19 *Employee Benefits*.

For defined benefit plans, the Revised FRS 19 required all actuarial gains and losses to be recognised in other comprehensive income and unvested past services costs previously recognised over the average vesting period to be recognised immediately in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.2 Changes in accounting policies (cont'd)

(a) Adoption of revised FRS and INT FRS (cont'd)

Revised FRS 19 *Employee Benefits* (cont'd)

Prior to adoption of the Revised FRS 19, the Group recognised actuarial gains and losses as income or expense when the net cumulative unrecognised gains and losses at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets (if any) and recognised unvested past services costs as an expense on straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised FRS 19, the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

The Revised FRS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

Although the changes in accounting policies should have been applied retrospectively, the effect of adoption on the financial statements is not material.

(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*
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014
Amendments to FRS 39 *Novation of Derivatives and Continuance of Hedge Accounting*	1 January 2014
INT FRS 121 *Levies*	1 January 2014
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvement to FRSs *(January and February 2014)*	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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)

Except for 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 change in accounting policy on adoption of the FRS 112 is described below.

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 applied for financial year ending 31 August 2015.

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 exchange rates ruling at the dates the fair value was measured.

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

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.3 Foreign currencies

(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.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 September 2009

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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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 from 1 September 2009 (cont'd)

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.

Basis of consolidation prior to 1 September 2009

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 September 2009, 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 September 2009 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 September 2009 have not been restated.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

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

(b) Business combinations

Business combinations from 1 September 2009

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.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, 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. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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 prior to 1 September 2009

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 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.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

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.

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

The associated companies and joint venture companies are equity accounted for from the date the Group obtains significant influence or joint control respectively until the date the Group ceases to have significant influence or joint control over the associated companies and joint venture companies respectively. 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.

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.

Goodwill relating to the associated and joint venture companies is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. 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 the associated companies 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

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

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

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).

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

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 2.18. 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.

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	:	15 – 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 – 25 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 directly attributable 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

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 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.

The cash-generating unit to which goodwill have 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 value 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 other intangible assets are assessed to be finite. 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.

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.

<u>Land lease rights</u>

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 cost less accumulated amortisation and any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.10 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

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.

Development costs

Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of five years on a straight line basis.

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 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 dispose 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 dispose, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

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

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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.

2.12 Financial instruments

(a) 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.

Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading. 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 2.17.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.12 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

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

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.

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 measured at fair value with changes in fair value recognised in profit and 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.

(ii) 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.

(iii) Available-for-sale financial assets

The Group classifies investment in non-quoted equity 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 subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are 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.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.12 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

Derecognition

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.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised 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.

(b) *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:

(i) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.12 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement (cont'd)

(i) Financial liabilities at fair value through profit or loss (cont'd)

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.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

Derecognition

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.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.13 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 2014

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

2.13 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 repayment 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.

2.14 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.

2.15 Assets held for sale

An asset is classified as 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.16 Inventories and work-in-progress

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

Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Inventories held for trading: cost is determined on a specific identification basis.
- Consumables: purchase costs on a first-in first-out basis.

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.

2.17 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as forward currency contracts, cross currency swap contract and fuel hedging contracts to hedge its risks associated with foreign currency and fuel price fluctuations. The Group also uses embedded equity conversion derivative in the convertible bond issued by the Group. 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 contract 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.17 Derivative financial instruments and hedging activities (cont'd)

Hedge accounting (cont'd)

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.

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, 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.

2.18 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.

2.19 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 economic resources 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.20 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 arrangement.

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.21 Convertible bonds

Convertible bonds are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract. The liability component and conversion option are separately presented on the statement of financial position.

At inception of the convertible bond, the conversion option is recognised at its fair value and is accounted for either as a derivative liability or as equity according to the terms of the contract.

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.

When the convertible bond is not classified as a compound financial instrument with liability and equity components based on the terms of the contract, the conversion option is accounted for as a derivative liability in accordance with the accounting policy in Note 2.17.

When an equity conversion is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

2.22 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

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 arise. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.22 Taxes (cont'd)

(c) **Sales tax**

Revenue, 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.

2.23 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 deducted against share capital.

2.24 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.

2.25 Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the term and conditions of the perpetual securities. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities and the perpetual securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

2.26 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 Group assesses its revenue arrangements to determine if it is acting as principal or agent. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.26 Revenue recognition (cont'd)

(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 using the effective interest method.

(f) Dividend income is recognised when the shareholders' rights to receive the payment are established.

2.27 Construction contracts

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.27 Construction contracts (cont'd)

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 can be 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.

2.28 Employee benefits

(a) Pensions and other post employment benefits

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. 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 period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the 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 payment 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 net defined benefit liability or asset 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 reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net benefit liability or asset

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.28 Employee benefits (cont'd)

(d) Defined benefit plan (cont'd)

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

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. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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.

2.29 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

2.30 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(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, 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% (2013: 4%) difference in the expected useful lives of the vessels from management's estimates would result in approximately 2.7% (2013: 2.1%) variance in profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

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

(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 2014, the carrying amount of trade and other receivables of the Group amounted to US$596,027,000 and US$36,517,000 (2013: US$492,539,000 and US$48,371,000) respectively.

Included in the Group's trade receivables aged more than 365 days is a balance amounting to US$69,621,000 (2013: US$73,074,000). The Group expects that the debtor will be able to repay the receivable.

(iii) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to dispose and its value in use. The fair value less costs to dispose calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 5 to the financial statements.

(iv) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. It also enjoys tax incentives in Singapore. Significant judgment 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 2014, the carrying amount of the Group's current tax payable, deferred tax assets, and deferred tax liabilities were US$17,734,000 (2013: US$14,115,000), US$2,496,000 (2013: US$2,767,000) and US$1,032,000 (2013: US$675,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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

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

(v) 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 judgments made in applying accounting policies

The following are the judgments 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:

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 10 (2013: 13) vessels that are on sale and leaseback arrangements amounting to US$31,577,000 (2013: US$34,181,000) were recognised as expenses in the profit or loss during the financial year.

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 2012	343,470	703,656	25,638	33,285	2,882	54,729	85,153	6,519	5,823	9,280	1,270,435
Additions	143,075	50,719	11,173	11,923	116	–	24,929	133	860	3,218	246,146
Disposals	–	(35,180)	(4)	(380)	–	–	–	–	(1)	–	(35,565)
Disposal of subsidiary	–	(625)	–	–	(5)	(114)	(1,483)	(334)	(79)	(46)	(2,686)
Written off	–	–	–	–	–	(55)	(2,299)	(1,276)	(537)	(1,587)	(5,754)
Reclassification											
- Fixed assets	(89,217)	42,701	32,291	–	–	24,811	(10,659)	–	73	–	–
- Assets held for sale	–	32,451	–	–	–	–	182	–	–	–	32,633
- Inventories	(1,278)	–	–	–	–	–	(159)	–	–	–	(1,437)
Translation difference	–	(106)	–	–	(28)	54	(612)	(17)	(77)	(113)	(899)
At 31 August 2013	396,050	793,616	69,098	44,828	2,965	79,425	95,052	5,025	6,062	10,752	1,502,873

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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
Cost											
At 1 September 2013	396,050	793,616	69,098	44,828	2,965	79,425	95,052	5,025	6,062	10,752	1,502,873
Additions	191,188	71,466	663	12,483	1,112	45,000	15,738	124	987	2,744	341,505
Disposals	–	(10,250)	–	–	(108)	–	(6)	–	(59)	(247)	(10,670)
Written off	(2,560)	–	–	–	–	–	(933)	–	(5)	(3)	(3,501)
Reclassification											
- Fixed assets	(12,905)	18	7,924	–	–	595	4,222	–	17	129	–
- Assets held for sale	–	(9,000)	–	(1,126)	–	–	–	–	–	–	(10,126)
- Inventories	(3,454)	–	(1,934)	–	–	–	(636)	–	(188)	–	(6,212)
Translation difference	(7)	(25)	–	–	11	(2)	(3)	4	38	(22)	(6)
At 31 August 2014	568,312	845,825	75,751	56,185	3,980	125,018	113,434	5,153	6,852	13,353	1,813,863

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 and impairment loss											
At 1 September 2012	–	54,560	3,032	5,291	882	7,012	20,862	3,775	2,672	5,397	103,483
Charge for the financial year	–	30,227	3,885	7,412	337	2,489	9,570	748	1,126	2,438	58,232
Impairment loss	–	2,000	–	–	–	–	–	–	–	–	2,000
Disposals	–	–	(4)	(380)	–	–	–	–	(1)	–	(385)
Disposal of subsidiary	–	(109)	–	–	(1)	(78)	(1,346)	(100)	(59)	(7)	(1,700)
Written off	–	–	–	–	–	(13)	(2,294)	(1,276)	(537)	(1,587)	(5,707)
Reclassification											
- Assets held for sale	–	1,352	–	–	–	–	22	–	–	–	1,374
- Inventories	–	–	–	–	–	–	(53)	–	–	–	(53)
Translation difference	–	(251)	–	–	(26)	54	(348)	(18)	34	(47)	(602)
At 31 August 2013	–	87,779	6,913	12,323	1,192	9,464	26,413	3,129	3,235	6,194	156,642

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 and impairment loss											
At 1 September 2013	–	87,779	6,913	12,323	1,192	9,464	26,413	3,129	3,235	6,194	156,642
Charge for the financial year	–	33,291	5,903	11,007	414	4,557	11,739	522	1,132	2,724	71,289
Impairment loss	–	607	–	–	–	–	–	–	–	–	607
Disposals	–	(4,149)	–	–	(103)	–	(4)	–	(59)	(247)	(4,562)
Written off	–	–	–	–	–	–	(436)	–	(5)	(3)	(444)
Reclassification											
- Assets held for sale	–	(2,619)	–	(507)	–	–	–	–	–	–	(3,126)
- Inventories	–	–	–	–	–	–	(328)	–	(138)	–	(466)
Translation difference	–	(66)	–	–	6	–	(11)	8	47	(16)	(32)
At 31 August 2014	–	114,843	12,816	22,823	1,509	14,021	37,373	3,659	4,212	8,652	219,908
Net carrying amount											
At 31 August 2014	568,312	730,982	62,935	33,362	2,471	110,997	76,061	1,494	2,640	4,701	1,593,955
At 31 August 2013	396,050	705,837	62,185	32,505	1,773	69,961	68,639	1,896	2,827	4,558	1,346,231

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

4. FIXED ASSETS (CONT'D)

Company	Assets under construction US$'000	Renovation US$'000	Office equipment, furniture and fittings US$'000	Computers US$'000	Total US$'000
Cost					
At 1 September 2012	–	1,841	424	1,069	3,334
Additions	339	75	4	317	735
At 31 August 2013 and 1 September 2013	339	1,916	428	1,386	4,069
Additions	–	108	3	217	328
Disposal	(339)	–	–	–	(339)
At 31 August 2014	–	2,024	431	1,603	4,058
Accumulated depreciation					
At 1 September 2012	–	222	75	894	1,191
Charge for the financial year	–	563	126	115	804
At 31 August 2013 and 1 September 2013	–	785	201	1,009	1,995
Charge for the financial year	–	340	85	170	595
At 31 August 2014	–	1,125	286	1,179	2,590
Net carrying amount					
At 31 August 2014	–	899	145	424	1,468
At 31 August 2013	339	1,131	227	377	2,074

(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$8,614,000 (2013: US$6,236,000). The capitalisation rates varied from 3.37% to 3.52% (2013: 3.43% to 3.63%) representing the borrowing costs to finance the vessels under construction.

(b) Certain assets under construction, vessels under construction vessels and assets on board vessels with carrying amount of US$1,274,601,000 (2013: US$1,047,612,000) 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 and plant and machinery with carrying amount of US$26,705,000 (2013: US$44,599,000) are pledged in connection with a term loan facility granted by a financial institution (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

4. FIXED ASSETS (CONT'D)

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

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Motor vehicles	1,138	532	–	–
Computers	1,443	1,309	–	293
Office equipment	13	16	–	–
	2,594	1,857	–	293

Lease assets are pledged as security for the related finance lease liabilities.

