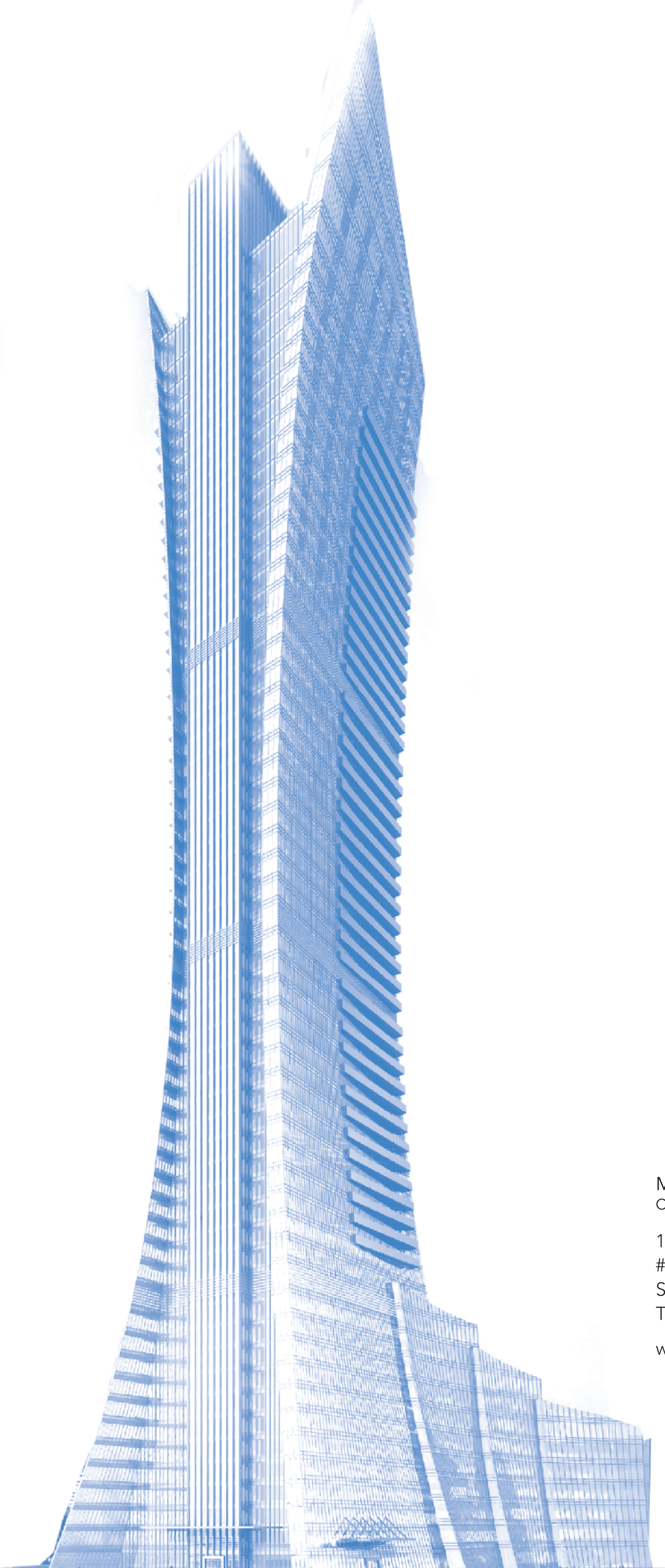

MANHATTAN RESOURCES LIMITED
Co. Reg. No. 199006289K

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Singapore 059413
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www.manhattan.sg

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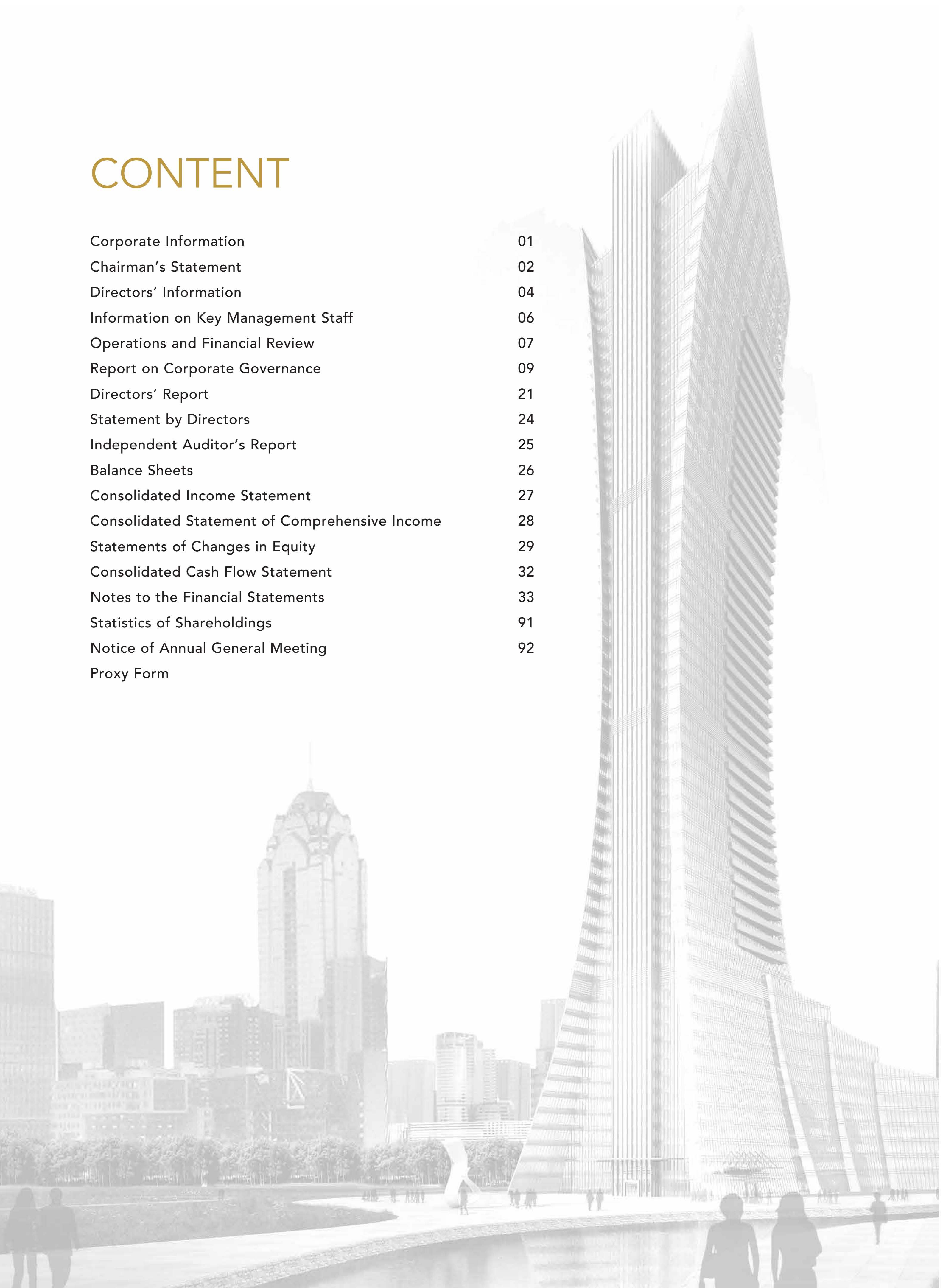
MANHATTAN RESOURCES LIMITED

ANNUAL REPORT 2013



CONTENT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Low Yi Ngo, CEO and Managing Director

Choo Hsun Yang, Executive Director/
Chief Financial Officer
(Re-designated from Independent Director to Executive Director on 23 May 2013, Appointed as Chief Financial Officer on 1 July 2013)

Non-Executive:

Liow Keng Teck (Independent, Chairman)
(Appointed on 16 May 2013)

Hirochika Shinohara (Independent)

Oliver Khaw Kar Heng
(Appointed on 11 March 2013)

Audit Committee

Liow Keng Teck

Oliver Khaw Kar Heng
(Appointed on 16 May 2013)

Nominating Committee

Hirochika Shinohara, Chairman
(Appointed on 16 May 2013)

Choo Hsun Yang

Remuneration Committee

Hirochika Shinohara, Chairman
(Appointed on 16 May 2013)

Liow Keng Teck

Oliver Khaw Kar Heng
(Appointed on 16 May 2013)

Risk Management Committee

Low Yi Ngo

Liow Keng Teck

COMPANY SECRETARIES

Lian Kim Seng

Madelyn Kwang Yeit Lam

REGISTERED OFFICE

133 New Bridge Road
#18-09 Chinatown Point
Singapore 059413

SHARE REGISTRAR

B.A.C.S PRIVATE LIMITED
63 Cantonment Road
Singapore 089758
Telephone No.: (65) 6593 4848
Fax No.: (65) 6593 4847

AUDITORS

Ernst & Young LLP,
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner-in-charge: Michael Sim
(since the financial year ended 31 December 2009)

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

It is my pleasure to present to you our annual report for the financial year ended 31 December 2013.

I am pleased to report that the Group has achieved a 11% revenue increase to S$23.7 million and recorded a net profit attributable to the equity holders of the Company of S$2.5 million in 2013. This has been achieved through improvements in our operational efficiency amidst a very challenging environment.

During the year, we focused on developing our barging revenue base. Revenue from the shipping segment, which accounted for more than 90% of Group's revenue, increased by 11% to S$23.6 million. This improvement was driven by improved fleet utilisation and better control over fuel distribution and consumption.

Cash and bank deposits remain healthy at S$78.4 million as at 31 December 2013. The financial position of the Group was further strengthened with an increase in its net asset value by S$33.0 million.

Our property development in Ningbo, China, through our subsidiary Manhattan Resources (Ningbo) Property Limited ("MRN"), continued to progress well, with the equity transfer and claims by the Chinese partners being settled in FY2013. We have commemorated the ground breaking ceremony in November 2013 and the building design for this mixed commercial development is currently under way.

Outlook

Instability in coal prices has contributed to the volatilities in the coal supply/demand situation for our customers, potentially affecting the Group's barging activities in 2014. Nevertheless, the Group shall remain focused in optimising operational efficiency and cost effectiveness amidst these difficult operating and economic environment.