(e) The Group's major properties as at 31 August 2014 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
2269 Avenue B, Ingleside, Texas United States of America	481,576 sq m	Freehold	Deepwater support facility/ pipeline fabrication base
Thanh My Loi Precinct, District 2, Ho Chi Minh City, Vietnam	97,069 sq m	35-year lease commencing from 5 December 1996	Ship building and ship repair
Dong Xuyen Industrial Zone, Rach Dua Ward, Vung Tau City, Vietnam	90,978 sq m	39-year lease commencing from 1 July 2007	Ship building and ship repair
0 Almeda Road, Houston TX77045, United States of America	175,468 sq ft	Freehold	Crane fabrication yard
12221 Almeda 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
12218 Robin Blvd, Houston TX77045, United States of America	366,000 sq ft	Freehold	Crane fabrication yard

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

5. INTANGIBLE ASSETS

(a) Goodwill

	Group US$'000
Cost	
At 1 September 2012	225,638
Effects of purchase price allocation	5,500
As restated	231,138
Translation difference	(121)
At 31 August 2013 and 1 September 2013	231,017
Translation difference	353
At 31 August 2014	231,370

Key assumptions used in the value in use calculations

The calculations of value in use for the Group's cash generating units ("CGU") are most sensitive to the following assumptions:

Budgeted gross profit margin – Gross profit margins are based on average values achieved based on past experience preceding the start of the budget period. Factors, such as anticipated efficiency, scale of economies and industry outlook, affecting gross profit margins in the value in use calculations are considered when budgeting for this component.

Growth rates – The forecasted growth rates are based on industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rate – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors which are evaluated annually using publicly available market data.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

5. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (cont'd)

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the 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.

CGUs	Carrying value of goodwill		Growth rate		Pre-tax discount rate	
	2014 US$'000	2013 US$'000	2014	2013	2014	2013
Subsidiary companies:						
- Saigon Shipyard Company Limited	665	665	2%	2%	9%	12%
- Telemark Limited	17,578	17,225	10%	10%	7%	9%
- Emas Offshore Services (Australia) Pty Ltd	311	311	2%	2%	5%	12%
- AMC Group	212,816	212,816	5%-14%	8%	8%	12%
	231,370	231,017				

(b) Other intangible assets

Group	Land lease rights US$'000	Customer relationships US$'000	Development costs in progress US$'000	Total US$'000
Cost				
At 1 September 2012	2,054	18,120	–	20,174
Effects of purchase price allocation	–	(7,700)	–	(7,700)
As restated	2,054	10,420	–	12,474
Addition	–	–	7,200	7,200
At 31 August 2013 and 1 September 2013	2,054	10,420	7,200	19,674
Addition	–	–	433	433
At 31 August 2014	2,054	10,420	7,633	20,107

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

5. INTANGIBLE ASSETS (CONT'D)

(b) Other intangible assets (cont'd)

Group	Land lease rights US$'000	Customer relationships US$'000	Development costs in progress US$'000	Total US$'000
Accumulated amortisation				
At 1 September 2012	(556)	(8,093)	–	(8,649)
Effects of purchase price allocation	–	1,540	–	1,540
As stated	(556)	(6,553)	–	(7,109)
Amortisation for the financial year	(79)	(1,567)	–	(1,646)
At 31 August 2013 and 1 September 2013	(635)	(8,120)	–	(8,755)
Amortisation for the financial year	(76)	(767)	–	(843)
At 31 August 2014	(711)	(8,887)	–	(9,598)
Net carrying amount				
At 31 August 2014	1,343	1,533	7,633	10,509
At 31 August 2013	1,419	2,300	7,200	10,919

The land lease rights have a remaining amortisation period of 17 years (2013: 18 years). Customer relationships have a remaining amortisation period of 2 years (2013: 3 years).

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 US$'000	2013 US$'000
Unquoted ordinary shares, at cost	281,524	281,524
Quoted ordinary shares, at cost	25,441	25,441
	306,965	306,965

As at 31 August 2014, the market value of the quoted ordinary shares in a subsidiary was US$122,587,000 (2013: US$96,896,000).

The market value of the quoted ordinary shares are based on quoted prices avaliable in active market (fair value hierarchy level 1).

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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 2014 %	2013 %
Held by the Company				
Asian Drilling Services Pte Ltd[1]	Petroleum, mining and prospecting services	Singapore	100	100
Emas Subsea Services (UK) Limited (formerly known as 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 and engineering works	Singapore	100	100
HCM Logistics Limited[1]	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
Lewek Ruby Shipping Pte Ltd[1]	Investment holding	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2014 %	2013 %
Held by the Company (cont'd)				
Lewek Sapphire Shipping Pte Ltd[1]	Investment holding	Singapore	100	100
Lewek Scarlet Shipping Pte Ltd[1]	Dormant	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]	Dormant	Singapore	100	100
Telemark Limited[6]	Investment holding	Jersey, Channel Islands	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[6]	Dormant	British Virgin Islands	100	100
Emas Offshore Angola Pte Ltd[1]	Investment holding	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2014 %	2013 %
Held by the Company (cont'd)				
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]	Investment holding	Singapore	100	100
Tunis Oil Limited[6]	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[10]	Dormant	New Zealand	100	100
Emas Offshore (Labuan) Bhd[8]	Ship owner and provision for ship chartering services	Labuan	100	100
NAV Equipment Limited[6]	Dormant	British Virgin Islands	100	100
Emas-AMC Pte Ltd[1]	Provision of subsea services	Singapore	100	100
EMAS-AMC AS[9]	Provision of subsea services	Norway	100	100
Lewek Falcon Shipping Pte Ltd[1]	Ship owner and provision of ship chartering services	Singapore	100	100
Emas ROV Pte Ltd[1]	Provision of subsea services	Singapore	100	100
Emas IT Solutions Pte Ltd[1]	Provision of IT maintenance services	Singapore	100	100
Triyards Holdings Limited[1]	Investment holding	Singapore	67	67

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2014 %	2013 %
Held by the Company (cont'd)				
Emas Risk Services Pte Ltd[1]	Business and management consultancy services	Singapore	100	100
Emas Offshore (Thailand) Ltd[5]	Provision of marine oil and gas sales, ship chartering services, ship management services and engineering works, agency services	Thailand	99.99	99.99
Emas-AMC Holdings Pte Ltd[1]	Investment holding	Singapore	100	–
JKTS Assets Management Pte Ltd#	Business management consultancy services	Singapore	49	–
Subsidiaries held by subsidiaries				
Triyards Vietnam Limited@	Investment holding and management services	Isle of Man	67	67
Bayu Emas Maritime Sdn Bhd[12]	Management support 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[16]	Ship management services	Australia	100	100
Emas Subsea Services LLC@	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@	Investment holding	British Virgin Islands	67	67
LMC (Asia Pacific) Pte Ltd[1]	Provision of advisory and consultancy services	Singapore	100	100
London Marine Group Limited[13]	Investment holding	United Kingdom	100	100
Emas Offshore Services (B) Sdn Bhd#	Ship management services	Brunei	100	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2014 %	2013 %
Subsidiaries held by subsidiaries (cont'd)				
London Floating Production Limited[13]	Provision of advisory and consultancy services	United Kingdom	100	100
London Marine Consultants Limited[13]	Provision of advisory and consultancy services	United Kingdom	100	100
Saigon Offshore Fabrication and Engineering Limited[3]	Provision of engineering and fabrication services	Vietnam	67	67
Saigon Shipyard Company Limited[3]	Provision of engineering and fabrication services	Vietnam	67	67
EMAS-AMC Pty Ltd[6]	Provision of subsea services	Australia	100	100
Emas-AMC Inc.[1]	Provision of subsea services	United States of America	100	100
Intrepid Global Pte Ltd[1]	Dormant	Singapore	90	90
Aries Warrior AS[14]	Dormant	Norway	100	100
Aries Warrior DIS[14]	Dormant	Norway	100	100
Emas Marine Base LLC[@]	Provision of general spooling, fabrication and ancillary services	United States of America	100	100
Lewek Altair Shipping Private Limited[11]	Provision of ship chartering services	India	100	100
Bayu Intan Offshore Sdn Bhd[12]	Dormant	Malaysia	100	100
Triyards Properties, LLC[@]	Investment holding	United States of America	67	67
Triyards, LLC[@]	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	99.99
Emas Marine Base Holdings Co., LLC[#]	Investment holding	United States of America	100	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2014 %	2013 %
Subsidiaries held by subsidiaries (cont'd)				
Triyards Marine Services Pte Ltd[1]	Supply of marine gas and oil, shipbuilding and engineering works	Singapore	67	67
Genesis Offshore Sdn Bhd (Note 6(a))[12]	Investment holding	Malaysia	100	100
Lewek Hercules Pte Ltd[1]	Ship owner and provision of ship chartering services	Singapore	67	67
Triyards UK Limited[15]	Investment holding	United Kingdom	67	67
Triyards Houston Holdings LLC@	Investment holding	United States of America	67	67
Triyards Houston, LLC@	Provision of engineering and fabrication services	United States of America	67	67
SAV Land Pty Ltd##	Investment holding	Australia	67	67
Triyards IP Pte Ltd[1]	Leasing of non-financial intangible assets	Singapore	67	67
Triyards Strategic Investments Pte Ltd#	Investment holding	Singapore	67	–
Triyards Strategic Vietnam Pte Ltd#	Investment holding	Singapore	67	–

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 AS, Norway
(10) : Audited by BDO, Auckland
(11) : Audited by S.R Batliboi & Co., Chartered Accountants (India)
(12) : Audited by Y.L. Chee & Co., Chartered Accountants (Malaysia)
(13) : Audited by Thorne Lancaster Parker, Chartered Accountants & Registered Auditors, United Kingdom
(14) : Audited by Deloitte & Touche, Norway
(15) : Audited by Anderson Anderson & Brown LLP, Chartered Accountants (United Kingdom)
(16) : Audited by Moore Stephens, Perth
@ : Not required to be audited under the laws of the country of incorporation
# : Incorporated during the financial year
: Not appointed

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) In February 2013, Emas Offshore (M) Sdn Bhd, a subsidiary of the Company, acquired 100% equity interest in Genesis Offshore Sdn Bhd for Malaysian Ringgit ("MYR") 100.

In accordance with FRS 103R, *Business Combinations (Revised)*, the management has finalised the purchase price allocation exercise and indentified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition to be as follows:

	Recognised on date of acquisition US$'000
Statement of financial position	
Investments in unquoted shares	826
Cash and cash equivalents	– #
Other payables and accruals	(208)
Amount due to related companies	(8)
Net identifiable assets	610
Negative goodwill on acquisition	(610)
Cash consideration	–

There were no adjustments to the carrying amount of the assets and liabilities of Genesis Offshore Sdn Bhd from the purchase price allocation exercise.

: Denotes amount less than US$1,000

7. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Unquoted ordinary shares, at cost	10,725	10,628	–	–
Quoted ordinary shares, at cost	52,335	52,335	29,743	29,743
	63,060	62,963	29,743	29,743
Share of post-acquisition reserves	119,131	82,584	–	–
Share of translation reserve	675	(1,145)	–	–
Share of hedging reserve	(404)	(268)	–	–
Share of fair value reserves	4,951	3,491	–	–
Share of share grant reserves	352	384	–	–
	187,765	148,009	29,743	29,743

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

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

	Group	
	2014 US$'000	2013 US$'000
At beginning of the financial year	82,584	60,588
Share of profit of associated companies	31,552	17,312
Dilution of interest in associated companies	4,995	4,684
At end of the financial year	119,131	82,584

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	
			2014 %	2013 %
Held by the Company				
EOC Limited#	Investment holding	Singapore	46	46
PV Keez Pte Ltd#	Ship owning and provision of ship chartering services	Singapore	37	37
Emas EOC Ventures Pte Ltd#	Investment holding and provision of ship management services	Singapore	50	50

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2014 %	2013 %
Held by subsidiaries				
Intan Offshore Sdn Bhd##	Ship owning and provision of ship chartering services	Malaysia	49	49
Perisai Petroleum Teknologi Bhd##	Investment holding	Malaysia	11	13
Fode & Emas Joint Venture Company Limited^	Provision of offshore services and vessels to oil and gas industry	Nigeria	40	40
Loyz NZ Ventures Limited**	Exploration and production of oil and gas	New Zealand	49	49
Gallatin Marine Management LLC@	Provision of ship chartering services	United States of America	25	25
Emas Offshore Services (Philippines) Inc***	Dormant	Philippines	40	–

Note:

#	:	Audited by Deloitte & Touche, Singapore
**	:	Audited by BDO Tauranga Ltd, New Zealand
##	:	Audited by Baker Tilly AC, Malaysia
@	:	Not required to be audited under the laws of the country of incorporation
***	:	Incorporated during the financial year
^	:	Not appointed

Perisai Petroleum Teknologi Bhd ("Perisai")

In August 2013, Perisai issued in total 232,706,580 new ordinary shares of MYR0.10 share each. Following the issuance of shares, both subsidiaries, HCM Logistics Limited ("HCM")'s and Emas Offshore (M) Sdn Bhd ("Emas (M)")'s equity interest in Perisai was reduced to 6.09% and 6.51%, respectively. As at 31 August 2013, the Group's aggregate equity interest in Perisai is approximately 12.60%.