CHAIRMAN'S STATEMENT

Notwithstanding the uncertain industry outlook, the Group continues to actively pursue growth opportunities and enhance business scope through organic growth and strategic acquisitions so as to achieve long term sustainable growth. The Group is currently in preliminary discussions with certain parties on potential business opportunities, involving strategic investments in the mining, energy and healthcare sectors. However, the Company wishes to emphasize that such discussions are only preliminary and nothing definitive has been reached at this juncture. The Company will make relevant announcements when any of these opportunities crystalises.

Board Renewal

The difficult and challenging operating environment encountered during the year has also taken its toll on our Board membership.

Amongst the Board changes during the year, we wish to record the departure of Independent Director, Mr Chew Eng Soo in March 2014, and the imminent departure of Mr Hirochika Shinohara, whose tenure is due for renewal at this forthcoming AGM, but has gracefully declined re-nomination.

The Board has reluctantly accepted their departures, and is currently actively evaluating suitable replacements to fill the vacated positions.

Closing Notes

On behalf of the Board, I would like to express my gratitude to Mr Chew and Mr Shinohara for their valuable service given while in office, and wish them well in their future endeavour.

Finally, I would like to express the Group's gratitude to all our business partners, our employees, and not least our loyal shareholders.

We look forward to receiving your continued support through the coming years to enable us to achieve our ultimate vision to deliver sustainable value for all stakeholders.

Liow Keng Teck
Chairman

31 March 2014

DIRECTORS' INFORMATION

LIOW KENG TECK

Independent Director and Board Chairman, and Audit, Risk Management and Remuneration Committees' Member

Mr Liow is a registered professional engineer. He graduated with an Honours degree in Mechanical Engineering from the University of Singapore. Mr Liow has extensive experience in the power utilities sector, where he had been the Managing Director of Development Resources Pte Ltd, a subsidiary of Singapore Power, providing engineering consultancy and project management for power plant and infrastructure projects in the region. Mr Liow had been a consultant/advisor to a major power generating company. Mr Liow provides advisory services in the engineering business and is a member of the Singapore Institute of Directors. Mr Liow is a former director of Jaya Holdings Limited, in which he retired in FY2012.

LOW YI NGO

Chief Executive Officer and Managing Director, Risk Management Committee's Member

As Chief Executive Officer and Managing Director of the Group, Mr Low is responsible for the overall business strategy, operations and day-to-day management of the affairs of the Group.

Mr Low obtained a Bachelor's degree in Mechanical and Production Engineering from Nanyang Technological University in 2004. He started off with Bayan Resources in 2004, as Project Coordinator for the construction of Kalimantan Floating Transfer Station ("KFT-1"). Mr Low is also the Marketing Director of PT Bayan Resources Tbk, a company related to the controlling shareholder of the Company, with primary responsibility for the marketing of Bayan Resources' coal, and a non-executive director of Kangaroo Resources Limited, a coal mining company listed on the Australian Stock Exchange.

CHOO HSUN YANG

Executive Director, Nominating Committee's Member and Chief Financial Officer

Mr Choo graduated with a Bachelor of Business (Financial Analysis) from Nanyang Technological University in 1994 and he has spent 15 years in the investment management industry, with various prominent financial firms.

OLIVER KHAW KAR HENG

Non-Executive Non-Independent Director, Audit and Remuneration Committees' Member

Mr Khaw is the Head of Legal/Senior Foreign Counsel of PT Bayan Resources Tbk (a company related to the controlling shareholder of the Company) since 2008. In the past 10 years, Mr Khaw has worked as Group Legal Counsel for LKT Industrial Berhad and was a Partner at Lee, Oliver & Gan, a law firm in Kuala Lumpur, Malaysia.

Mr Khaw graduated with a Master's Degree in Business Administration in 2005 from University of Western Sydney, Australia and a Bachelor of Laws in 1996 from Anglia Ruskin University, United Kingdom. He was admitted for practice as Barrister-at-Law in the UK in 1997 and as an Advocate & Solicitor in Malaysia in 1998.

DIRECTORS' INFORMATION

HIROCHIKA SHINOHARA

Independent Director,
Chairman of Remuneration and Nominating Committees

Mr Shinohara is the Director of PT Guzzilla International and PT Daisho Precision since July 2013. He was the President Director of PT. Bangun Prima Semesta and PT. Cendikia Global Solusi, which are subsidiaries of PT. Voksel Electric Tbk, from September 2011 to July 2013. He graduated from The University of Tokyo with an Economics Degree and joined Sumitomo Corporation of Japan and had been in charge of Sumitomo's heavy equipment business in Indonesia from 1999 to August 2011 with experience in diverse fields ranging from sales, marketing, operational and financial management.

CHEW ENG SOO

Independent Director
(Resigned on 25 March 2014)

Mr Chew has worked in senior Finance and Business Management positions in multinational corporations, such as ICI, Zeneca Specialties and Basf. In the last five years, Mr Chew was Senior Vice President, Basf Polyurethanes Asia Pacific based in Hong Kong and Senior Vice President, Basf Paper Chemicals Asia Pacific based in Singapore before his retirement in 2012. He was a Board Director for a number of Basf companies, such as Basf Thailand Co Ltd, Shanghai Basf Polyurethanes Co Ltd, Basf Paper Chemicals Jiangsu Co Ltd and Shanghai GaoQiao Basf Dispersions Co Ltd. Mr Chew graduated with a Bachelor of Economics (Accounting major) in 1975 and a Post Graduate diploma in Accounting in 1976 from the University of Malaya, Kuala Lumpur.

INFORMATION ON KEY MANAGEMENT STAFF

CHANG SZIE HOU

Project Director

Mr Chang joined the Company in August 2009 as Director-Projects responsible for the Group's project development. Prior to joining, Mr Chang was with Manhattan Kalimantan Investment Pte Ltd in Indonesia from August 2006 to July 2009 in the capacity of Technical Advisor, responsible for the oil and gas exploration work and the development of the Tarakan Offshore Block.

Mr Chang is a registered professional engineer and is a life member of the Institution of Engineer in Singapore. He graduated with a Fellowship Diploma in Civil Engineering from Royal Melbourne Institution of Technology in 1968. Mr Chang spent almost his entire career in the construction sector and has been actively involved in project management and foundation engineering in Singapore, Malaysia, Indonesia, Thailand, China and Vietnam.

LIM KOK SHIANG, SEAN

General Manager of MR Logistics Group

Since 1995, Mr Lim gained experience in auditing and accounting with a number of companies in various industries. In May 2004, Mr Lim joined ASL Shipyard Pte Ltd as Senior Accountant and was transferred to ASL Energy Pte Ltd (now a wholly owned subsidiary of the Company and known as MR Logistics Pte. Ltd.) in January 2005. Since 2012, Mr Lim also oversees the operational matters, in addition to the financial matters of the coal transportation activities. Mr Lim holds a Bachelor of Business (Accounting) degree from Charles Sturt University of Australia and is a Certified Public Accountant with CPA Australia.

TAN SOON YUN

Financial Controller

Ms Tan joined the Company in May 2012. She assists CFO in Group's financial matters and oversees the Group's finance teams. Ms Tan was formerly an Assurance Manager of an international firm of chartered accountants. Ms Tan obtained her Bachelor of Business Administration degree from National University of Singapore and is a chartered accountant with Institute of Singapore Chartered Accountants and member of ACCA.

XIA YA HUI

Senior Project Manager

Ms Xia carries out project as well as communications work for the Group. Ms Xia joined the Group in May 2011 as Project Research Officer. Prior to that, she worked in a commodities trading house as a Commercial and Project Manager. She has also worked in the Investor Relations industry. Ms Xia graduated from Nanyang Technological University, Singapore with a Bachelor of Engineering Degree (Electrical and Electronics Engineering) in 2000.

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OPERATIONS AND FINANCIAL REVIEW

The Group recorded a net profit attributable to equity holders of the Company of S$2.5 million on a revenue of S$23.7 million in FY2013, against a net loss attributable to the equity shareholders of S$10.7 million on a revenue of S$21.4 million in FY2012.

Revenue increased 11% from the shipping segment due to higher coal carrying activities. The increase in profits during the year was also due to the increase in other income, and reduction in other expenses and legal and professional fees.

A comparative breakdown of the contribution to the Group's results is as follows:

	FY2013 S$'000	FY2012 S$'000
MR Logistics Pte. Ltd. ("MR Log") (Shipping)	**787**	(587)
Manhattan Resources (Ningbo) Property Limited ("MRN") (Property development)	**(790)**	227
Tat Hong Energy Pte. Ltd. ("THE") (Equipment leasing)	**(112)**	(19)
Corporate and Others*	**2,658**	(9,547)
	2,543	(9,926)
Discontinued operation – Eco Building Products, Inc. ("EcoB") (Building Products)		
EcoB's net loss attributable to equity holders of the Company	**–**	(730)
Profit/(loss) net of tax attributable to equity holders of the Company	**2,543**	(10,656)

**The Corporate and Others segment includes Group-level corporate services, treasury functions, investment in properties and mining overburden removal services.*

OPERATIONS AND FINANCIAL REVIEW

MR LOG (SHIPPING)

During the year, the Group entered into long term operating lease agreements for charter hire of vessels to fulfill its other contractual obligations.

The coal transportation revenue improved by S$2.4 million, to S$23.6 million in FY2013 compared to S$21.2 million in FY2012. The revenue growth attained was attributable to the increase in volume of coal transported.

The net profit of S$0.8 million in FY2013 contributed by the shipping segment was the result of management's continuous efforts in optimising operational efficiency and cost effectiveness. Cost of fuel consumption has improved due to better control over the distribution of fuel. In addition, the Group has also streamlined its Maintenance Division leading to significant improvements over the year in upkeep and maintenance cost.

MRN (PROPERTY DEVELOPMENT)

In the current financial year, the Group acquired the right to use and develop the two additional pieces of land measuring a total area of 3,914 square metres and this is adjacent to the first piece of land purchased in 2011. The tenure of the land use right is 40 years commencing from August 2011.