In April 2014, Perisai issued in total 108,419,998 new ordinary shares of MYR0.10 share each. Following the issuance of shares, HCM's and Emas (M)'s equity interest in Perisai was reduced to 5.53% and 5.92%, respectively.

In August 2014, Emas (M) has entered in to Share Purchase Agreement to transfer 70,683,000 units of ordinary shares in Perisai to HCM for the consideration of MYR1.3958 per share. Following the transfer, HCM's equity interest in Perisai was increased from 5.53% to 11.45%. Whereas, Emas (M)'s equity interest in Perisai was reduced from 5.92% to 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 executive director. The Group has equity accounted for its share of Perisai's results from 1 July 2013 to 30 June 2014, based on Perisai's quarterly results which were announced on Bursa Malaysia. Perisai's results for the period from 1 July 2014 to 31 August 2014 is not publicly available and accordingly will be equity accounted in the financial year ending 31 August 2015.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

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;

(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 carrying value of the RCPS has been reclassified to assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The Group's share of the assets, liabilities, revenue and profit after tax of the associated companies are as follows:

	Group	
	2014 US$'000	2013 US$'000
Total assets	372,029	328,061
Total liabilities	197,592	191,679
Revenue	30,494	33,244
Profit after tax	29,766	16,971

As at 31 August 2014, the market value of the quoted ordinary shares in associated companies held by the Group and the Company were US$118,838,000 (2013: US$95,295,000) and US$59,236,000 (2013: US$38,711,000) respectively.

The market value of the quoted ordinary shares are based on quoted prices available in active market (fair value hierarchy level 1).

8. INVESTMENTS IN JOINT VENTURE COMPANIES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Unquoted ordinary shares, at cost	15,519	15,568	15,406	15,463
Additions during the financial year	–	8	–	–
Liquidation of investments	–	(57)	–	(57)
Impairment loss	(2,001)	(2,001)	(329)	(329)
	13,518	13,518	15,077	15,077
Share of post-acquisition reserves	8,107	6,695	–	–
Share of translation reserve	203	188	–	–
	21,828	20,401	15,077	15,077
Shareholders' loans	3,910	3,910	3,910	3,910
	25,738	24,311	18,987	18,987

The shareholders' loans to joint venture company is 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

8. INVESTMENTS IN JOINT VENTURE COMPANIES (CONT'D)

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

	Group	
	2014 US$'000	2013 US$'000
At beginning of the financial year	6,695	4,861
Share of profit of joint venture companies	2,672	3,066
Dividends paid	(1,260)	(1,232)
At end of the financial year	8,107	6,695

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 2014 %	2013 %
Held by the Company				
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
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
Held by subsidiaries				
Advanced Mooring Systems Pte Ltd*	Provision of engineering services	Singapore	50	50
EZCA Offshore, LDA@	Dormant	Angola	40	40
Sri Emas (GH) Limited#	Provision of construction, marine, production and well intervention services	Ghana	49	49

Notes:

^ : Audited by P.S. Yap, ISMA & Associate, Chartered Accountants

^^ : Audited by KPMG LLP, Singapore

* : Audited by Ernst & Young LLP, Singapore

: Audited by SCG Audits, Ghana

@ : Not required to be audited under the laws of the country of incorporation

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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	
	2014 US$'000	2013 US$'000
Current assets	12,610	12,789
Non-current assets	41,604	43,941
Total assets	54,214	56,730
Current liabilities	(15,020)	(16,576)
Non-current liabilities	(17,392)	(19,779)
Net assets	21,802	20,375
Revenue	9,678	12,132
Expenditure	(7,006)	(9,066)
Profit after tax	2,672	3,066

9. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2014 US$'000	2013 US$'000
Unquoted equity investments, at cost	3,075	–

These equity securities represent preference shares in a private limited company that is not quoted on any market and does not have any comparable industry peer that is listed. The Group's investments are carried at cost as fair value cannot be measured reliably.

10. LONG TERM RECEIVABLE FROM A SUBSIDIARY

As at 31 August 2014, the long term receivable from a subsidiary is non-trade in nature, unsecured, bears interest rate at 1.5% (2013: 1.5%) above Pound Sterling ("GBP") London Inter Bank Offer Rate ("LIBOR") of 0.51% to 0.53% (2013: 0.51% to 0.68%) per annum and with no fixed repayment terms.

The long term receivable from a subsidiary is denominated in GBP.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

11. LONG TERM RECEIVABLE FROM ASSOCIATED COMPANIES

As at 31 August 2014, the long term receivable from an associated company include non-trade receivables of US$37,800,000 (2013: US$37,800,000) and trade receivable of US$10,280,000. The non-trade receivables are unsecured and bear fixed interest rate of 6% (2013: 6%) per annum and floating interest rate at 1.5% (2013: 1.5%) per annum above USD LIBOR of 0.23% to 0.29% (2013: 0.27% to 0.42%) per annum. The trade receivable is unsecured and interest free. The balances are denominated in United States Dollars and are not expected to be repaid within the next twelve months.

12. FUNDING SCHEME PENSION/PENSION LIABILITY

The Group has recognised pension obligations as a result from the acquisition of Emas AMC AS. The subsidiary has acquired its 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 subsidiary has closed an earlier defined benefit plan in 2008 and is 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 subsidiary has 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 contribution 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 2013 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.

The cost of defined pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves various assumptions. The principal assumptions used in determining pension obligations for the defined benefit plans are shown below:

	2014 %	2013 %
Rate of increase in pensions	0.6 – 4.0	0.1 – 2.5
Rate of increase in compensation	3.75	3.5
Increase in social security base amount	3.5	3.3
Expected return on assets	4.0	4.0 - 4.1
Discount rate	4.0	2.6 - 4.0

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

12. FUNDING SCHEME PENSION/PENSION LIABILITY (CONT'D)

	Group		
	Funded 2014 US$'000	Unfunded 2014 US$'000	Total 2014 US$'000
Defined benefit obligation at end of financial year	4,842	1,297	6,139
Fair value of assets at end of financial year	4,890	–	4,890
Net amount recognised - assets/(liabilities)	48	(1,297)	(1,249)
Change in Defined Benefit Obligation			
Defined benefit obligation at beginning of financial year	4,490	1,503	5,993
Service cost	148	250	398
Interest cost	177	53	230
Benefits paid	(221)	(376)	(597)
Remeasurement losses/(gains)	315	(119)	196
Translation difference	(67)	(14)	(81)
Defined benefit obligation at end of financial year	4,842	1,297	6,139
Change in plan assets			
Fair value of assets at beginning of financial year	4,496	–	4,496
Interest income	179	–	179
Employer contribution	356	–	356
Benefits paid	(171)	–	(171)
Remeasurement gains	97	–	97
Translation difference	(67)	–	(67)
Fair value of assets at end of financial year	4,890	–	4,890

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

12. FUNDING SCHEME PENSION/PENSION LIABILITY (CONT'D)

	Group		
	Funded 2013 US$'000	Unfunded 2013 US$'000	Total 2013 US$'000
Defined benefit obligation at end of financial year	4,490	1,318	5,808
Fair value of assets at end of financial year	4,496	–	4,496
Funded status (underfunded)	6	(1,318)	(1,312)
Payroll tax on funded status	1	(185)	(184)
Funded status including payroll tax	7	(1,503)	(1,496)
Unrecognised net actuarial loss/(gain)	145	(477)	(332)
Payroll tax unrecognised net actuarial loss/(gain)	26	(67)	(41)
Net amount recognised - assets/(liabilities)	178	(2,047)	(1,869)
Actuarial gain on benefit obligation			
Defined benefit obligation at beginning of financial year	5,536	1,770	7,306
Service cost	173	323	496
Interest cost	133	38	171
Benefits paid	(148)	(350)	(498)
Disposal of subsidiary	(444)	(128)	(572)
Translation difference	(196)	(86)	(282)
Defined benefit obligation at end of financial year (Expected)	5,054	1,567	6,621
Defined benefit obligation at the end of financial year (Actual)	4,490	1,318	5,808
Actuarial gain on benefit obligation	564	249	813

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

12. FUNDING SCHEME PENSION/PENSION LIABILITY (CONT'D)

	Group		
	Funded 2013 US$'000	Unfunded 2013 US$'000	Total 2013 US$'000
Actuarial loss on plan assets			
Fair value of assets at beginning of financial year	4,843	–	4,843
Expected return on plan assets	188	–	188
Employer contribution	303	–	303
Benefits paid	(148)	–	(148)
Administrative expenses	(31)	–	(31)
Disposal of subsidiary	(340)	–	(340)
Translation difference	(250)	–	(250)
Fair value of assets at end of financial year (Expected)	4,565	–	4,565
Fair value of assets at the end of financial year (Actual)	4,496	–	4,496
Actuarial loss on plan assets	69	–	69

The fair value of plan assets by each classes as at the end of the reporting period are as follows:

	Group	
	2014 US$'000	2013 US$'000
Equities	406	283
Bonds	689	638
Money market	1,188	1,178
Hold to maturity bonds	1,555	1,551
Real estate	729	665
Others	323	181
	4,890	4,496

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

13. ASSETS HELD FOR SALE

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Vessels	17,750	–	–	–
Investment in associated companies	102,548	102,548	101,785	101,785
	120,298	102,548	101,785	101,785

The board of directors has supported the decision to dispose the 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	
	2014 US$'000	2013 US$'000
Inventories held for trading, at cost	22,927	32,178
Consumables	23,789	12,684
Work-in-progress	44,648	30,449
Total inventories and work-in-progress at lower of cost and net realisable value	91,364	75,311

The Group has not made any allowance for stock obsolescence during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Trade and other receivables (current):				
Trade receivables	546,406	459,465	–	–
Other receivables	36,517	48,371	1,969	1,109
Balances due from				
- subsidiaries	–	–	792,050	792,215
- associated companies	145,110	135,455	13,234	16,007
- joint venture companies	22,090	21,750	6	2
	750,123	665,041	807,259	809,333
Trade and other receivables (non-current):				
Long term receivable from a subsidiary (Note 10)	–	–	13,817	13,458
Long term receivable from associated companies (Note 11)	48,080	37,800	37,800	37,800
Trade receivable	49,621	33,074	–	–
	97,701	70,874	51,617	51,258
Total trade and other receivables (current and non-current)	847,824	735,915	858,876	860,591
Add: Cash and cash equivalents (Note 17)	174,365	173,078	94,827	96,619
Add: Cash pledged (Note 18)	4,528	2,660	–	–
Total loans and receivables	1,026,717	911,653	953,703	957,210

(a) Trade receivables

	Group	
	2014 US$'000	2013 US$'000
Trade receivables		
- Billed	429,556	346,180
- Unbilled relating to construction contracts	159,597	119,955
- Unbilled - others	17,922	38,179
	607,075	504,314
Less: Allowance for doubtful debts	(11,048)	(11,775)
	596,027	492,539

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

15. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

	Group	
	2014 US$'000	2013 US$'000
Contract costs incurred to-date	1,176,090	761,656
Attributable profits less recognised losses to date	181,392	95,189
Less: Progress billings	(1,259,651)	(777,916)
	97,831	78,929
Represented by :		
Trade receivable – Unbilled relating to construction contracts	159,597	119,955
Progress billings in excess of cost to customers	(61,766)	(41,026)
	97,831	78,929

Analysis of allowance for doubtful debts is as follows:

	Group	
	2014 US$'000	2013 US$'000
At beginning of the financial year	11,775	6,241
Allowance for the financial year	4,149	6,867
Written off against allowance	(3,872)	(1,071)
Write back of allowance	(1,075)	(225)
Translation difference	71	(37)
At end of the financial year	11,048	11,775

Allowance for trade receivables are individually assessed at the end of the reporting period. 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 2014

15. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

The age analysis of trade receivables is as follows:

	2014		2013	
	Gross US$'000	Allowance US$'000	Gross US$'000	Allowance US$'000
Not past due or less than 60 days overdue	386,523	–	316,938	–
Past due				
- 61 to 180 days	54,528	–	42,595	–
- More than 180 days	166,024	(11,048)	144,781	(11,775)
	607,075	(11,048)	504,314	(11,775)

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. Objectives and policies on credit risk management have been disclosed in Note 41.

(b) Other receivables

These amounts are unsecured, interest-free and repayable in cash on demand.

Analysis of allowance for doubtful debts is as follows:

	Group	
	2014 US$'000	2013 US$'000
At beginning of the financial year	31	370
Allowance for the financial year	–	31
Written off against allowance	–	(370)
At end of the financial year	31	31

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

15. TRADE AND OTHER RECEIVABLES (CONT'D)

(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	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
United States Dollar	47,178	19,903	–	–
Singapore Dollar	1,834	1,309	–	–
Malaysian Ringgit	11,374	5,674	–	–
Euro	4,788	1,092	–	–
Pound Sterling	15	1,914	–	–
Vietnamese Dong	3,118	2,900	–	–

(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.