In FY2013, MRN registered a net loss of S$0.8 million in the Group's results, mainly due to the foreign exchange loss of S$1.5 million.

THE (EQUIPMENT LEASING)

With the cessation of THE's operations in 2009 and majority of its equipment being disposed of, the Group's share of losses in THE was mainly due to foreign exchange loss and statutory expenses.

CORPORATE AND OTHERS

Corporate and others reported a net profit of S$2.6 million. This was mainly due to the fair value gain on investment properties held for sale, write back of allowance for impairment of loan to EcoB and trade and other receivables upon recovery, the reduction in legal and professional fee and the absence of impairment on investment in EcoB.

ECOB (DISCONTINUED OPERATION)

Following the Board's decision to divest the investment in EcoB in the second quarter of 2012, the Company has ceased accounting for EcoB's results since 1 April 2012.

FINANCIAL POSITION

As at 31 December 2013, the Group's total assets of S$179.3 million were S$32.7 million higher than in FY2012. The increase in total assets was mainly attributed by the increase in cash balances, property under development and trade and other receivables.

Group net cash of S$78.4 million at 31 December 2013 was S$6.0 million higher or 8.3% higher than the previous financial year end. The increase in cash was attributable to the proceeds from capital contribution to MRN by non-controlling interests of S$25.2 million and receipts from Redwood during the year. These were partially offset by the capital expenditure, prepayment for main contractor and for property management services of our development in Ningbo of S$11.5 million, the progress payment for the new tugs/barges and working capital.

Trade and other receivables increased due to the consideration to be received for the sale of barges pursuant to the MR Logistics Ship Sale and Purchase Agreement.

The Group's total liabilities of S$23.7 million as at 31 December 2013 were S$0.3 million lower than in FY2012. Trade and other payables decreased by S$0.3 million mainly due to more prompt settlement of payables.

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

INTRODUCTION

Manhattan Resources Limited ("Company") recognises the importance of good governance in establishing and maintaining an operating environment which serves the interests of all stakeholders. The Company is committed to achieving a high standard of corporate governance to ensure transparency and maximisation of long-term shareholders' value. The Company and its subsidiaries (collectively, the "Group") has complied with the principles and guidelines set out in the Code of Corporate Governance 2012 where practicable.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1

The board of directors ("Board") oversees the business affairs of the Group. Each director is expected to act in good faith and objectively take decisions in the interests of the Company and the Group. The principal functions of the Board include the approval of appointment of directors and succession planning process; the setting of strategic plans; the approval of material investments, divestments and funding for the Company and the Group; overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance; being responsible for corporate governance practices; dealing with matters such as conflict of interest issues relating to substantial shareholders or directors or interested person transactions or those transactions or matters which require Board's approval under the provisions of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") or any applicable regulations as well as reviewing the performance of management and the financial performance of the Company and the Group. The Company and the Group have in place internal guidelines for financial authorisation and approval limits relating to capital and operating expenditure and specified transactions.

To facilitate effective management, certain functions had been delegated to four board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"). Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets regularly and is provided with relevant updates and information. Where necessary, Board meetings are convened to deliberate on substantive matters. In addition, directors often make themselves available and accessible to management for discussion and consultation. The Board and Board committees may also make decisions by way of circulating resolutions.

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

The number of Board and the Board Committees meetings held during the financial year ended 31 December 2013 and the attendances of the directors of these meetings are set out below:

	Number of meetings attended in 2013				
	Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee	Risk Management Committee
Meetings held in 2013	**7**	**6**	**4**	**2**	**5**
Name of Director					
Michael Sumarijanto Soegijono[(1)]	2	NA	NA	NA	NA
Low Yi Ngo	**6**	**NA**	**NA**	**NA**	**2**
Chang Szie Hou[(1)]	2	NA	NA	NA	NA
Lee Kwong Foo Edward[(1)]	**1**	**NA**	**1**	**1**	**NA**
Liow Keng Teck[(2)]	7	6	4	NA	5
Choo Hsun Yang[(3)]	**7**	**3**	**3**	**2**	**3**
Hirochika Shinohara[(4)]	4	NA	3	2	NA
Chew Eng Soo[(5)]	**7**	**6**	**NA**	**–**	**5**
Oliver Khaw Kar Heng[(6)]	6	3	1	NA	NA

(1) Retired as Director on 29 April 2013.
(2) Appointed as Chairman of the Board with effect from 16 May 2013.
(3) Re-designated as an executive director with effect from 23 May 2013, resigned as member of AC, RC and RMC on 16 May 2013.
(4) Appointed as Chairman of NC and RC with effect from 16 May 2013.
(5) Appointed as Chairman of AC and member of NC with effect from 16 May 2013.
(6) Appointed as member of AC and RC with effect from 16 May 2013.
NA Not applicable

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

Board Composition and Guidance
Principle 2

As at the date of this report, the Company has six directors, namely:

Name of Director	Board	Board Committee	Date of appointment	Date of last re-election
Low Yi Ngo	Executive Director, CEO and Managing Director	Member of RMC	28 November 2011 (Appointed as Non-Executive Director on 10 September 2006)	29 April 2013
Liow Keng Teck	**Independent Chairman**	**Member of AC, RC and RMC**	**10 September 2006**	**29 April 2013**
Choo Hsun Yang	Executive Director/ Chief Financial Officer	Member of NC	23 May 2013 (Appointed as Independent Director on 26 July 2011 and as Chief Financial Officer on 1 July 2013)	30 April 2012
Hirochika Shinohara	**Independent Director**	**Chairman of RC and NC**	**27 February 2012**	**30 April 2012**
Chew Eng Soo	Independent Director	Chairman of AC and RMC and Member of NC	1 July 2012	29 April 2013
Oliver Khaw Kar Heng	**Non-Executive and Non-Independent Director**	**Member of AC and RC**	**11 March 2013**	**29 April 2013**

Note: The details of directors' shareholding in the Company and its related corporations are disclosed in the "Directors' Report" section of this annual report.

Mr Oliver Khaw Kar Heng is the Head of Legal/Senior Foreign Counsel of PT Bayan Resources Tbk. Although PT Bayan Resources Tbk is related to the controlling shareholder of the Company, Dato' Dr. Low Tuck Kwong, Mr Oliver Khaw Kar Heng is not by definition 'directly associated' to the controlling shareholder as he is not under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the controlling shareholder. Therefore, he may be considered independent. However, in the interest of good corporate governance, the NC has adopted the view that Mr Oliver Khaw is not to be considered independent. Mr Low Yi Ngo, the Chief Executive Officer and Managing Director of the Company, is the son of the controlling shareholder. The three independent directors on the Board are Mr Liow Keng Teck, Mr Hirochika Shinohara and Mr Chew Eng Soo.

None of the directors have served the Company for a period exceeding nine years.

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

The Board comprises members who have extensive experience in banking, accounting, financial services, engineering and legal sectors. The composition of the Board is well-balanced. The profiles of the directors are set out on pages 4 to 5 of this Annual Report.

With half of the Board comprising independent directors, the Board is able to exercise objective judgment in the interest of the Company and the Group. No individual or group of individuals dominates the Board's decision-making process.

The views and opinions of the non-executive directors provide alternative perspectives to the Group's business and they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

Chairman and Chief Executive Officer
Principle 3

There is a clear division of responsibilities and roles between the Chairman, who is independent, and the Chief Executive Officer. This ensures an appropriate balance of power and views as well as accountability.

The Chairman chairs Board meetings and ensures that the directors receive accurate, timely and clear information, guides the Board on its discussion of substantive issues and ensures adequate time is available for such discussion. The Chairman also leads the Board to ensure its effectiveness, including the facilitation of effective contribution by non-executive directors, promotes a culture of openness and debate at the Board, ensures effective communication with shareholders, and encourages constructive relations within the Board and between the Board and management. The Chairman also promotes high standards of corporate governance.

The Chief Executive Officer is responsible for the execution of the Company's and the Group's strategies and the day-to-day operations of the Company and the overall performance of the Group.

The Chairman and the Chief Executive Officer are not related to each other.

Board Membership
Principle 4

The members of the NC as at the date of this report are as follows:

Hirochika Shinohara	Chairman
Choo Hsun Yang	Member
Chew Eng Soo	Member

A majority of the NC members, including the Chairman, are independent and not related to any substantial shareholders of the Company.

Under its terms of reference, the NC is responsible for reviewing the Board's composition and effectiveness and makes recommendations to the Board on all Board and Board Committee appointments. It is responsible for the nomination of directors for re-election and also reviews the independence of each director on an annual basis.

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

In recommending new directors, if any, the NC relies mainly on the contacts and network of the entire Board. However, the NC may engage the services of external recruitment companies, if necessary. In nominating new directors, consideration is given to the integrity, skills and experience of the candidates and the overall composition of the Board.

All newly appointed directors are briefed on the business activities and strategic directions of the Company and the Group. Visits are arranged for non-executive directors to acquaint themselves with the Group's major overseas operations. All directors are provided with a Directors' Handbook, which includes coverage of directors' duties and responsibilities and the related requirements under the Singapore Companies Act, Chapter 50 (the "Act"), SGX-ST's Listing Manual and the Code of Corporate Governance 2012. On an ongoing basis, the Company updates the directors regarding developments in new laws and regulations or changes in regulatory requirements and financial reporting standards or corporate governance practices or news articles which are relevant to or may affect the businesses of the Company and the Group. In addition, the Company encourages the directors to be members of the Singapore Institute of Directors ("SID"), and for them to receive journal updates and training from SID, as well as to attend relevant courses and seminars, so that they can stay abreast and be apprised of developments in the financial, legal and regulatory requirements and the business environment.

The NC will formalise the process for the selection and appointment of directors. The NC will also consider the appropriateness of letters of appointment issued to directors, which set out their duties, obligations and terms of appointment.

In the process for selection, appointment and re-appointment of directors, the NC will also consider factors such as composition and progressive renewal of the Board and each director's competencies, commitment and performance.

The Board has prescribed that each Board member should not hold more than six board representations in public listed companies.

Pursuant to the Company's Articles of Association, a director appointed during the financial year may hold office until the next annual general meeting ("AGM") following their appointment and will be eligible for re-election. In addition, directors of or over 70 years of age are required to be appointed every year at the AGM pursuant to Section 153 of the Act before they can continue to act as a director. All directors are required to submit themselves for nomination and re-election at least once every 3 years.

Board Performance
Principle 5

The Group's main activities include the provision of coal transportation services in Indonesia, principally for a company which is related to the controlling shareholder. The Company is also constantly seeking for business expansion opportunities, such as its property development initiative in China.

The Board believes its performance would be judged based on the Group's ability to manage the operations of the coal transportation activities in an efficient manner and to seek new investment opportunities to enhance shareholders' value. Discussions on the progress are made at formal Board meetings. Regular discussions are also held between management and directors who offer their views and guidance on the matters.

The Board, based on the recommendation of the NC, recognises the need for regular reviews and evaluations of the effectiveness of the Board as a whole and the effectiveness of individual directors.

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

During the financial year, all directors are requested to complete a Board Evaluation Questionnaire which are collated and presented to the NC for review before submitting to the Board to determine actions required to improve the effectiveness of the Board and Committees of the Board as a whole.

In evaluating the contribution and performance of the Board, its Board Committees and directors, the NC takes into consideration a number of factors including attendance, preparedness and participation in decision-making.

Access to Information
Principle 6

Management, including the executive directors, keeps the Board apprised of the Group's operations and performance through updates and reports as well as through informal discussions. Prior to the meetings of the Board or Board Committees, directors are provided, where appropriate, with management information to enable them to be prepared for the meetings. On an ongoing basis, all Board members have full and free access to management, Company Secretaries and any information the Board requires. If required, the Board has access to independent professional advice to assist them fulfill their responsibilities and duties.

At Board meetings, the Group's actual results are compared with budgets, and material variances are then explained. The strategies and forecast for the following months are discussed and approved as appropriate. The Board is also provided with updates on the relevant new legislation, regulations and changing commercial risks in the Company's and the Group's operating environment through regular meetings.

REMUNERATION MATTERS

Procedures for Developing of Remuneration Policies
Principle 7

Level and Mix of Remuneration
Principle 8

The members of the RC as at the date of this report are as follows:

Hirochika Shinohara	Chairman
Liow Keng Teck	Member
Oliver Khaw Kar Heng	Member

A majority of the RC members, including the Chairman, are independent.

The role of the RC is to review and make recommendations to the Board on the remuneration package of each executive director and key management personnel. The RC also recommends the level of fees for directors and Board Committee members which are subject to the approval of shareholders. No director is involved in the deliberation of his own remuneration or fee level. Where necessary, independent professional advice on the framework for remuneration packages may be sought by the RC.

In recommending the remuneration packages of the executive directors and key management personnel, the RC is largely guided by the financial performance of the Company and the Group. It believes that the remuneration level should be competitive and sufficient to attract, retain and motivate the executive directors. In the prior financial year, the remuneration packages of the executive directors comprised a fixed base salary and 13th-month annual wage

REPORT ON CORPORATE GOVERNANCE
AS AT 24 MARCH 2014

supplement. No performance-related or incentive bonus was paid to the executive directors. The Chief Executive Officer and Managing Director and Executive Director have entered into employment agreements with the Company.

The Group had introduced long-term incentive schemes. At an Extraordinary General Meeting held on 16 September 2008, where shareholders had approved the adoption of two long-term incentive schemes, namely the Manhattan Resources Share Option Scheme ("Option Scheme") and Manhattan Resources Performance Share Scheme ("Share Scheme").

The Option Scheme is a plan for eligible employees, executive directors and non-executive directors. However, the Share Scheme is a plan only for executives who are eligible and executive directors.

The RC has been given the responsibility to administer both the Option Scheme and Share Scheme.

In future, the Company's remuneration policy may be amended to take into account the overall performance of the Company, the meeting of key targets, shareholders' value enhancement and individual performance.

Disclosure of Remuneration
Principle 9

Taking note of the highly competitive industry conditions and pressure in talent market and the sensitivity and confidentiality of remuneration matters, the Board decided not to disclose the remuneration of each individual director and key executive officers (who are not directors) of the Group, including names of the top five key executives.

The remuneration of the directors and the top five executives (who are not directors), is set out below:

(a) The table below shows a breakdown (in percentage terms) of the average remuneration of directors, which fall within broad bands, for the financial year ended 31 December 2013:

Directors of the Company	Salary %	Bonus %	Allowance %	Director's fee %
Below S$250,000:				
Low Yi Ngo	80.7	4.5	14.8	–
Choo Hsun Yang	90.7	–	–	9.3
Chang Szie Hou *(Retired on 29 April 2013)*	100.0	–	–	–
Michael Sumarijanto Soegijono *(Retired on 29 April 2013)*	–	–	–	100
Lee Kwong Foo, Edward *(Retired on 29 April 2013)*	–	–	–	100
Liow Keng Teck	–	–	–	100
Hirochika Shinohara	–	–	–	100
Chew Eng Soo	–	–	–	100
Oliver Khaw Kar Heng	–	–	–	100

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

(b) The remuneration paid to the top five key executives (who are not directors) for the financial year ended 31 December 2013 is as follows:

Remuneration Band	Number
$250,000	5

There is no immediate family member (as defined in the Listing Manual of SGX-ST) of a director or the Chief Executive Officer in the employ of the Company whose annual remuneration exceeds S$150,000 during the financial year ended 31 December 2013.

To date, there is no termination, retirement and post-employment benefits granted to directors, the CEO and the key management personnel.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

There are comprehensive management reporting disciplines and structured financial approval authorities to govern the implementation of agreed Company's and Group's policies and Board's decisions, and the day-to-day management of the Group's operating units.

For effective monitoring of the Group's business and affairs, management and financial information are provided to the Board for review at the quarterly Board meetings. This information includes disclosure documents, quarterly results, forecasts for profit and cash flow, working capital and funding levels, compared to approved budgets and the corresponding prior financial periods' results, where applicable. In addition, the Company adopts a policy which welcomes directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from management.

Risk Management and Internal Controls

Principle 11

The Group continues to reinforce its internal control which address financial, operational and compliance risks designed to provide reasonable assurance with regard to the keeping of proper accounting records, integrity and reliability of its financial information and safeguarding the Group's assets. The management has further strengthened its human resources to support the internal control review initiatives and to implement revised policies and procedures.

The AC annually evaluates the findings of the internal auditor on the internal controls. In addition, it also evaluates the observations and recommendations by the external auditor on any material internal control weaknesses which have come to its attention in the course of its statutory audit. On an ad-hoc basis as warranted by particular circumstances, the AC may commission professional independent reviews of the operations of the Company and its subsidiaries and evaluates the results of such professional independent reviews. The evaluation assists the Board in developing policies that enhances the controls and operating systems of the Company and the Group.

The Board, with the assistance from the RMC and AC, is responsible to review the appropriateness of framework and policies for managing risks, setting the risk appetite of the Company and the Group, reviewing key risks identified at business unit levels and their related risk treatment plans.

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

The members of the RMC as at the date of this report are as follows:

Chew Eng Soo	Chairman
Liow Keng Teck	Member
Low Yi Ngo	Member

Management has implemented a formalized risk management framework, under the guidance of RMC, for the identification, treatment, monitoring and reporting of risks. A risk self-assessment exercise was conducted at business unit level and a risk register with risk treatment plans was identified. Arising from these risk management activities, the Company and the Group have adopted a set of more stream-lined and comprehensive guidelines for approval limits and delegation of authorities, investment approval and documentation requirements, as well as project status reporting. The RMC and the Board are not aware of any matter which suggests that key risks are not being satisfactorily managed.

The Group's financial risk management objectives and policies are discussed further in Note 29 to the financial statements.

The Board has obtained a written confirmation from the CEO and CFO that:

(a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2013 give a true and fair view of the Group's operations and finances, and

(b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment.

Based on the internal controls established and maintained by the Company and the Group, the work performed by the internal and statutory audits by the external auditors, and reviews performed by management, Board Committees and the Board, it is the opinion of the Board, AC and RMC that the internal controls put in place, which addressed the financial, operational and compliance risks, are generally adequate in meeting the current scopes of the Company's and the Group's operations in the prevailing business environment in all material aspects. However, the Board acknowledges that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

The Board will continually review and improve the internal controls and risk management systems of the Company and the Group on an on-going basis.

Audit Committee
Principle 12

The members of the AC as at the date of this report are as follows:

Chew Eng Soo	Chairman
Liow Keng Teck	Member
Oliver Khaw Kar Heng	Member

A majority of the AC members, including the Chairman, are independent. Mr Chew Eng Soo has the requisite operational and practical financial management expertise and experience to chair the AC. Both Mr Liow Keng Teck and Mr Oliver Khaw Kar Heng have the requisite expertise or experience to discharge their responsibility as members of the AC.

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

The duties of the AC include:

(a) reviewing the audit plans of the internal and external auditors of the Company and reviewing the internal auditor's evaluation of the adequacy of the Company's and Group's system of internal accounting controls and the assistance given by the Company's and Group's management to the internal and external auditors;

(b) reviewing the quarterly and full year financial statements before their announcements;

(c) reviewing the annual financial statements and the external auditor's report on the annual financial statements of the Company and the Group before their submission to the Board;

(d) reviewing the effectiveness of the Company's and Group's material internal controls, including financial, operational and compliance controls and risk management policies;

(e) meeting with the internal and external auditors, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(f) reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;

(g) reviewing the effectiveness of the internal audit function;

(h) reviewing the cost effectiveness, independence and objectivity of the external auditor and the nature and extent of non-audit services provided by the external auditor;

(i) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and the Group and any formal announcements relating to their financial performance;

(j) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor and reviewing the scope and results of the audit;

(k) reporting actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and

(l) reviewing interested person transactions in accordance with the requirements of SGX-ST's Listing Manual.

The AC has the power to conduct investigations in accordance with the AC's written terms of reference and has full access to and co-operation from management as well as direct access to the Company's external auditor. In discharging its duties, the AC may seek independent advice at the expense of the Company.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards which have impact on the Group's consolidated financial statements.