An allowance for doubtful debt on balance due from an associated company amounting to US$139,000 as at 31 August 2013 has been written back during the year.

16. OTHER CURRENT ASSETS

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Deposits	18,816	14,749	526	502
Prepayments	47,054	55,335	10	135
Advance payments to suppliers	3,172	1,410	–	–
	69,042	71,494	536	637

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Fixed deposits	91,175	89,820	90,890	89,820
Cash and bank balances	83,190	83,258	3,937	6,799
Cash and cash equivalents	174,365	173,078	94,827	96,619

(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 0.35% to 0.75% (2013: 0.03% to 0.75%) 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 follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	25,116	24,507	25,116	24,507
Pound Sterling	–	3,179	–	3,179

(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 follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
United States Dollar	7,977	7,564	–	–
Singapore Dollar	8,657	4,383	2,267	1,172
Euro	2,671	1,284	–	–
Malaysian Ringgit	2,206	1,443	–	–
Vietnamese Dong	479	643	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

18. CASH PLEDGED

Certain operating bank accounts of the subsidiaries with balances amounting to US$8,300,000 (2013: US$4,940,000) are pledged to financial institutions for banking facilities granted to the Group. Except for an amount of US$4,528,000 (2013: US$2,660,000), there is no restriction on the use of the remaining bank balances.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Trade and other payables (current):				
Trade payables	154,001	152,167	–	–
Other payables	270,282	197,039	33,278	20,590
Balances due to				
- subsidiaries	–	–	40,278	46,062
- associated companies	60,789	39,476	–	–
- joint venture companies	2,500	2,500	2,500	2,500
	487,572	391,182	76,056	69,152
Other payables (non-current):				
Other payables	26,076	12,152	6,076	12,152
Total trade and other payables (current and non-current)	513,648	403,334	82,132	81,304
Add:				
- Bills payable to banks (Note 20)	228,585	192,758	56,601	66,491
- Lease obligations (Note 22)	1,865	1,799	30	193
- Bank term loans (Note 23)	947,062	769,305	103,192	132,497
- Convertible bonds (Note 24)	–	49,204	–	49,204
- Notes payable (Note 25)	374,405	272,769	374,405	272,769
Total financial liabilities carried at amortised cost	2,065,565	1,689,169	616,360	602,458

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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	
	2014 US$'000	2013 US$'000
United States Dollar	24,381	10,212
Singapore Dollar	20,545	16,746
Euro	3,310	6,735
Malaysian Ringgit	925	511
Norwegian Kroner	918	136
Vietnamese Dong	11,338	8,441

(b) Other payables

Details of other payables are as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Advance billing made to customers	2,621	7,651	–	–
Accrued interest payable	11,975	15,465	8,267	13,063
Accrued operating expenses	180,488	136,822	584	956
Deferred consideration	12,326	18,402	12,326	18,402
Other creditors	82,502	29,240	18,177	321
Payable to shipbuilders	6,446	1,611	–	–
	296,358	209,191	39,354	32,742

Other creditors and amounts payable to shipbuilders are unsecured, interest-free and repayable in cash on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

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	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	31,358	12,997	25,372	6,945
Vietnamese Dong	1,311	147	–	–
Malaysia Ringgit	536	244	–	–
Euro	303	294	–	–
Norwegian Kroner	54	213	–	–

(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	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Bills payable				
- secured	30,800	23,500	–	–
- unsecured	197,785	169,258	56,601	66,491
	228,585	192,758	56,601	66,491

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 follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	7,547	8,749	5,602	5,491
Euro	4,315	1,947	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

20. BILLS PAYABLE TO BANKS (CONT'D)

Bills payable of the Group are secured by:

(a) first and second mortgage in the name of vessels owned by the Group;

(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 3.5% (2013: 0% to 3.5%) 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 0.12% to 2.84% (2013: 0.15% to 3.85%) per annum. The bills payable of the Company bear interest at 1.5% to 2.9% (2013: 1.5% to 2.9%) per annum above the bank's COF, SIBOR or LIBOR of 0.12% to 0.98% (2013: 0.17% to 1.10%) per annum.

During the financial year, the effective interest rates of the bills payable of the Group and the Company ranged from 1.72% to 4.50% and 1.73% to 3.08% (2013: 1.70% to 5.0% and 1.70% to 3.09%) per annum respectively.

21. DEFERRED INCOME

	Group	
	2014 US$'000	2013 US$'000
Current	1,540	1,644
Non-current	24,442	27,006
	25,982	28,650

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.

Movement in deferred income is as follows:

	Group	
	2014 US$'000	2013 US$'000
At beginning of the financial year	28,650	34,810
Amortisation during the financial year	(2,735)	(6,160)
Addition during the financial year	67	–
At end of the financial year	25,982	28,650

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

22. LEASE OBLIGATIONS

	Group			
	Minimum payments 2014 US$'000	Present value of payments 2014 US$'000	Minimum payments 2013 US$'000	Present value of payments 2013 US$'000
Not later than one year	1,127	1,054	1,123	1,048
Later than one year but not later than five years	877	811	805	744
More than five years	–	–	8	7
	877	811	813	751
Total minimum lease payments	2,004	1,865	1,936	1,799
Less: Amounts representing finance charges	(139)	–	(137)	–
Present value of minimum lease payments	1,865	1,865	1,799	1,799

	Company			
	Minimum payments 2014 US$'000	Present value of payments 2014 US$'000	Minimum payments 2013 US$'000	Present value of payments 2013 US$'000
Not later than one year	33	30	201	180
Later than one year but not later than five years	–	–	17	13
Total minimum lease payments	33	30	218	193
Less: Amounts representing finance charges	(3)	–	(25)	–
Present value of minimum lease payments	30	30	193	193

Lease terms are for 2 to 7 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 6.20% (2013: 1.88% to 6.90%) per annum. The effective interest rates ranged from 3.57% to 11.44% (2013: 3.57% to 12.65%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Due within 1 year	281,122	258,919	92,192	130,134
Due within 2 to 5 years	647,417	411,617	11,000	2,363
Due after 5 years	18,523	98,769	–	–
	665,940	510,386	11,000	2,363
	947,062	769,305	103,192	132,497

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(a) Term loan with principal of US$5,350,000 bears interest at 1.25% (2013: 1.25%) per annum above USD SIBOR of 0.15% to 0.19% (2013: 0.19% to 0.24%) per annum. The loan is repayable over 10 years in equal monthly instalments commencing 28 February 2007. The monthly instalment amounts to US$49,904 for the remaining 29 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.	1,447	2,031	–	–
(b) Term loan with principal of US$4,320,000, bears interest at 1.50% (2013: 1.50%) per annum above USD LIBOR of 0.23% to 0.28% (2013: 0.28%) per annum. The loan is repayable over 11 equal quarterly instalments of US$240,000 commencing 3 calendar months after date of drawdown on 28 March 2013 and final instalment of US$1,680,000. This term loan is secured by way of a legal mortgage over the vessel (including all equipment and fixtures on board), first and third party assignment of charter income and charter contracts and any other cash flows of the vessel, assignment of vessel insurances, charge over all monies held in the earnings and retention account of the vessel and corporate guarantee from the Company.	3,120	4,080	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(c) Term loan with principal of US$3,000,000, bears interest at 1.50% per annum above USD LIBOR of 0.12% to 0.23% per annum. The loan is repayable over 8 equal quarterly instalments of US$183,673 commencing 3 calendar months after date of drawdown on 19 March 2014 and final instalment of US$1,530,612. This term loan is secured by way of a legal mortgage over the vessel (including all equipment and fixtures on board), first and third party assignment of charter income and charter contracts and any other cash flows of the vessel, assignment of vessel insurances, charge over all monies held in the earnings and retention account of the vessel and corporate guarantee from the Company.	2,633	–	–	–
(d) Term loan with principal of US$7,231,000 bears interest at 1.00% (2013: 1.00%) per annum above USD LIBOR of 0.23% to 0.27% (2013: 0.27% to 0.46%) 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.	2,531	3,254	–	–
(e) Short term multi-currency loan with principal limit of US$150,000,000 bears interest at 0.30% (2013: 0.30%) above bank's COF rate of 0.25% to 0.29% (2013: 0.29% to 0.34%) 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.	82,828	80,407	82,828	80,407
(f) Term loan with principal limit of US$10,000,000, bears interest at 1.50% (2013: 1.50%) per annum over 3-month USD Vietnam Inter-Bank Offer Rates ("VNIBOR") of 1.88% to 2.65% (2013: 1.28% to 2.65%) 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. The loan was fully repaid during the financial year.	–	3,000	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(g) Term loan with principal of US$12,457,000 bears interest at 1.10% (2013: 1.10%) per annum above USD LIBOR of 0.23% to 0.27% (2013: 0.27% to 0.47%) 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.	4,360	5,606	–	–
(h) Term loan with principal of US$83,000,000 bears interest at 1.90% (2013: 1.90%) above USD LIBOR of 0.23% to 0.26% (2013: 0.26% to 0.43%) 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. 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.	59,600	70,000	–	–
(i) Term loan with principal of US$5,000,000 bears interest at 1.90% above USD LIBOR of 0.20% to 0.23% and is repayable over 16 equal quarterly instalments of US$193,000 commencing 19 May 2014 and final instalment of US$1,912,000. 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.	4,614	–	–	–
(j) Term loan with principal of US$54,798,969 bears interest at 2.50% (2013: 2.50%) above USD LIBOR of 0.23% to 0.27% (2013: 0.27% to 0.46%). 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.	32,455	39,330	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(k) Term loan with principal of US$84,500,000 bears interest at 2.25% (2013: 2.25%) above USD SIBOR of 0.24% to 0.27% (2013: 0.27% to 0.46%) 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 has been settled by a new term loan with a principal of US$84,500,000 that bears interest at 2.25% above USD LIBOR of 0.23% to 0.24%. The new term loan is repayable over 19 equal quarterly instalments of US$2,640,625 commencing on 6 June 2014 and a final instalment of US$34,328,125. 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. The loan was fully repaid during the financial year.	81,860	55,094	–	–
(l) Term loan with principal of US$6,650,000 bears interest at 2.20% (2013: 2.20%) per annum above USD LIBOR of 0.22% to 0.26% (2013: 0.26% to 0.44%) 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.	2,850	3,800	–	–
(m) Term loan with principal of US$9,450,000 bears interest at 1.80% (2013: 1.80%) above USD SIBOR of 0.15% to 0.18% (2013: 0.18% to 0.24%) and is repayable over 59 equal monthly instalments of US$84,590 commencing on 18 August 2011 and a final instalment of US$4,459,100. 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.	6,320	7,335	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(n) Term loan with principal of US$9,450,000 bears interest at 1.80% (2013: 1.80%) above USD SIBOR of 0.15% to 0.18% (2013: 0.18% to 0.24%) 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.	6,320	7,335	–	–
(o) Term loan with principal of US$24,000,000 bears interest at 1.90% (2013: 1.90%) above USD LIBOR of 0.23% to 0.26% (2013: 0.26% to 0.43%) 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. This 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.	16,305	19,725	–	–
(p) Term loan with principal of US$10,000,000 bears interest at 1.90% above USD LIBOR of 0.21% to 0.23% and is repayable over 22 equal quarterly instalments of US$454,545 commencing on 25 February 2014. The 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.	8,636	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(q) Term loan with principal of US$24,000,000 bears interest at 1.90% (2013: 1.90%) above USD LIBOR of 0.23% to 0.27% (2013: 0.23% to 0.35%) 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. This 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.	17,160	20,580	–	–
(r) Term loan with principal of US$10,000,000 bears interest at 1.90% above USD LIBOR of 0.17% to 0.24% and is repayable over 22 equal quarterly instalments of US$454,545 commencing on 7 April 2014. The 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.	9,091	–	–	–
(s) Term loan with principal of US$18,000,000 to finance development costs of the yard, bears interest at 2.30% (2013: 2.30%) per annum over USD VNIBOR of 0.94% to 1.34% (2013: 1.13% to 2.00%) 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. The loan was fully repaid during the financial year.	–	10,655	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(t) Term loan with principal of S$19,500,000 bears interest at 2.50% (2013: 2.50%) above Swap Offer Rate ("SOR") of 0.21% to 0.23% (2013: 0.23% to 0.32%). The loan is repayable over 16 equal quarterly instalments of S$1,218,750 commencing on 19 July 2012. This 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.	6,827	10,515	–	–
(u) Term loan with principal of EUR20,124,050 bears interest at 4.09% (2013: 4.09%) above EURIBOR of 0.02% to 0.12% (2013: 0.20%) and is repayable over 11 equal quarterly instalments of EUR784,000 commencing on 1 January 2014 and a final instalment of EUR11,500,000. The term loan is secured by way of a first priority statutory mortgage over the vessel, assignment of insurance policies, and corporate guarantee from the Company.	23,330	26,612	–	–
(v) Term loan with principal of US$23,500,000 bears interest at 2.30% (2013: 2.30%) per annum above USD LIBOR of 0.23% to 0.27% (2013: 0.27 to 0.45%) 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.	17,260	20,380	–	–
(w) Term loan with principal of US$2,000,000 bears interest at 2.30% per annum above USD SIBOR of 0.14% to 0.23% per annum. This loan is repayable over 13 equal quarterly instalments of US$83,333 commencing on 10 April 2014 and a final instalment of US$916,667. 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.	1,833	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(x) Project financing with principal limit of US$70,000,000 to finance the purchase of equipment and materials for the construction of vessels, bears interests at 2.00% (2013: 2.00%) per annum over USD COF of 1.9% to 2.02% (2013: 1.93% to 1.95%) per annum. The loan is secured by way of first priority assignment over the benefits of the subsidiaries 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.	57,848	35,506	–	–
(y) Term loan with principal of US$3,500,000 bears interest at 2.25% to 2.5% (2013: 2.50%) per annum above USD SIBOR of 0.24% to 0.52% (2013: 0.26% to 0.43%) per annum. This loan is repayable over 11 equal quarterly instalments of US$300,000 commencing on 27 November 2012 and a final instalment of US$200,000. 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.	1,100	2,300	–	–
(z) Term loan with principal of US$41,600,000 bears interest at 2.80% (2013: 2.80%) per annum above bank's USD LIBOR of 0.23% to 0.26% (2013: 0.27% to 0.29%). The loan is repayable over 29 equal quarterly instalments of US$887,586 commencing 3 months from 20 February 2013 and a final instalment of US$15,860,000. The term loan is secured by way of first priority mortgage over two vessels, assignment of charter income and charter contracts, assignment of vessels insurances, charge over all monies held in operating account of the vessels and corporate guarantee from the Company.	36,274	39,825	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(aa) Pre-delivery loan with principal limit of US$273,000,000 to finance the construction cost of a vessel, bears interest at 3.25% (2013: 3.25%) per annum above USD LIBOR of 0.12% to 0.27% (2013: 0.18% to 0.38%) 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.	256,990	161,500	–	–
(ab) Term loan with principal of US$9,975,000 bears interest at 2.25% (2013: 2.25%) per annum above USD LIBOR of 0.23% to 0.27% (2013: 0.27%). The loan is repayable over 19 equal quarterly instalments of US$312,500 commencing 3 months from 18 June 2013 and a final instalment of US$4,037,500. The term loan is secured by way of first preferred mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the Company.	8,725	9,975	–	–
(ac) Term loan with principal of US$16,500,000 bears interest at 2.50% (2013: 2.50%) per annum above USD LIBOR of 0.23% to 0.27% (2013: 0.27% to 0.31%). The loan is repayable over 20 quarterly instalments ranging from US$412,500 to US$825,000 commencing on 21 March 2013 and a final instalment of US$3,300,000. This term loan is secured by way of second preferred legal mortgage over the vessel, second priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, second priority charge over the earnings and retention accounts of the vessel and corporate guarantee from the Company and a subsidiary.	13,613	15,675	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(ad) Term loan with principal of US$4,750,000 bears interest at 2.50% (2013: 2.50%) per annum above USD LIBOR of 0.23% to 0.27% (2013: 0.27% to 0.31%). The loan is repayable over 20 quarterly instalments ranging from US$118,750 to US$ 237,500 commencing on 21 March 2013 and a final instalment of US$950,000. This term loan is secured by way of a legal mortgage over the vessel, assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, charge over the earnings account of the vessel and corporate guarantee from the Company and a subsidiary.	3,919	4,512	–	–
(ae) Term loan with principal of US$8,250,000 bears interest at 2.50% (2013: 2.50%) per annum above USD LIBOR of 0.23% to 0.27% (2013: 0.27% to 0.31%). The loan is repayable over 20 quarterly instalments ranging from US$206,250 to US$412,500 commencing on 21 March 2013 and a final instalment of US$1,650,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts and insurances in respect of the vessel, first priority charge over the earnings account of the vessels and corporate guarantee from the Company and a subsidiary.	6,806	7,838	–	–
(af) Term loan with principal of US$4,500,000 bears interest at 2.50% (2013: 2.50%) per annum above USD LIBOR of 0.23% to 0.27% (2013: 0.27% to 0.31%). The loan is repayable over 20 quarterly instalments ranging from US$112,500 to US$225,000 commencing on 21 March 2013 and a final instalment of US$900,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the Company and a subsidiary.	3,713	4,275	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(ag) Term loan with principal of US$11,000,000 bears interest at 2.50% (2013: 2.50%) per annum above USD LIBOR of 0.23% to 0.27% (2013: 0.27% to 0.31%). The loan is repayable over 20 quarterly instalments ranging from US$275,000 to US$550,000 commencing on 21 March 2013 and a final instalment of US$2,200,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the Company and a subsidiary.	9,075	10,450	–	–
(ah) Term loan with principal of US$8,750,000 bears interest at 2.25% per annum above bank's USD LIBOR of 0.23% to 0.24%. The loan is repayable over 18 equal quarterly instalments of US$284,375 commencing 3 months from 13 December 2013 and a final instalment of US$3,631,250. The term loan is secured by way of first preferred mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the Company.	8,181	–	–	–
(ai) Term loan with principal of US$22,000,000 bears interest at 2.25% to 2.50% (2013: 2.50%) per annum above USD LIBOR of 0.22% to 0.26% (2013: 0.26%). The loan is repayable over 19 equal quarterly instalments of US$786,000 commencing 3 months from 26 July 2013 and a final instalment of US$7,066,000. 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.	18,856	22,000	–	

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(aj) Term loan with principal of US$21,700,000 bears interest at 2.20% per annum above USD LIBOR of 0.23%. The loan is repayable over 20 equal quarterly instalments of US$775,000 commencing 3 months from 18 March 2014 and a final instalment of US$6,200,000. The term loan is secured by way of first preferred mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the Company and a subsidiary.	20,925	–	–	–
(ak) Term loan with principal of US$16,892,470 bears interest at 2.20% per annum above USD LIBOR of 0.23%. The loan is repayable over 20 equal quarterly instalments of US$603,303 commencing 3 months from 21 May 2014 and a final instalment of US$4,826,420. The term loan is secured by way of first preferred mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the Company and a subsidiary.	16,289	–	–	–
(al) Term loan with principal of US$3,500,000 bears interest at 2.20% per annum above USD LIBOR of 0.20% to 0.23%. The loan is repayable over 20 equal quarterly instalments of US$125,000 commencing 3 months from 20 June 2014 and a final instalment of US$1,000,000. The term loan is secured by way of second preferred mortgage over the vessel, second priority assignment of charter income and charter contracts, second priority assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantees from the Company and a subsidiary	3,500	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(am) Term loan with principal of US$16,095,207 bears interest at 2.20% per annum above USD LIBOR of 0.23%. The loan is repayable over 20 equal quarterly instalments of US$574,829 commencing 3 months from 21 May 2014 and a final instalment of US$4,598,630. The term loan is secured by way of first preferred mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the Company and a subsidiary.	15,521	–	–	–
(an) Term loan with principal of US$4,200,000 bears interest at 2.20% per annum above USD LIBOR of 0.20% to 0.23%. The loan is repayable over 20 equal quarterly instalments of US$150,000 commencing 3 months from 20 June 2014 and a final instalment of US$1,200,000. The term loan is secured by way of second preferred mortgage over the vessel, second priority assignment of charter income and charter contracts, second priority assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the Company and a subsidiary.	4,200	–	–	–
(ao) Term loan with principal of US$19,750,000 bears interest at 2.50% per annum above USD LIBOR of 0.22% to 0.24%. The loan is repayable over 19 equal quarterly instalments of US$987,500 commencing 3 months from the date of first drawdown. The term loan is secured by way of charge over the equipments (together with any accessories, spares and parts) delivered, assignments of the sale agreements of the undelivered equipments, assignment of equipment insurances, charter contracts and earnings, a charge over earning and retention accounts and corporate guarantee from the Company.	17,019	–	–	–
(ap) Construction loan with principal limit of S$42,526,400 bears interest at 1.50% per annum above SGD SIBOR of 0.34%. Upon completion, the loan is repayable over 83 equal monthly instalments of S$236,257 and a final instalment of S$22,917,005. The loan is secured by a charge over the assets under construction, assigned contracts and monies payables under the assigned contracts, assignment of insurances over the assets and corporate guarantee from the Company.	6,635	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Secured				
(aq) Short term loan with principal limit of US$21,000,000 (2013: US$16,000,000) to finance the purchase of equipment and materials for the construction of a vessel, bears interest at 4.06% (2013: 4.06%) per annum over USD SIBOR of 0.15% to 0.27% (2013: 0.26% to 0.43%) per annum. The loan is secured by way of charge over the work in progress relating to the project and corporate guarantee from the Company.	17,236	13,620	–	–
(ar) Term loan with principal limit of US$6,000,000 to finance development costs of the yard, bears interest at 2.65% per annum over bank's cost of funds of 1.25% per annum. The loan is repayable over 6 semi-annual repayments of US$1,000,000 each commencing on 11 August 2014. This term loan is secured by way of legal mortgage of machines, equipments and assets financed and corporate guarantee from the Company.	5,000	–	–	–
(as) Term loan with principal of US$26,000,000, bears interest at 2.25% (2013: 2.25%) per annum over USD LIBOR of 0.32% to 0.42% (2013: 0.41% to 0.74%) per annum. The loan is repayable over 11 equal semi-annual instalments of US$2,363,636 commencing on 24 November 2009.	2,364	7,090	2,364	7,090
(at) Term loan with principal of US$30,000,000, bears interest at 2.25% (2013: 2.25%) per annum over USD LIBOR of 0.24% to 0.27% (2013: 0.27% to 0.35%) per annum. The loan is repayable over 7 quarterly instalments 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. The loan was fully repaid during the financial year.	–	20,000	–	20,000

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

23. BANK TERM LOANS (CONT'D)

The balance comprises:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Unsecured				
(au) Term loan with principal of US$39,000,000, bears interest at 2.30% (2013: 2.30%) per annum over USD LIBOR of 0.23% to 0.33% (2013: 0.27% to 0.45%) per annum. The loan is repayable over 5 semi-annual instalments of US$3,500,000 commencing 6 months from the drawdown on 1 August 2011 and a final instalment of US$21,500,000. The final instalment was extended and repayable over 6 semi-annual instalments of US$3,500,000 commencing on 1 August 2014 and a final instalment of US$500,000. This term loan is secured by way of corporate guarantee from certain subsidiaries.	18,000	25,000	18,000	25,000
(av) Term loan with principal of S$5,000,000, bears interest at 3.50% per annum over SGD SIBOR of 0.34% per annum. The loan is repayable over 35 equal monthly instalments of S$135,000 commencing on 1 August 2014 and a final instalment of S$275,000. This term loan is secured by way of corporate guarantee from a subsidiary.	3,893	–	–	–
	947,062	769,305	103,192	132,497

24. CONVERTIBLE BONDS

	Redemption Date/ Maturity Date	Group and Company 2014 US$'000	2013 US$'000
USD 50 million	February 2014	–	49,204

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 EMAS-AMC AS, Emas-AMC Inc, EMAS-AMC Pty Ltd and Hinna Base AS. 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 US$50 million Bond, it was convertible up to 41,132,043 new ordinary shares as at 31 August 2013. The US$50 million Bonds were fully redeemed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

24. CONVERTIBLE BONDS (CONT'D)

Embedded derivatives relating to the conversion option of the bonds is recorded as a "fair value through profit or loss" financial instrument. The carrying amount of the liability component of the bonds at end of the reporting period is arrived at as follows:-

	Group and Company	
	2014 US$'000	2013 US$'000
Value of the bonds at inception	51,400	151,400
Embedded derivatives	(5,721)	(39,561)
Liability component at initial recognition	45,679	111,839
Less: Transaction costs	–	(1,528)
Add: Accretion of interest on the bonds	4,321	23,328
Less: Redemption of bonds	(50,000)	(84,435)
	–	49,204

25. NOTES PAYABLE

		Group and Company	
	Redemption Date/ Maturity Date	2014 US$'000	2013 US$'000
SGD 225 million[1]	September 2015	179,574	155,941
SGD 150 million	April 2018	119,372	116,828
SGD 95 million	March 2016	75,459	–
		374,405	272,769

The notes bear fixed interest rate from 4.75% to 5.00% (2013: 4.88% to 5.00%) per annum payable semi-annually with fair value of US$472,092,000 (2013: US$271,055,000) based on quoted market prices. The market value of the notes payable are based on quoted prices available in active market (fair value hierarchy level 1).