The AC met with both the internal and external auditors without the presence of management and reviewed the overall scope of the internal and external audits and assistance given by management to both the internal and external auditors. During the financial year ended 31 December 2013, an amount of S$117,000 and S$22,000 was paid/payable to the Company's external auditor for audit fee and tax compliance and advisory services for the financial year ended 31 December 2013. In the opinion of the AC, the nature and extent of these non-audit services did not prejudice the independence and objectivity of the Company's external auditor.

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

The AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as auditor at the forthcoming AGM of the Company.

In appointing the auditing firms for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

The AC has adopted a whistle-blowing policy to encourage and to provide a channel for stakeholders to report and to raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting and other matters. An email address has been created to receive any whistle-blowing concerns and stakeholders are invited to write to ACchairman@manhattan.sg.

Internal Audit
Principle 13

The primary objectives of the internal audit function are to assess if adequate systems of internal controls are in place to safeguard shareholders' investments and the Group's assets and to ensure that such control procedures are continuously complied with. The internal auditor reports to the AC. During the financial year ended 31 December 2013, the outsourced internal audit function has carried out internal audit in accordance with the internal audit plan approved by the AC. The AC has reviewed and discussed the findings from internal audit with the internal auditor.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights
Principle 14

Communication with Shareholders
Principle 15

Conduct of Shareholder Meetings
Principle 16

The Board is mindful of its obligation to provide timely and relevant information to shareholders.

Timely disclosure of material information is carried out in accordance with the requirements of the Listing Manual of the SGX-ST. The Company's results and annual reports are released on the SGXNET. A copy of the Company's Annual Report and Notice of AGM are also sent to every shareholder.

Shareholders are encouraged to attend and participate at the Company's AGMs to ensure a high level of accountability. The AGM is the principal forum for dialogue with shareholders. The Board welcomes the views of shareholders on matters affecting the Company. The minutes of AGMs are available to shareholders upon request.

As far as possible, resolutions on each distinct issue are tabled separately at general meetings. Where resolutions are "bundled" as they are inter-dependent and linked so as to form one significant proposal, adequate explanations and material implications will be provided.

The chairpersons of Board Committees are present to address questions at general meetings. The external auditor is also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

The Group encourages shareholder participation at general meetings. A shareholder who is entitled to attend and vote may appoint not more than two proxies. Corporations which provide nominee or custodial services are allowed to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

REPORT ON CORPORATE GOVERNANCE

AS AT 24 MARCH 2014

Dealing in Securities

The Group has adopted a policy to govern conduct in the dealing of the securities of the Company for directors and officers, in accordance with the Listing Manual of SGX-ST. Under this policy, directors and officers are prohibited from dealing in the securities of the Company (i) on short-term considerations, (ii) during the period commencing one month before the announcement of the Company's full-year financial results and two weeks from the release of quarterly financial results ("blackout period"), and (iii) when they are in possession of unpublished price-sensitive information.

In addition, two weeks before the release of the Company's quarterly financial results for the first three quarters and one month before the release of the Company's full-year financial results, an email is sent to the Company's and Group's directors and employees reminding them of the blackout period; and prohibition to trade any time they are in possession of unpublished material price-sensitive information and on short-term considerations.

Interested Person Transactions ("IPTs")

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the SGX-ST are as follows:

Name of interested person	***Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)***	
	S$'000	
	2013	**2012**
Manhattan Investment Pte Ltd		
Lease of office premises	(171)	(154)
PT Muji Lines		
Coal transportation income and fuel oil costs reimbursement [1]	27,880	25,589
Coal transportation income	302	–

Pursuant to Rule 906 of the Listing Manual, the Company does not have interested person transactions that require shareholders' mandate.

[1] On 25 September 2009, shareholders of the Company had approved an agreement entered into by PT Aneka Samudera Lintas, a 100% owned subsidiary company, for the provision of coal carrying services to PT Muji Lines. The agreement shall expire in five years from 1 October 2009. During the financial year ended 31 December 2013, PT Aneka Samudera Lintas had charged a total fee and fuel oil costs reimbursement of S$27,880,000 under the agreement.

CONCLUSION

The Group recognises the importance of good corporate governance practices and will continue to review and improve its corporate governance practices on an ongoing basis.

DIRECTORS' REPORT

The directors present their report to the members together with the audited consolidated financial statements of Manhattan Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2013.

1. DIRECTORS

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

Liow Keng Teck
Low Yi Ngo
Chew Eng Soo
Choo Hsun Yang
Hirochika Shinohara
Oliver Khaw Kar Heng (Appointed on 11 March 2013)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

3. 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 and share options of the Company, as stated below:

	Direct interest		Deemed interest	
Name of directors	**At beginning of financial year or date of appointment**	**At end of financial year**	**At beginning of financial year or date of appointment**	**At end of financial year**
The Company				
Ordinary shares				
Liow Keng Teck	1,392,000	1,392,000	–	–
Low Yi Ngo	–	3,300,000	–	–
Options				
Liow Keng Teck	250,000	250,000	–	–

DIRECTORS' REPORT

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2014.

Except as disclosed in this report, no other director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, or at the end of the financial year, or on 21 January 2014.

4. DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit 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.

5. OPTION AND PERFORMANCE SHARE PLANS

At an Extraordinary General Meeting held on 16 September 2008, shareholders approved the adoption of two share based incentive plans, Manhattan Resources Share Option Scheme ("Option Scheme") and Manhattan Resources Performance Share Scheme ("Share Scheme"), for the grant of non-transferable options and the issuance of shares to eligible participants, respectively.

The Remuneration Committee has been given the responsibility to administer both the Option Scheme and Share Scheme.

On 24 February 2009, the Company granted 4,365,000 share options under the Option Scheme. These options expire on 23 February 2019 and are exercisable if a director or an employee remains in service for 1 year from the date of grant. No shares have been issued under the Share Scheme.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Option Scheme as at 31 December 2013 are as follows:

Expiry date	Exercise price ($)	Number of options
23 February 2019	0.48	275,000

DIRECTORS' REPORT

5. OPTION AND PERFORMANCE SHARE PLANS (CONT'D)

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Option Scheme are as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the plan to end of financial year	Aggregate options exercised since commencement of the plan to end of financial year	Aggregate options outstanding at end of financial year
Liow Keng Teck	–	250,000	–	250,000

These options are exercisable between the period from 24 February 2010 to 23 February 2019 at the exercise price of $0.48.

Since the commencement of the Option Scheme and Share Scheme till the end of the financial year:

- No options and shares have been granted to the controlling shareholders of the Company and their associates;
- No participant has received 5% or more of the total options available under the Option Scheme;
- No options and shares have been granted to directors and employees of the subsidiaries;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options and shares have been granted at a discount.

6. AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance set out in the Annual Report of the Company.

7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Low Yi Ngo
Director

Choo Hsun Yang
Director

24 March 2014

STATEMENT BY DIRECTORS

We, Low Yi Ngo and Choo Hsun Yang, being two of the directors of Manhattan Resources Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement 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 December 2013 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company 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,

Low Yi Ngo	Choo Hsun Yang
Director	Director

24 March 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANHATTAN RESOURCES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Manhattan Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 26 to 90, which comprise the balance sheets of the Group and the Company as at 31 December 2013, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement 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 financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, 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 financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 December 2013 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
24 March 2014

BALANCE SHEETS

AS AT 31 DECEMBER 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Property, plant and equipment	3	23,338	25,573	35	57
Investment properties	4	–	3,400	–	3,400
Property under development	5	35,183	22,259	–	–
Other receivables	9	14,302	–	–	–
Interests in subsidiaries	6	–	–	76,489	70,371
Interests in joint venture company	8	1,804	1,852	–	–
		74,627	53,084	76,524	73,828
Current assets					
Trade and other receivables	9	21,351	14,011	495	109
Prepayments	10	498	7,071	40	10
Due from subsidiaries (trade)	11	–	–	–	–
Due from subsidiaries (non-trade)	12	–	–	4,664	2,085
Derivatives	13	97	–	–	–
Cash and bank deposits	14	78,409	72,414	17,680	24,386
		100,355	93,496	22,879	26,590
Investment properties held for sale	15	4,350	–	4,350	–
		104,705	93,496	27,229	26,590
Current liabilities					
Trade and other payables	16	(22,814)	(23,078)	(529)	(1,628)
Advance from joint venture company	17	(750)	(750)	(750)	(750)
Income tax payable		(85)	(83)	–	–
		(23,649)	(23,911)	(1,279)	(2,378)
Net current assets		81,056	69,585	25,950	24,212
Deferred tax liabilities	23	(14)	(14)	(14)	(14)
Net assets		155,669	122,655	102,460	98,026
Equity					
Share capital	18	163,614	163,614	163,614	163,614
Accumulated losses		(51,903)	(54,583)	(61,228)	(65,799)
Capital reserves		14	–	–	–
Other reserve		(320)	(320)	–	–
Foreign currency translation reserve		(4,679)	(8,562)	–	–
Acquisition revaluation reserve		5,392	5,392	–	–
Employee share option reserve		74	211	74	211
Equity attributable to equity holders of the Company		112,192	105,752	102,460	98,026
Non-controlling interests		43,477	16,903	–	–
Total equity		155,669	122,655	102,460	98,026