The above notes are classified as non-current liabilities and are listed on SGX-ST.

[1] During the financial year, the Company issued a S$25 million Fixed Rate Notes due in 2015. The S$25 million Fixed Rate Notes were consolidated and form a single series with the existing S$200 million Fixed Rate Notes.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

26. TAX

Major components of tax expense for the financial year ended 31 August were as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Current tax	8,114	5,217	834	–
Withholding tax	15,076	20,638	–	–
Deferred tax	864	1,546	–	–
(Over)/under provision in respect of prior years				
- current tax	(3,104)	53	(405)	1,194
- deferred tax	(270)	765	–	–
	20,680	28,219	429	1,194

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 were as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Profit before tax	74,702	92,283	580	53,178
Tax at statutory tax rate of 17%	12,699	15,688	99	9,040
Adjustments for tax effect of:				
Difference in overseas tax rate	5,274	(326)	–	–
Expenses not deductible for tax purposes	19,102	15,602	5,551	2,745
Income not taxable	(3,613)	(14,320)	(4,229)	(12,189)
Tax exempt income under Sections 13A or 13F of the Singapore Income Tax Act and rebates available	(12,011)	(17,148)	–	–
Tax rebates	(2,430)	(77)	(45)	–
Tax incentives	(4,850)	(5,879)	–	–
Utilisation of previously unrecognised deferred tax benefit	(3,821)	(2,528)	–	–
Current year deferred tax benefit not recognised	4,338	19,755	–	404
(Over)/under provision in prior years	(3,374)	818	(405)	1,194
Withholding tax	15,076	20,638	–	–
Share of tax of associated and joint venture companies	(5,658)	(4,405)	–	–
Others	(52)	401	(542)	–
Tax expense	20,680	28,219	429	1,194

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

26. TAX (CONT'D)

A subsidiary in Vietnam is entitled to tax incentives under Vietnam's investment scheme which entitles the subsidiary 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 25%.

Movements in deferred tax (assets)/liabilities were as follows:

	Group	
	2014 US$'000	2013 US$'000
At beginning of the financial year	(2,092)	(4,408)
Disposal of a subsidiary	–	92
Charge to profit or loss	594	2,311
Translation difference	34	(87)
At end of the financial year	(1,464)	(2,092)

Deferred tax (assets)/liabilities relate to the following:

Deferred tax liabilities		
Excess of capital allowances over depreciation	523	475
Other deferred tax liabilities	509	200
	1,032	675
Deferred tax assets		
Other deferred tax assets	(2,496)	(2,767)
Net deferred tax assets	(1,464)	(2,092)

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

27. SHARE CAPITAL

	Group and Company			
	2014		2013	
	No. of shares	US$'000	No. of shares	US$'000
Ordinary shares issued and fully paid				
At beginning and end of the financial year	977,896,088	490,085	977,896,088	490,085

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.

28. PERPETUAL SECURITIES

On 18 September 2012, the Company issued a S$150 million Fixed Rate Subordinated Perpetual Securities (the "Securities") with no fixed maturity or redemption dates. The Securities bear an initial fixed distribution rate of 8.75% per annum payable semi-annually. The rate is subject to reset every three years and a one-time step-up from and including the first reset date, being 18 September 2015 (the "First Reset Date").

The Company has the option to defer payment of distribution indefinitely and also has the option to redeem the Securities, only in whole on the First Reset Date and on each distribution payment date occurring thereafter.

29. 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;

iii. The excess of cost over fair value of the treasury shares used in the acquisition of subsidiary; and

iv. The Group's share of capital and other reserve of an associated company.

(b) *Fair value adjustment reserve*

Fair value adjustment reserve represents the cumulative fair value changes of AFS financial assets until they are disposed of or impaired.

As at 31 August 2014, the balance in the reserve relates to the Group's share of fair value adjustment reserve of an associated company.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

29. RESERVES (CONT'D)

(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 gain on fair value changes on derivative financial instruments and the Group's share of hedging reserve of an associated company.

(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.

30. TREASURY SHARES

	Group and Company	
	2014 US$'000	2013 US$'000
At beginning of the financial year	(7,376)	(9,364)
Re-issue for employee shares award	–	1,988
At end of the financial year	(7,376)	(7,376)

Employee Share Plan

The Company has not transferred any treasury shares (2013: 926,800) as share awards during the financial year.

As at 31 August 2014, the Company has 3,439,880 (2013: 3,439,880) shares being held as treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

31. REVENUE

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Offshore Support Services	267,971	291,759	–	–
Marine Services	188,213	189,194	–	–
Subsea Services	1,045,837	792,115	–	–
Dividend income from				
- subsidiaries	–	–	23,095	–
- joint venture company	–	–	1,260	1,232
- AFS investments	–	–	1,200	32
- FVTPL investments	–	–	180	115
Management fee income from subsidiaries	–	–	10,168	9,063
Management fee income from associated companies	–	–	1,499	1,932
Management fee income from a joint venture company	–	–	24	24
	1,502,021	1,273,068	37,426	12,398
Less: Inter-segment sales	(13,670)	(11,003)	–	–
	1,488,351	1,262,065	37,426	12,398

32. OTHER INCOME/(EXPENSES), NET

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Gain on disposal of AFS investments	–	67,369	–	67,369
Gain on dilution of interest in associated companies	4,995	4,684	–	–
(Loss)/gain on disposal of fixed assets	(197)	28,835	–	–
Loss on disposal of asset held for sale	–	(3,416)	–	–
Gain on disposal of a subsidiary	–	151	–	6,048
Fair value changes in respect of derivative instruments, net	–	613	–	613
Fair value changes in respect of FVTPL investments, net	345	(29)	345	(29)
Realised (loss)/gain on derivative instruments, net	(270)	4,180	–	4,334
Exchange loss, net	(6,232)	(3,486)	(1,593)	(141)
Gross dividend income from AFS investments	1,200	32	–	–
Gross dividend income from FVTPL investments	180	115	–	–
Management fee income from associated companies and a joint venture company	1,936	2,292	–	–
Insurance claims	152	1,093	–	–
Impairment loss on fixed assets	(607)	(2,000)	–	–
Negative goodwill on acquisition of subsidiary	–	610	–	–
Bad debt recovered	1,075	225	–	–
Other miscellaneous income	4,574	3,956	96	124
	7,151	105,224	(1,152)	78,318

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

33. PROFIT FROM OPERATIONS

This is determined after charging the following:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Audit fees paid to:				
- Auditors of the Company	427	393	95	93
- Other auditors	304	685	–	–
Non-audit fees paid to:				
- Auditors of the Company	228	127	194	87
- Other auditors	64	185	–	–
Depreciation of fixed assets	71,289	58,232	595	804
Directors' remuneration*				
- Salaries and bonuses	1,181	1,249	1,181	1,249
- Contributions to defined contribution plans	18	20	18	20
- Other personnel expenses	851	1,028	851	1,028
Directors' fees	498	487	498	487
Key executive officers' remuneration				
- Salaries and bonuses	1,932	1,478	710	927
- Contributions to defined contribution plans	36	23	36	30
- Other personnel expenses	144	179	3	33
Fixed assets written off	3,057	47	–	–
Allowance for doubtful debts, net	4,149	6,898	–	–
Bad debts written off, net	177	1,629	–	–
Amortisation of other intangible assets	843	1,646	–	–
Operating lease expenses	270,341	235,553	1,642	1,811

* Refers to directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

34. PERSONNEL EXPENSES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Salaries and bonuses	330,924	327,055	14,426	1,461
Contributions to defined contribution plans	6,382	6,393	841	763
Other personnel expenses	34,948	21,966	1,425	1,290
Less: Reallocation of personnel expenses directly attributable to work-in-progress	(108,474)	(82,256)	–	–
	263,780	273,158	16,692	3,514

Personnel expenses include amounts shown as directors' remuneration and fees and key executive officers' remuneration in Note 33.

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. In addition, the Company also has the flexibility to pay cash in lieu of delivery of shares upon vesting of awards.

Participants will receive fully paid shares free of charge, upon the Participant satisfying the criteria set out in the Plan. The Plan does not prescribe a minimum vesting period. 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.

There were no shares (2013: 1,604,461) vested by the delivery of existing shares held as treasury shares or settled by payment in cash. A total 4,530,200 (2013: 172,436) shares were lapsed since commencement of the plan.

35. FINANCIAL INCOME

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Interest income				
- Bank deposits	1,230	2,603	414	707
- Loan to associated companies	2,399	2,399	2,399	2,399
- Loan to subsidiary	–	–	9,152	194
	3,629	5,002	11,965	3,300
Interest recharged to subsidiaries	–	–	–	588
	3,629	5,002	11,965	3,888

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

36. FINANCIAL EXPENSES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Interest expense				
- Bank overdrafts	–	9	–	–
- Term loans	45,613	40,536	20,351	22,540
- Letters of credit, trust receipts and money market line	4,774	4,289	1,840	1,764
- Finance leases	87	73	13	15
Accretion of interest on the convertible bonds	796	4,864	796	4,864
	51,270	49,771	23,000	29,183
Included in cost of vessels under construction*				
- Fixed assets	(8,614)	(6,236)	–	–
	42,656	43,535	23,000	29,183

* The capitalisation rate used to determine the amount eligible for capitalisation varied from 3.37% to 3.52% (2013: 3.43% to 3.63%) representing the borrowing costs to finance the vessels under construction.

37. EARNINGS PER SHARE

Earnings per ordinary share ("EPS") is calculated by dividing the Group's net profit attributable to owners of the Company 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	
	2014 US$'000	2013 US$'000
Net profit attributable to owners of the Company	45,269	53,649
Number of weighted average ordinary shares ('000)		
- Basic earnings per share	974,456	974,032
- Diluted earnings per share[1]	974,456	974,032
EPS (US cents)		
- Based on the weighted average number of ordinary shares in issue	4.65	5.51
- On fully diluted basis[2]	4.65	5.51

[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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

38. 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	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Income				
Dividend income				
- subsidiaries	–	–	23,095	–
- joint venture companies	–	–	1,260	1,232
Interest income				
- a subsidiary	–	–	9,152	194
- associated companies	2,399	2,399	2,399	2,399
Management fee income from subsidiaries	–	–	10,168	9,063
Management fee income from associated companies	1,912	2,268	1,499	1,932
Management fee income from a joint venture company	24	24	24	24
Ship management fee income from associated companies	586	360	–	–
Technical consultation fee income from associated companies	1,752	11,026	–	–
Sales to associated companies	963	232	–	–
Time charter to associated companies	3,588	908	–	–
Interest expense recharged to subsidiaries	–	–	–	588
Subsea services provided to associated companies	12,379	50,754	–	–
Expenses				
Bareboat charter from associated companies	46,103	46,363	–	–
Bareboat charter from a joint venture company	9,251	8,030	–	–
Recharge of expenses from associated companies	–	20	–	–
Rental expense to a substantial shareholder	80	503	80	250
Catering expense paid to associated companies of a substantial shareholder	244	178	159	112

Directors' remuneration and fees and key executive officers' remuneration has been disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

39. CORPORATE GUARANTEES

As at 31 August 2014, the Company had issued corporate guarantees to banks for granting banking facilities to certain subsidiaries, associated companies and joint venture companies.

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Corporate guarantees given for the borrowings of:				
- Subsidiaries	–	–	1,122,467	862,830
- Associated companies	63,935	105,848	63,935	105,848
- Joint venture companies	31,535	36,295	31,535	36,295
	95,470	142,143	1,217,937	1,004,973

The Company had also issued corporate guarantees amounting to US$200,411,000 (2013: US$291,961,000) in respect of the operating lease commitments for the 14 (2013: 17) vessels.

Corporate guarantees given by the Company will become due and payable on demand when an event of default occurs.

The maximum amount of the financial guarantee contracts are allocated to the earliest period which is within one year, in which the guarantee could be called.

Financial support

The Company has 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 directors' report of the respective subsidiaries.