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

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 $'000	Group 2012 $'000
Revenue	19	23,748	21,404
Other income	20	6,361	2,219
Employee benefits expenses	21	(4,407)	(4,555)
Depreciation of property, plant and equipment	3	(4,655)	(4,998)
Vessel operating expenses and other expenses	22	(19,063)	(23,676)
Share of results of joint venture company, net of tax	8	(112)	(19)
Profit/(loss) before tax from continuing operations		1,872	(9,625)
Income tax expense	23	(88)	(82)
Profit/(loss) from continuing operations, net of tax		1,784	(9,707)
Loss from discontinued operations, net of tax	7	–	(2,385)
Profit/(loss) for the financial year		1,784	(12,092)
Loss attributable to:			
Equity holders of the Company –			
Profit/(loss) from continuing operations, net of tax		2,543	(9,926)
Loss from discontinued operations, net of tax		–	(730)
		2,543	(10,656)
Non-controlling interests –			
(Loss)/profit from continuing operations, net of tax		(759)	219
Loss from discontinued operations, net of tax		–	(1,655)
		(759)	(1,436)
Profit/(loss) for the financial year		1,784	(12,092)
Earnings/(loss) per share (cents) from continuing operations attributable to equity holders of the Company	24(a)		
– Basic		0.50	(1.96)
– Diluted		0.50	(1.96)
Earnings/(loss) per share (cents) attributable to equity holders of the Company	24(b)		
– Basic		0.50	(2.10)
– Diluted		0.50	(2.10)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group	
	2013	**2012**
	$'000	**$'000**
Profit/(loss) net of tax	1,784	(12,092)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	6,066	(2,401)
Other comprehensive income for the financial year, net of tax	6,066	(2,401)
Total comprehensive income for the financial year	7,850	(14,493)
Total comprehensive income attributable to:		
Equity holders of the Company from:		
– Continuing operations	6,426	(12,449)
– Discontinued operations	–	(948)
	6,426	(13,397)
Non-controlling interests from:		
– Continuing operations	1,424	588
– Discontinued operations	–	(1,684)
	1,424	(1,096)
	7,850	(14,493)

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 DECEMBER 2013

Group	Share capital $'000	Accumulated (losses)/ profit $'000	Capital reserve (1) $'000	Other reserve $'000	Foreign currency translation reserve (2) $'000	Acquisition revaluation reserve (3) $'000	Employee share option reserve (4) $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
	Total attributable to equity holders of the Company									
At 1 January 2012	163,239	(44,753)	–	(320)	(5,656)	5,392	1,267	119,169	15,612	134,781
Loss net of tax	–	(10,656)	–	–	–	–	–	(10,656)	(1,436)	(12,092)
Other comprehensive income										
Foreign currency translation	–	–	–	–	(2,741)	–	–	(2,741)	340	(2,401)
Other comprehensive income for the financial year, net of tax	–	–	–	–	(2,741)	–	–	(2,741)	340	(2,401)
Total comprehensive income for the financial year	–	(10,656)	–	–	(2,741)	–	–	(13,397)	(1,096)	(14,493)
Contributions by and distributions to owners										
Shares issued upon exercise of share options	240	–	–	–	–	–	–	240	–	240
Transfer of share option reserve to share capital upon exercise of share options	135	–	–	–	–	–	(135)	–	–	–
Forfeiture of employee share options	–	826	–	–	–	–	(826)	–	–	–
Total contributions by and distributions to owners	375	826	–	–	–	–	(961)	240	–	240
Changes in ownership interests in subsidiaries										
Dilution of shareholding interest in investment (Note 7)	–	–	–	–	(165)	–	(95)	(260)	2,387	2,127
Total changes in ownership interests in subsidiaries	–	–	–	–	(165)	–	(95)	(260)	2,387	2,127
Total transactions with owners in their capacity as owners	375	826	–	–	(165)	–	(1,056)	(20)	2,387	2,367
At 31 December 2012	163,614	(54,583)	–	(320)	(8,562)	5,392	211	105,752	16,903	122,655

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 DECEMBER 2013

Group	Total attributable to equity holders of the Company									
	Share capital $'000	Accumulated (losses)/ profit $'000	Capital reserve [1] $'000	Other reserve $'000	Foreign currency translation reserve [2] $'000	Acquisition revaluation reserve [3] $'000	Employee share option reserve [4] $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
At 1 January 2013	163,614	(54,583)	–	(320)	(8,562)	5,392	211	105,752	16,903	122,655
Profit/(loss) net of tax	–	2,543	–	–	–	–	–	2,543	(759)	1,784
Other comprehensive income										
Foreign currency translation	–	–	–	–	3,883	–	–	3,883	2,183	6,066
Other comprehensive income for the financial year, net of tax	–	–	–	–	3,883	–	–	3,883	2,183	6,066
Total comprehensive income for the financial year	–	2,543	–	–	3,883	–	–	6,426	1,424	7,850
Contributions by and distributions to owners										
Forfeiture of employee share options	–	137	–	–	–	–	(137)	–	–	–
Total contributions by and distributions to owners	–	137	–	–	–	–	(137)	–	–	–
Changes in ownership interests in subsidiaries										
Capital contribution by non-controlling interest	–	–	14	–	–	–	–	14	25,150	25,164
Total changes in ownership interests in subsidiaries	–	–	14	–	–	–	–	14	25,150	25,164
Total transactions with owners in their capacity as owners	–	137	14	–	–	–	(137)	14	25,150	25,164
At 31 December 2013	163,614	(51,903)	14	(320)	(4,679)	5,392	74	112,192	43,477	155,669

(1) Capital reserve represents the capital contribution in excess of the registered capital.

(2) Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company's functional currency. It is also used to record the effect of hedging net investments in foreign operations.

(3) Acquisition revaluation reserve represents the fair value adjustments on acquisition of subsidiary relating to previously held interest.

(4) Employee share option reserve represents the equity-settled share options granted to directors and employees (Note 21). The reserve is made up of the cumulative value of services received from directors and employees recorded over the resulting period commencing from the grant dates of equity-settled share options, and is reduced by the expiry of exercise of the share options.

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 DECEMBER 2013

	Total attributable to equity holders of the Company			
Company	**Share capital $'000**	**Accumulated losses $'000**	**Employee share option reserve $'000**	**Total $'000**
At 1 January 2012	163,239	(55,429)	1,172	108,982
Loss net of tax	–	(11,196)	–	(11,196)
Contributions by and distributions to owners				
Shares issued upon exercise of share options	240	–	–	240
Transfer of share option reserve to share capital upon exercise of share options	135	–	(135)	–
Forfeiture of employee share options	–	826	(826)	–
Total transactions with owners in their capacity as owners	375	826	(961)	240
At 31 December 2012	163,614	(65,799)	211	98,026
At 1 January 2013	163,614	(65,799)	211	98,026
Profit net of tax	–	4,434	–	4,434
Contributions by and distributions to owners				
Forfeiture of employee share options	–	137	(137)	–
Total transactions with owners in their capacity as owners	–	137	(137)	–
At 31 December 2013	163,614	(61,228)	74	102,460

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		1,872	(9,625)
Loss before tax from discontinued operations		–	(2,385)
Profit/(loss) before tax		1,872	(12,010)
Adjustments:			
Depreciation of property, plant and equipment	3	4,655	5,070
Fair value gain on investment properties		(950)	–
Fair value gain on derivatives		(108)	–
Net loss/(gain) on disposal of property, plant and equipment		2	(481)
Unrealised foreign exchange differences		3,627	(1,418)
Interest income		(813)	(1,142)
Share of results of joint venture company		112	19
Impairment loss on investment	7	–	3,909
Operating cash flows before working capital changes		8,397	(6,053)
Decrease in inventories		–	607
(Increase)/decrease in trade and other receivables		(20,843)	5,059
Decrease/(increase) in prepayments		6,823	(7,023)
Decrease in payables and accruals		(327)	(1,604)
Increase in intangibles		–	(14)
Cash flows used in operations		(5,950)	(9,028)
Interest received		577	1,108
Net cash flows used in operating activities		(5,373)	(7,920)
Cash flows used in investing activities			
Purchase of property, plant and equipment	3	(1,572)	(4,029)
Additions to property under development	5	(11,460)	(365)
Effect of dilution of investment on cash flows	7	–	(204)
Proceeds from disposal of property, plant and equipment		4	520
Proceeds from maturity of forward currency contracts		15	–
Drawdown/(placement) of fixed deposits		8,666	(412)
Net cash flows used in investing activities		(4,347)	(4,490)
Cash flows from financing activities			
Shares issued upon exercise of share options		–	240
Proceeds from capital contribution by non-controlling interests		25,164	–
Net cash flows from financing activities		25,164	240
Net increase/(decrease) in cash and cash equivalents		15,444	(12,170)
Effect of exchange rate changes on cash and cash equivalents		(783)	1,803
Cash and cash equivalents at beginning of financial year		46,460	56,827
Cash and cash equivalents at end of financial year	14	61,121	46,460

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

1. CORPORATE INFORMATION

Manhattan Resources Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413.

The principal activities of the Company are those of investment holding and the provision of management services. The principal activities and principal place of business of the subsidiaries are as shown in Note 6 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the provisions of Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS").

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 Singapore dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

According to the transition provisions of FRS 113 *Fair Value Measurement*, FRS 113 has been applied prospectively by the Group on 1 January 2013.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards 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

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

<u>FRS 111 *Joint Arrangements and Revised* FRS 28 *Investments in Associates and Joint Ventures*</u>

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

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

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

The Group does not expect any impact on its financial statements as the Group currently applies equity accounting for its investment in a joint venture company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

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 in 2014.

2.4 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. 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 was 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) ***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Notes 9 and 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgments (cont'd)

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

(ii) ***Depreciation of property, plant and equipment – Vessels***

Vessels are depreciated on a straight-line basis over their estimated useful lives so as to write-down the cost to the estimated residual values at the end of their useful lives. These estimates regarding the useful lives (15 years) and residual values of the vessels are made by the Group based on past experience and industry trends. The useful lives and residual values are reviewed on an annual basis.

The carrying amount of the Group's vessels as at 31 December 2013 was approximately $22,814,000 (2012: $25,017,000).

(b) ***Judgments made in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) ***Operating lease commitments***

As lessor

The Group has entered into charter party agreements on its fleet of vessels and commercial property leases on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these vessels and investment properties and so accounts for the contracts as operating leases.

As lessee

The Group has entered into leases on its office premises and staff accommodation where substantially all risk and rewards incidental to ownership are retained by the lessor and so accounts for the contract as operating leases.

The Group has also entered into leasing arrangements on certain vessels. The Group has determined based on an evaluation of the terms and conditions of the lease arrangements that the lease term do not constitute a substantial portion of the economic life of the vessels, that the lease agreements do not contain a bargain purchase option and ownership is not transferred at the end of the lease term and hence accounts for these arrangements as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgments (cont'd)

(b) ***Judgments made in applying accounting policies (cont'd)***

(ii) ***Determination of functional currency***

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

2.5 Subsidiaries, basis of consolidation and business combinations

(a) ***Subsidiaries***

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(b) ***Basis of consolidation***

Basis of consolidation from 1 January 2010

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(b) *Basis of consolidation (cont'd)*

Basis of consolidation from 1 January 2010 (cont'd)

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 controls 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 January 2010

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

– Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

– Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(c) ***Business combinations***

Business combinations from 1 January 2010

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as 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 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 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. 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 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(c) ***Business combinations (cont'd)***

Business combinations prior to 1 January 2010

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

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

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

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

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

2.6 Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Joint venture companies

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in joint venture companies are stated in the Company's balance sheet at cost less any impairment losses. In the Group's financial statements, they are accounted for using the equity method of accounting. Under the equity method, the investments in joint venture companies are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture companies. Goodwill relating to a joint venture company 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 net fair value of a joint venture company's 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 results of the joint venture company in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the joint venture companies. Where there has been a change recognised in other comprehensive income by the joint venture companies, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint venture companies are eliminated to the extent of the interests in the joint venture companies.

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

When the Group's share of losses in a joint venture company equals or exceeds its interest in the joint venture company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture company.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its joint venture companies. The Group determines at the end of each reporting period whether there is any objective evidence that the investments in the joint venture companies is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the joint venture companies and their carrying values and recognises the amount in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Joint venture companies (cont'd)

The financial statements of the joint venture companies are prepared and audited at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

2.8 Foreign currency

The financial statements are presented in Singapore 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) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Foreign currency (cont'd)

(b) ***Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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.

2.9 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment, where applicable. The cost of an item of property, plant and equipment 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.

Expenditure for additions, improvements and renewals is capitalised. Expenditure for repair and maintenance, including overhaul and dry-docking for vessels, is charged to profit or loss unless such expenditure is separately identified and assessed by management to have increased the future economic benefits derived from the vessels.

The capitalised assets of overhaul and dry-docking are recorded as an additional cost of tug boats and barges and the costs are depreciated over the period up to the next scheduled overhaul and dry-docking. Any remaining carrying amount of the cost of the previous overhaul and dry-docking is derecognised and charged to current year's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Vessels	–	15 years
Leasehold improvements	–	shorter of 5 years or lease terms
Machinery and equipment	–	5 – 8 years
Furniture, fittings and office equipment	–	3 – 5 years
Motor vehicles	–	4 – 8 years
Computers	–	1 – 3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.10 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use.

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 an 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 of disposal 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 of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

Impairment losses of continuing operations are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

2.12 Financial assets

Financial assets are recognised 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.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

Other than loans and receivables and financial assets at fair value through profit or loss, the Group does not have other category of financial assets.

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.

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 separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (cont'd)

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 or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

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.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually 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 a 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 asset 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

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.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits, less fixed deposits pledged to secure banking facilities, and which are subject to an insignificant risk of changes in values.

Cash at bank and on hand and fixed deposits are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.12.

2.15 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties include:

– Freehold and leasehold rights for land;

– Amounts paid to contractors for construction; and

– Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Development properties (cont'd)

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.16 Financial liabilities

Financial liabilities are recognised 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 directly attributable transaction costs.

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

After initial recognition, financial liabilities 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.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 derecognition 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.

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, 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.

2.17 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 economic resources 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 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Employee benefits

(a) ***Defined contribution plans***

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 ("CPF") scheme 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 accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) ***Share option plans***

Directors and employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with directors and employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Employee benefits (cont'd)

(d) ***Termination benefits***

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

2.19 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 or 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) ***As lessee***

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. 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 to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Leases (cont'd)

(b) ***As lessor***

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(b). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Revenue

Revenue is recognised to the extent that 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) ***Service income***

Income is recognised as and when services are rendered.

(b) ***Rental income***

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) ***Sale of goods***

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(d) ***Interest income***

Interest income is recognised using the effective interest method.

(e) ***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 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 taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by 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 regulations are subject to interpretation and establishes provisions 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 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 the accounting profit nor taxable profit or loss; and

– In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

– Where the deferred tax asset relating to the deductible temporary difference 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 the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates 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 profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Taxes (cont'd)

(b) ***Deferred tax (cont'd)***

The carrying amount of deferred tax asset is reviewed at the end of each reporting period 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 the end of each reporting period 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 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 end of each reporting period.

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 income taxes relate to the same taxable entity and the same taxation authority.

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

(c) ***Sales tax***

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

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation 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 taxation authority is included as part of receivables or payables in the balance sheet.

2.22 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Contingencies

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 balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.24 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;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Related parties (cont'd)

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.25 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts 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 or disposal group 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. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss of the current reporting period, and of the comparative period of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Government grant

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Where the grant relates to compensation for expenditure, it is deferred and is set-off on a systematic basis over the periods in which the entity incurs the related costs.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels $'000	Leasehold improvements $'000	Machinery and equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Computers $'000	Total $'000
Cost							
At 1 January 2012	40,437	761	930	294	182	191	42,795
Additions	3,572	85	225	94	–	53	4,029
Disposal	(428)	–	–	(7)	–	–	(435)
Written off	–	–	–	(4)	–	–	(4)
Dilution of shareholding interest in investment (Note 7)	–	(323)	(1,121)	(107)	(84)	(109)	(1,744)
Reclassification	(12)	–	–	–	12	–	–
Exchange differences	(2,235)	(35)	(34)	(8)	(10)	(5)	(2,327)
At 31 December 2012 and 1 January 2013	41,334	488	–	262	100	130	42,314
Additions	1,285	4	57	76	141	9	1,572
Disposal	–	–	–	–	(10)	–	(10)
Written off	–	(17)	–	(110)	–	(46)	(173)
Exchange differences	1,476	31	1	7	1	1	1,517
At 31 December 2013	44,095	506	58	235	232	94	45,220
Accumulated depreciation							
At 1 January 2012	12,463	34	166	150	69	91	12,973
Depreciation charge for the financial year	4,831	110	36	52	23	18	5,070
Disposal	(394)	–	–	(2)	–	–	(396)
Written off	–	–	–	(1)	–	–	(1)
Dilution of shareholding interest in investment (Note 7)	–	(39)	(197)	(22)	(17)	(34)	(309)
Reclassification	(2)	–	–	–	2	–	–
Exchange differences	(581)	(3)	(5)	(2)	(4)	(1)	(596)
At 31 December 2012 and 1 January 2013	16,317	102	–	175	73	74	16,741
Depreciation charge for the financial year	4,326	237	1	46	19	26	4,655
Disposal	–	–	–	–	(4)	–	(4)
Written off	–	(17)	–	(110)	–	(46)	(173)
Exchange differences	638	14	–	4	7	–	663
At 31 December 2013	21,281	336	1	115	95	54	21,882
Net book value							
At 31 December 2013	22,814	170	57	120	137	40	23,338
At 31 December 2012	25,017	386	–	87	27	56	25,573

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold improvements $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Computers $'000	Total $'000
Cost					
At 1 January 2012	–	159	6	78	243
Additions	17	1	–	23	41
Disposals	–	(7)	–	–	(7)
At 31 December 2012 and 1 January 2013	17	153	6	101	277
Additions	–	1	–	9	10
Write off	(17)	(110)	–	(46)	(173)
At 31 December 2013	–	44	6	64	114
Accumulated depreciation					
At 1 January 2012	–	123	6	64	193
Depreciation charge for the financial year	8	10	–	11	29
Disposals	–	(2)	–	–	(2)
At 31 December 2012 and 1 January 2013	8	131	6	75	220
Depreciation charge for the financial year	9	8	–	15	32
Disposals	(17)	(110)	–	(46)	(173)
At 31 December 2013	–	29	6	44	79
Net book value					
At 31 December 2013	–	15	–	20	35
At 31 December 2012	9	22	–	26	57

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

4. INVESTMENT PROPERTIES

	Group and Company	
	2013	2012
	$'000	$'000
Balance sheet:		
At 1 January	3,400	3,400
Net gain on fair value adjustment of investment properties	950	–
Transferred to investment properties held for sale (Note 15)	(4,350)	–
At 31 December	–	3,400

	Group	
	2013	2012
	$'000	$'000
Income statement:		
Rental income from investment properties		
– Minimum lease payments	192	182
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	(56)	(51)

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

Investment properties are stated at fair value, which has been determined based on valuations performed by Knight Frank Pte Ltd, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The valuations are based on comparable sale method. In this method, a comparison is made with sales of similar properties in other comparable developments with adjustments made for differences in location, floor area, age, story level, unit sitting, date of sale and etc, before arriving at the value of the property.

As at 31 December 2013 and 2012, the freehold properties are pledged to a bank as security for the Company's banking facilities, which remain unutilised.

The investment properties held by the Group as at 31 December 2013 and 2012 are as follows:

Description and location	Existing use	Tenure
2 office units, Kembangan Plaza, Singapore	Offices	Freehold

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

5. PROPERTY UNDER DEVELOPMENT

	Group	
	2013	**2012**
	$'000	**$'000**
At 1 January	22,259	21,977
Additions during the year	11,460	1,338
Exchange differences	1,464	(1,056)
At 31 December	35,183	22,259

During the financial year, the amounts capitalised were as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Land use rights	5,788	–
Land use costs, taxes, dues	462	118
Development costs	5,210	1,220
	11,460	1,338

In 2011, the Group had acquired the right to use and develop a piece of land measuring 19,467 square metres, situated at South Commercial Park in Yingzhou District in Ningbo City, Zhejiang Province in China for the development of a mixed use property to be held for investment and/or for sale. The tenure of the land use term is 40 years commencing from August 2011.

In the current financial year, the Group acquired the right to use and develop the two additional pieces of land measuring a total area of 3,914 square metres and this is adjacent to the first piece mentioned above. The tenure of the land use term is 40 years commencing from August 2011.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

6. INTERESTS IN SUBSIDIARIES

	Company	
	2013	2012
	$'000	$'000
Shares:		
Unquoted equity shares, at cost	83,425	77,307
Less: Impairment loss	(6,936)	(6,936)
Investments in subsidiaries	76,489	70,371
Loans:		
At 1 January	16,339	16,318
Additional loan during the financial year	24	21
Less: Repayment from subsidiary	(1,996)	–
At 31 December	14,367	16,339
Allowance for impairment of loans:		
At 1 January	(16,339)	(16,318)
Write back due to repayment	1,996	–
Impairment allowance during the financial year	(24)	(21)
At 31 December	(14,367)	(16,339)
	76,489	70,371

The loans are unsecured, interest-free and have no fixed terms of repayment.