40. COMMITMENTS

(a) Capital expenditure commitments

	Group	
	2014 US$'000	2013 US$'000
Capital expenditure not provided for in the financial statements:		
- Approved and contracted for in respect of construction of vessels	82,522	86,349
- Approved but not contracted for in respect of construction of vessels	67,869	132,687
- Approved and contracted for in respect of equipment purchase	–	5,433
- Approved and contracted for in respect of purchase of land	–	6,008
- Approved and contracted for in respect of purchase of vessels	33,400	–
- Approved and contracted for in respect of yard development	13,955	3,480
- Approved but not yet contracted for in respect of yard development	9,452	46,566
	207,198	280,523

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

40. COMMITMENTS (CONT'D)

(b) Lease commitments – Group as lessee

The Group had various operating lease agreements for bareboat charter of vessels, leasing of land, rental of machineries, office premises and shipyard workers' accommodation. The Group has no non-cancellable lease commitments, 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	
	2014	2013
	US$'000	US$'000
Not later than one year	198,902	176,716
Later than one year but not later than five years	369,576	471,279
Later than five years	179,169	85,902
	747,647	733,897

These leases have remaining lease terms of between 1 to 32 (2013: 1 to 33) years.

(c) Lease commitments – Group as lessor

A subsidiary has entered into an operating lease agreement for time charter of a vessel. This non-cancellable lease is for a period of two years and subject to yearly renewal till 2016.

As at 31 August 2014, future minimum lease payment receivable within the next one year amount to US$17,030,000 (2013: US$31,057,000). There are no future minimum lease payment receivables (2013: US$31,057,000) after one year.

41. 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, 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 forward currency contracts, fuel hedging contracts and cross currency swap contract 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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 floating rate debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. 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 company 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 with all other variables held constant would decrease/increase the Group's profit before tax by approximately US$8,503,000 (2013: US$7,928,000). 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 2013.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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			
	2014		2013	
	US$'000	% of total	US$'000	% of total
By country:				
Singapore	125,207	21	60,792	12
Southeast Asia (excludes Singapore)	65,955	11	70,440	14
Americas	113,688	19	99,205	20
Other countries[1]	302,225	49	273,877	54
	607,075	100	504,314	100

[1] Includes balance receivable from New Zealand amounting to US$69,621,000 (2013: US$73,074,000).

	Group			
	2014		2013	
	US$'000	% of total	US$'000	% of total
By industry sectors:				
Offshore Support Services	84,960	14	95,070	19
Marine Services	164,288	27	112,859	22
Subsea Services	357,827	59	296,385	59
	607,075	100	504,314	100

As at 31 August 2014, the Group had 10 (2013: 10) major customers that accounted for approximately 45% (2013: 43%) of the Group's gross trade receivables.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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$69,621,000 (2013: US$73,074,000).

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 to meet its repayment obligations.

In November 2013, the customer renegotiated the repayment period of the remaining outstanding amount to be extended by 2 years. There is no significant change to the other terms and conditions in the original settlement agreement.

As at 31 August 2014, the Group has received four (4) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

	Group			
Year ended 31 August 2014	One year or less US$'000	One to five years US$'000	Over five years US$'000	Total US$'000
Financial liabilities:				
Trade payables	154,001	–	–	154,001
Other payables	270,282	26,076	–	296,358
Balances due to associated and joint venture companies	63,289	–	–	63,289
Bills payable	233,676	–	–	233,676
Lease obligations	1,127	877	–	2,004
Bank term loans	307,529	702,010	19,025	1,028,564
Notes payable	17,466	392,783	–	410,249
Derivative financial instruments – Foreign currency contract				
- Gross receipts	(284,012)	–	–	(284,012)
- Gross payments	287,410	–	–	287,410
Derivative financial instruments – Fuel hedging contracts	449	–	–	449
Total undiscounted financial liabilities	1,051,217	1,121,746	19,025	2,191,988
Year ended 31 August 2013				
Financial liabilities:				
Trade payables	152,167	–	–	152,167
Other payables	197,039	12,152	–	209,191
Balances due to associated and joint venture companies	41,976	–	–	41,976
Bills payable	197,487	–	–	197,487
Lease obligations	1,123	805	8	1,936
Bank term loans	282,268	455,784	102,703	840,755
Notes payable	13,579	304,054	–	317,633
Convertible bonds	51,459	–	–	51,459
Derivative financial instruments				
- Gross receipts	–	(403,391)	–	(403,391)
- Gross payments	–	414,513	–	414,513
Total undiscounted financial liabilities	937,098	783,917	102,711	1,823,726

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Year ended 31 August 2014	One year or less US$'000	Company One to five years US$'000	Total US$'000
Financial liabilities:			
Other payables	33,278	6,076	39,354
Balances due to subsidiaries, associated and joint venture companies	42,778	–	42,778
Bills payable	58,294	–	58,294
Lease obligations	33	–	33
Bank term loans	93,506	13,117	106,623
Notes payable	17,466	392,783	410,249
Derivative financial instruments – Foreign currency contract			
- Gross receipts	(284,012)	–	(284,012)
- Gross payments	287,410	–	287,410
Total undiscounted financial liabilities	248,753	411,976	660,729
Year ended 31 August 2013			
Financial liabilities:			
Other payables	20,590	12,152	32,742
Balances due to subsidiaries, associated and joint venture companies	48,562	–	48,562
Bills payable	68,690	–	68,690
Lease obligations	201	17	218
Bank term loans	132,581	2,381	134,962
Notes payable	13,579	304,054	317,633
Convertible bonds	51,459	–	51,459
Derivative financial instruments			
- Gross receipts	–	(403,391)	(403,391)
- Gross payments	–	414,513	414,513
Total undiscounted financial liabilities	335,662	329,726	665,388

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

41. 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 operating activities 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, the Group has significant foreign currency exposure in Singapore Dollar ("SGD"), Euro ("EUR"), Norwegian Kroner ("NOK"), Malaysian Ringgit ("MYR"), Vietnamese Dong ("VND"), and Pound 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 with all other variable held constant 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 2013.

	2014 Profit before tax US$'000	2013 Profit before tax US$'000
Group		
Foreign currencies against USD		
- SGD	(41,615)	(1,913)
- EUR	(2,379)	(3,321)
- NOK	–	(34)
- MYR	1,212	636
- VND	(905)	(504)
- GBP	(303)	258
Company		
Foreign currencies against USD		
- SGD	(37,723)	1,324
- GBP	6	317

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 2014

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Fuel hedging contracts	(449)	–	–	–
Forward currency contracts	(3,398)	(8,568)	(3,398)	(8,568)
Cross currency swap contracts	–	(2,554)	–	(2,554)
	(3,847)	(11,122)	(3,398)	(11,122)
Cross currency swap contract	615	–	615	–
	(3,232)	(11,122)	(2,783)	(11,122)

The table below sets out the notional principal amount of the outstanding fuel hedging contracts, notional principal of the cross currency swap contracts and the notional amount of net forward currency contracts of the Group and the Company as at 31 August:

	Group and Company	
	2014 US$'000	2013 US$'000
Notional principal of cross currency swaps contract (2014 and 2013: SGD)	120,039	117,654
Notional amount of forward currency contracts (2014: SGD)	280,091	274,211
Notional amount of fuel hedging contracts	10,966	–

Foreign currency risk

As at 31 August 2014, the Group and the Company held 1 cross currency swap contract that has been designated as hedge of the Group's and the Company's foreign currency exposure in respect of Perpetual Securities with notional value of US$120,039,000 (2013: US$117,654,000).

The cross currency swap contract covers SGD to USD exposure in respect of the Perpetual Securities distributions from March 2014 to September 2015. The terms of the contract have been negotiated to match the terms of the Perpetual Securities.

As at 31 August 2014, the Group and the Company held 2 forward currency swap contracts that have been designated as hedge of the Group's and the Company's foreign currency exposure in respect of Fixed Rate Notes with notional value of US$280,091,000 (2013: US$274,211,000).

The forward currency swap contracts cover SGD to USD exposure in respect of the Fixed Rate Notes that due between September 2015 and April 2018. The terms of the contract have been negotiated to match the terms of the Fixed Rate Note.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Derivative financial instruments and hedging activities (cont'd)

Commodity risk

The Group held 10 fuel hedging contracts that has been designated as hedge of the Group's exposure in respect of the fluctuation of fuel price with notional value of US$10,966,000.

42. 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:				
Derivative financial instruments (Note 41)				
- Cross currency swap contract	–	615	–	615
As at 31 August 2014	–	615	–	615
Financial liabilities:				
Derivative financial instruments (Note 41)				
- Forward currency contracts	–	(3,398)	–	(3,398)
- Fuel hedging contracts	–	(449)	–	(449)
As at 31 August 2014	–	(3,847)	–	(3,847)

	Group			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets:				
FVTPL investments				
- Equity instruments (quoted)	2,282	–	–	2,282
As at 31 August 2013	2,282	–	–	2,282
Financial liabilities:				
Derivative financial instruments (Note 41)				
- Forward currency contracts	–	(8,568)	–	(8,568)
- Cross currency swap contract	–	(2,554)	–	(2,554)
As at 31 August 2013	–	(11,122)	–	(11,122)

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

42. 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:				
Derivative financial instruments (Note 41)				
- Cross currency swap contract	–	615	–	615
As at 31 August 2014	–	615	–	615
Financial liabilities:				
Derivative financial instruments (Note 41)				
- Forward currency contracts	–	(3,398)	–	(3,398)
As at 31 August 2014	–	(3,398)	–	(3,398)

	Company			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets:				
FVTPL investments				
- Equity instruments (quoted)	2,282	–	–	2,282
As at 31 August 2013	2,282	–	–	2,282
Financial liabilities:				
Derivative financial instruments (Note 41)				
- Forward currency contracts	–	(8,568)	–	(8,568)
- Cross currency swap contract	–	(2,554)	–	(2,554)
As at 31 August 2013	–	(11,122)	–	(11,122)

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

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 embedded derivatives of the Bonds are determined using Black Scholes or Binomial option pricing model. Forward currency contracts, cross currency swap contracts and fuel hedging contract are determined by reference to published market prices or bankers' quotes at the reporting date without factoring in transaction costs.

(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 re-pricing 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.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

43. 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	
	2014 US$'000	2013 US$'000
Loans and borrowings	1,551,917	1,285,835
Less: Cash and cash equivalents	(174,365)	(173,078)
Net debt	1,377,552	1,112,757
Equity attributable to owners of the Company	1,129,802	1,091,161
Net gearing ratio (%)	122	102

44. 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 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.

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 2014

44. SEGMENT INFORMATION (CONT'D)

Financial year ended 31 August 2014	Offshore Support Services US$'000	Marine Services US$'000	Subsea Services US$'000	Group US$'000
Revenue				
Sales	267,971	188,213	1,045,837	1,502,021
Inter-segment sales [1]	(8,035)	–	(5,635)	(13,670)
Sales to external customers	259,936	188,213	1,040,202	1,488,351
Profit from operations	20,423	22,451	58,585	101,459
Share of profit of associated companies	4,111			4,111
Share of profit of joint venture companies	2,538			2,538
Financial income				3,629
Financial expenses				(42,656)
Tax				(20,680)
Unallocated other operating income, net				(7,048)
Unallocated expenses				(17,641)
Unallocated share of profit of associated companies				29,652
Unallocated share of profit of joint venture companies				658
Net profit for the financial year				54,022
Assets				
Segment assets	729,180	428,843	1,711,317	2,869,340
Unallocated assets				493,652
Total assets				3,362,992
Liabilities				
Segment liabilities	435,556	255,119	842,090	1,532,765
Unallocated liabilities				644,458
Total liabilities				2,177,223
Other information				
Capital expenditure[2]	84,384	34,356	219,624	338,364
Unallocated capital expenditure				3,141
Total capital expenditure				341,505
Depreciation and amortisation	31,720	8,162	30,334	70,216
Unallocated depreciation and amortisation				1,916
Total depreciation and amortisation				72,132

[1] Inter-segment sales are eliminated on consolidation

[2] Capital expenditure consists of additions to fixed assets

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

44. SEGMENT INFORMATION (CONT'D)

Financial year ended 31 August 2013	Offshore Support Services US$'000	Marine Services US$'000	Subsea Services US$'000	Group US$'000
Revenue				
Sales	291,759	189,194	792,115	1,273,068
Inter-segment sales [1]	(6,422)	–	(4,581)	(11,003)
Sales to external customers	285,337	189,194	787,534	1,262,065
Profit from operations	45,038	29,558	(22,745)	51,851
Share of profit of associated companies	7,863			7,863
Share of profit of joint venture companies	3,576			3,576
Financial income				5,002
Financial expenses				(43,535)
Tax				(28,219)
Unallocated other operating income, net				79,670
Unallocated expenses				(22,804)
Unallocated share of profit of associated companies				10,645
Unallocated share of profit of joint venture companies				15
Net profit for the financial year				64,064
Assets				
Segment assets	729,329	339,922	1,442,080	2,511,331
Unallocated assets				415,389
Total assets				2,926,720
Liabilities				
Segment liabilities	388,031	206,754	563,032	1,157,817
Unallocated liabilities				628,987
Total liabilities				1,786,804
Other information				
Capital expenditure [2]	67,710	27,069	148,860	243,639
Unallocated capital expenditure				2,507
Total capital expenditure				246,146
Depreciation and amortisation	25,971	6,356	25,439	57,766
Unallocated depreciation and amortisation				2,112
Total depreciation and amortisation				59,878

[1] Inter-segment sales are eliminated on consolidation

[2] Capital expenditure consists of additions to fixed assets

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

44. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue[1]	Group 2014 US$'000	Group 2013 US$'000
Singapore	264,370	121,757
South East Asia[2]	334,493	308,744
Americas	351,891	283,319
Other countries[3]	537,597	548,245
	1,488,351	1,262,065

Note:

(1) Revenue is based on the location of customers.

(2) South East Asia includes Thailand, Brunei, Malaysia, the Philippines, Indonesia and Vietnam and excludes Singapore.

(3) Other countries include Australia, China, India, Nigeria, South Korea, New Zealand, United Arab Emirates, Norway, the United Kingdom, Sweden, Netherlands, Italy, Oman, France, Germany, Ivory Coast, Ghana and Congo.

Information on major customers

Revenue from six (2013: three) major customers amounting to US$127,274,000 (2013: US$135,656,000) arose from sales by the Offshore Support Division.

Revenue from three (2013: three) major customers amounting to US$102,842,000 (2013: US$134,902,000) arose from sales by the Marine Services Division.

Revenue from five (2013: four) major customers amounting to US$487,299,000 (2013: US$383,875,000) 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 2014 US$'000	Group 2013 US$'000
Singapore	1,217,901	1,084,390
South East Asia[4]	201,199	142,868
Other countries[5]	416,734	360,909
	1,835,834	1,588,167

(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 2014

45. DIVIDENDS

On 17 October 2012, the Company has distributed dividend in species of approximately 33.0% of the total number of shares in its subsidiary, Triyards Holdings Limited amounting to US$12,531,000.

A final cash dividend amounting to US$3,814,000 or S$0.005 per ordinary shares, tax exempt has been paid for the financial year ended 31 August 2013.

46. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) *Share placement*

On 29 September 2014, a subsidiary of the Company, Triyards Holdings Limited ("Triyards") issued and allotted 29,500,000 new ordinary shares in the capital ("the Placement Shares") pursuant to a private placement at an issue price of S$0.70 for each Placement Share to raise gross proceeds of S$20.65 million.

Subsequent to the share placement by Triyards, the Company's interest in Triyards was diluted from 67.0% to 60.9%.

(b) *Acquisition of 100% equity interest in Strategic Marine (S) Pte. Ltd. and Strategic Marine (V) Company Limited.*

On 14 October 2014, subsidiaries of Triyards, Triyards Strategic Investments Pte Ltd and Triyards Strategic Vietnam Pte Ltd entered into separate equity purchase agreements with Henderson Marine Base Pty Ltd to purchase the entire issued share capital of Strategic Marine (S) Pte. Ltd. ("SMS") and the entire charter capital of Strategic Marine (V) Company Limited. ("SMV") for an aggregate consideration of Australian Dollar $23.3 million. The acquisition was completed on 15 October 2014.

The provisional fair values of the identifiable assets and liabilities of SMS and SMV as at the date of acquisition were not disclosed as the initial accounting for the acquisition is incomplete at the date of the financial statements are authorised for issue.

(c) *Business Combination*

On 10 July 2014, the Company has entered into a business combination agreement with Emas Offshore Limited ("EOL") (formerly known as EOC Limited) (the "Business Combination Agreement") in connection with the proposed sale of the following subsidiary, joint venture and associated companies held by the Group (collectively, the "OSS Companies"):

(i) Aries Warrior AS;
(ii) Aries Warrior DIS;
(iii) Bayu Emas Maritime Sdn Bhd;
(iv) Bayu Intan Offshore Sdn Bhd;
(v) Emas Offshore (Labuan) Bhd;
(vi) Emas Offshore (M) Sdn Bhd;
(vii) Emas Offshore (Thailand) Ltd;
(viii) Emas Offshore Pte. Ltd.;
(ix) Emas Offshore Services (Australia) Pty Ltd;
(x) Emas Offshore Services (B) Sdn Bhd;
(xi) Emas Offshore Services (M) Sdn Bhd;
(xii) Emas Offshore Services Nigeria Limited;
(xiii) Emas Offshore Services Pte. Ltd.;
(xiv) Genesis Offshore Sdn Bhd;

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2014

46. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(c) Business Combination (cont'd)

(xv) Lewek Altair Shipping Private Limited;
(xvi) Lewek Aries Pte. Ltd.;
(xvii) Lewek Crusader Shipping Pte. Ltd.;
(xviii) Lewek Ebony Shipping Pte. Ltd.;
(xix) Lewek Ivory Shipping Pte. Ltd.;
(xx) Lewek LB1 Shipping Pte. Ltd.;
(xxi) Lewek Robin Shipping Pte. Ltd.;
(xxii) Lewek Ruby Shipping Pte. Ltd.;
(xxiii) Lewek Shipping Pte. Ltd.;
(xxiv) Tunis Oil Pte. Ltd.;
(xxv) Lewek Antares Shipping Pte. Ltd.;
(xxvi) Intan Offshore Sdn Bhd and its subsidiaries; and
(xxvii) Emas Offshore Services (Philippines) Inc..

In exchange for the sale of the OSS Companies, EOL will make pay a consideration of US$520.0 million to the Company to be satisfied via the following:

(i) US$25.0 million, payable in cash;
(ii) US$370.0 million, satisfied by the allotment and issue of 280,133,252 new shares, based on the issue price of NOK 8.18 per share, by EOL to the Company; and
(iii) deferred cash payment of US$125.0 million ("Deferred Consideration") over a period of 3 years (the "Payment Period"), with interest payable at the rate of 3.5% per annum on the outstanding principal amount of the Deferred Consideration in the second and third years of the Payment Period.

The shareholders' approval for the Business Combination Agreement was obtained in a shareholders' Extraordinary General Meeting ("EGM") held on 19 August 2014 and on 3 October 2014, the Business Combination Agreement was completed together with EOL's secondary public offering ("secondary public offering") of 48,585,000 shares on the SGX-ST.

Upon completion of the Business Combination Agreement and EOL's secondary public offering, the Group's effective interest in EOL stepped up from 45.7% to 75.2% and equity accounting of EOL and its subsidiaries ("EOL Group") as an associated company will cease on the date of completion. EOL Group will be consolidated as subsidiaries of the Group upon cessation of equity accounting.

The provisional fair values of the identifiable assets and liabilities of EOL Group as at the date of acquisition were not disclosed as the initial accounting for the acquisition is incomplete at the date of the financial statements are authorised for issue.

47. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 August 2014 were authorised for issue in accordance with a resolution of the directors on 14 November 2014.

STATISTICS OF SHAREHOLDINGS

AS AT 14 NOVEMBER 2014

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	736	5.06	145,800	0.01
1,000 - 10,000	8,785	60.42	47,724,316	4.90
10,001 - 1,000,000	4,981	34.26	185,929,577	19.08
1,000,001 AND ABOVE	38	0.26	740,656,515	76.01
TOTAL	14,540	100.00	974,456,208	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	142,339,100	14.61
2	DBS NOMINEES (PRIVATE) LIMITED	120,878,225	12.40
3	HSBC (SINGAPORE) NOMINEES PTE LTD	94,088,754	9.66
4	AKER GLOBAL EMPLOYMENT LIMITED	72,477,214	7.44
5	RHB BANK NOMINEES PTE LTD	41,650,000	4.27
6	UOB KAY HIAN PRIVATE LIMITED	37,181,806	3.82
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	28,314,933	2.91
8	DB NOMINEES (SINGAPORE) PTE LTD	27,465,286	2.82
9	DBSN SERVICES PTE. LTD.	25,397,849	2.61
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	24,128,066	2.48
11	RAFFLES NOMINEES (PTE) LIMITED	20,650,501	2.12
12	OCBC SECURITIES PRIVATE LIMITED	15,258,917	1.57
13	ABN AMRO NOMINEES SINGAPORE PTE LTD	11,799,464	1.21
14	KENYON PTE LTD	10,495,000	1.08
15	OVERSEA-CHINESE BANK NOMINEES PRIVATE LIMITED	10,000,000	1.03
16	PHILLIP SECURITIES PTE LTD	6,207,405	0.64
17	BANK OF SINGAPORE NOMINEES PTE. LTD.	6,060,400	0.62
18	LEE CHYE TEK LIONEL	4,846,000	0.50
19	CHUA CHENG ANN	4,350,000	0.45
20	CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,710,359	0.38
	TOTAL	707,299,279	72.62

SUBSTANTIAL SHAREHOLDERS

AS AT 14 NOVEMBER 2014

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Lee Chye Tek Lionel[1]	184,790,384[2]	18.96	36,465,920[3]	3.74
Aker Global Employment Limited	72,477,214[4]	7.44	–	–
Mondrian Investment Partners Limited	–	–	74,134,320	7.61
FMR LLC and FIL Ltd	–	–	53,028,560	5.44

(1) Mr Lee Chye Tek Lionel is deemed to be interested in the 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 (Private) Limited	15,000,000
HSBC (Singapore) Nominees Pte Ltd	3,000,000
DBS Nominees (Private) Limited	45,294,384
Citibank Nominees Singapore Pte Ltd	49,800,000
DB Nominees (Singapore) Pte Ltd	15,200,000
RHB Bank Nominees Pte Ltd	41,650,000
Oversea-Chinese Bank Nominees Pte Ltd	10,000,000

(3) The shares are being held under the name of the following nominees:

	No. of Shares
HSBC (Singapore) Nominees Pte Ltd	34,000,000
HL Bank Nominees (S) Pte Ltd	2,281,000

(4) Akastor AS, Kjell Inge Rokke, The Resource Group TRG AS, TRG Holding AS, Aker ASA, Kværner Holding AS Aker Solutions ASA are deemed to be interested in the 72,477,214 shares issued to Aker Global Employment Limited.

(5) The deemed interest of 53,028,560 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 14 November 2014, approximately 75.76% 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 Wednesday, 31 December 2014 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 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 106 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election:-

   (a) Mr. Koh Poh Tiong# **(Resolution 2)**
   (b) Mr. Lee Chye Tek Lionel **(Resolution 3)**
   (c) Mr. Soon Hong Teck* **(Resolution 4)**

   # *Mr. Koh Poh Tiong will, upon re-election as Director of the Company, remain as Chairman of the Board and a member of the Audit Committee, Remuneration Committee, Nominating Committee, Enterprise Risk Committee, and Executive Committee.*

   * *Mr. Soon Hong Teck will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee, Nominating Committee, and Enterprise Risk Committee and will be considered independent.*

3. To approve the payment of Directors' fees of up to US$697,400 for the financial year ending 31 August 2015, to be paid quarterly in arrears. **(Resolution 5)**

4. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "Companies Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be hereby authorised and empowered to:

   (a) (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

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 7)**

By Order of the Board

Yeo Keng Nien
Company Secretary

Singapore, 12 December 2014

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 6 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 pro rata 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.

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 forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

This page has been left intentionally blank

PROXY FORM

(Please see notes overleaf before completing this Form)

EZRA HOLDINGS LIMITED
CO. REG. NO. 199901411N
(Incorporated In The Republic of Singapore with limited liability)

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 Wednesday, 31 December 2014 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 2014		
2	Re-election of Mr. Koh Poh Tiong as a Director of the Company		
3	Re-election of Mr. Lee Chye Tek Lionel as a Director of the Company		
4	Re-election of Mr. Soon Hong Teck as a Director of the Company		
5	Approval of Directors' fees for the financial year ending 31 August 2015		
6	Re-appointment of Ernst & Young LLP as Auditors of the Company		
7	Authority to allot and issue new Shares		

Dated this _____ day of _____ 2014

_____
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 nominates 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 (48) hours before the time appointed 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.

[redacted]

HELMING THE FUTURE

EZRA

Co. Registration No. 199901411N
15 Hoe Chiang Road, #28-01 Tower Fifteen, Singapore 089316
Telephone: +65 6349 8535, Facsimile: +65 6345 0139, Email: ir@ezraholdings.com

WWW.EMAS.COM

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 regnskapsstandarder 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.skattetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skattetaten.no		22 17 08 60

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	14.08.2012	24.08.2012
Telefon	**Deres referanse**	**Vår referanse**
22078139	Frødrik 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
Postboks 9200 Grønland
0134 Oslo

Besøksadresse
Se www.skatteetaten.no
Org. nr: 996250318

Sentralbord
800 80 000
Telefaks
22 17 08 60

For elektronisk henvendelse se www.skatteetaten.no

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