The Company has the following subsidiaries as at 31 December 2013:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest		Cost of investment by the Company	
			2013	2012	2013	2012
			%	%	$'000	$'000
SLM Holding Pte Ltd *	Investment holding	Singapore	100	100	2,195	2,195
DLM Marine Pte Ltd *	Dormant	Singapore	100	100	100	100
JLM Marine Pte Ltd (1)	Dormant	Singapore	100	100	100	100
MR Logistics Pte. Ltd. *	Investment holding	Singapore	100	100	33,879	33,879
Lian Beng Energy Pte. Ltd. *	Investment holding	Singapore	100	100	4,541	4,541
Manhattan Resources (Ningbo) Property Limited **	Property development	China	51	51	42,610	36,492
					83,425	77,307

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6. INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2013 %	2012 %
Held through MR Logistics Pte. Ltd.				
Kaltim Alpha Shipping Pte. Ltd. *	Dormant	Singapore	100	100
Kaltim Bravo Shipping Pte. Ltd. (1)	Dormant	Singapore	100	100
Epsilon Shipping Pte. Ltd. *	Dormant	Singapore	100	100
PT. Jaya Pesona Abadi	Investment holding	Indonesia	100	100
Held through PT. Jaya Pesona Abadi				
PT. Aneka Samudera Lintas ***	Shipping activities	Indonesia	100	100
Held through DLM Marine Pte Ltd				
PT. MR Resources	Dormant	Indonesia	100	100
PT. MR EMAS	Dormant	Indonesia	100	100
PT. MR Engineering	Dormant	Indonesia	100	100
Held through Lian Beng Energy Pte. Ltd.				
PT Lian Beng Energy ***	Overburden removal	Indonesia	100	100

* Audited by Ernst & Young LLP, Singapore.

** Audited by Ernst & Young LLP, Singapore for purposes of Group consolidation.

*** Audited by member firm of Ernst & Young Global.

(1) Subsequent to 31 December 2013, the Company submitted applications to Accounting and Corporate Regulatory Authority to strike-off the subsidiaries in the register pursuant to Section 344 of the Singapore Companies Act, Cap. 50.

Manhattan Resources (Ningbo) Property Limited ("MRN")

The Company contributed its share of the remaining capital of approximately US$5,000,000 (approximately $6,118,000) in the financial year ended 31 December 2013. As at 31 December 2013, the Company had contributed share capital of $42,610,000 (2012: $36,492,000) representing 51% (2012: 68.7%) of the paid up capital of MRN. The Group consolidated the results of MRN based on an equity interest of 51% as at 31 December 2013 and 31 December 2012, in accordance with the intended equity interest stipulated in the agreement.

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7. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In the second quarter of 2012, the Board decided to divest the investment in Eco Building Products Inc. ("EcoB"). Accordingly, the Company ceased accounting for EcoB's results, and reclassified the investment as held for sale and carried in the balance sheet at the lower of the carrying amount and fair value less cost to sell of $3,909,000.

Management had performed an impairment review and based on the assessment of EcoB's historical and current performance, and the estimated value and probability of future cash flows, an impairment loss of $3,909,000 was recognised in respect of the Group's investment in EcoB for the financial year ended 31 December 2012. The impairment loss was recognised in profit or loss under "Other expenses". Similarly, an impairment loss of $6,146,000 was recognised in respect of the Company's investment in EcoB in the previous financial year.

As disclosed in Note 13(b), the Company had surrendered its remaining common shares and warrants subsequent to financial year ended 31 December 2013.

Balance sheet disclosures

The major classes of assets and liabilities of EcoB classified as held for sale and the related reserves as at 31 March 2012 are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Assets:		
Property, plant and equipment	–	1,435
Intangibles	–	14
Inventories	–	1,273
Trade and other receivables	–	1,222
Prepayments	–	44
Cash	–	204
	–	4,192
Liabilities:		
Payables and accruals	–	(2,410)
Reserves:		
Foreign currency translation reserve	–	(165)
Employee share option reserve	–	(95)
Non-controlling interests	–	2,387
	–	2,127

NOTES TO THE FINANCIAL STATEMENTS

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7. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

Income statement disclosures

	Group	
	2013 $'000	2012 $'000
Revenue	–	1,381
Cost of sales	–	(1,106)
Employee benefits expenses	–	(885)
Depreciation of property, plant and equipment	–	(72)
Other expenses	–	(1,679)
Finance costs	–	(24)
Loss before tax from discontinued operation	–	(2,385)
Taxation	–	–
Loss from discontinued operation, net of tax	–	(2,385)

Cash flow statement disclosures

	Group	
	2013 $'000	2012 $'000
Operating	–	(491)
Investing	–	287
Net outflow on dilution	–	(204)

Loss per share disclosures

Loss per share from discontinued operation attributable to equity holders of the Company (cents per share)

	Group	
	2013 $'000	2012 $'000
Basic	–	(0.14)
Diluted	–	(0.14)

The basic and diluted loss per share from discontinued operation in the previous financial year were calculated by dividing the loss from discontinued operation, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These loss and shares data are presented in the tables in Note 24.

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8. INTERESTS IN JOINT VENTURE COMPANY

The Group has 50% (2012: 50%) equity interest in a jointly-controlled entity, Tat Hong Energy Pte. Ltd. ("THE")#. This joint venture company is incorporated in Singapore and its principal activities are those relating to the supply of heavy machinery and equipment and investment holding.

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Share of post-acquisition reserves and impairment loss:				
At 1 January	1,852	1,991	–	–
Share of post acquisition results (net of tax)	(112)	(19)	–	–
Share of foreign currency translation reserve	64	(120)	–	–
At 31 December	1,804	1,852	–	–
Carrying amount of investment	1,804	1,852	–	–

\# Audited by KPMG LLP, Singapore.

Summarised financial information

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses adjusted for the proportion of the Group's interests in the joint venture company as at 31 December 2013 and 2012 are as follows:

	Group	
	2013	2012
	$'000	$'000
Assets and liabilities:		
Current assets and total assets	1,810	1,859
Current liabilities and total liabilities	(6)	(7)
Results:		
Expenses	(112)	(19)
Net loss	(112)	(19)

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables:				
Third parties	4,368	5,858	52	53
Related party	12,793	10,299	–	–
	17,161	16,157	52	53
Less: Allowance for impairment	(5,009)	(5,874)	(34)	(34)
	12,152	10,283	18	19
Other receivables (current)				
GST receivable	13	14	13	14
Deposits	3,699	3,503	31	57
Due from related parties	6	3	6	–
Other receivables	5,101	31	427	19
Interest receivable:				
Banks	380	177	–	–
	21,351	14,011	495	109
Other receivables (non-current)				
Other receivables	14,302	–	–	–
Total trade and other receivables	35,653	14,011	495	109

(i) Trade receivables are non-interest bearing, except for overdue trade receivables from a related party, which is interest bearing at SIBOR + 4% per annum. Trade receivables are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(ii) Amounts due from related parties are unsecured, repayable upon demand and are to be settled in cash.

(iii) In 2012, the Group entered into a ship sale and purchase agreement with a shipbuilder for the purchase of vessels. The Group subsequently sold the vessels to a third party buyer in 2013. The Group will retain an unpaid seller's lien on the vessels until the consideration has been fully paid.

Included in the current and non-current other receivables is the outstanding consideration arising from the sale of the vessels, which is to be paid in equal monthly instalments over a period of 120 months. Any outstanding consideration bears interest at 1 month SIBOR + 3.4% per annum.

(iv) Included in deposits is an amount of $3,659,000 (2012:$3,434,000) placed with local government authorities in Ningbo for the development of a mixed used property. These deposits are refundable to the Group based on milestones achieved.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(v) On 31 May 2013 and 7 January 2014, the Company entered into a Debt Assumption and Equity Cancellation Agreement (the "Agreement") and Second Amendment to the Agreement (the "Second Amendment"), respectively with Redwood Management, LLC ("Redwood") and EcoB. Subject to the terms and conditions of the Agreement and Second Amendment, the Company will sell, assign and transfer to Redwood, all of its liabilities, obligations and commitments with respect to the loan and all interest payable for a consideration of US$3,350,000. The Company wrote back allowance for impairment of loans to EcoB amounting to US$2,912,500 (approximately $3,668,000) upon receipt from Redwood of instalment payments due. The receivable from Redwood is classified as other receivables as at 31 December 2013.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $8,516,000 (2012: $6,759,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Lesser than 3 months	3,197	3,627
3 to 6 months	3,944	2,202
6 to 12 months	180	–
Above 12 months	1,195	930
	8,516	6,759

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired		Company Individually impaired	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade receivables – nominal amounts	5,013	6,086	38	38
Less: Allowance for impairment	(5,009)	(5,874)	(34)	(34)
	4	212	4	4

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are impaired (cont'd)

Movement in trade receivables allowance accounts:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 1 January	(5,874)	(5,919)	(34)	(15)
Charge for the financial year	(5)	(279)	–	(19)
Write back of allowance	423	–	–	–
Exchange differences	447	324	–	–
At 31 December	(5,009)	(5,874)	(34)	(34)

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

10. PREPAYMENTS

Prepayments mainly relate to progress payment for the acquisition of vessels in 2012, which were subsequently sold to a third party in current year (Note 9 (iii)).

11. DUE FROM SUBSIDIARIES (TRADE)

Amounts due from subsidiaries (trade) are stated after deducting allowance for doubtful debts of $125,000 (2012: $547,000) and writing off amount due from subsidiary of $422,000 (2012: Nil).

These amounts are interest-free and are generally on normal trade terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

12. DUE FROM SUBSIDIARIES (NON-TRADE)

	Company	
	2013 $'000	2012 $'000
Amounts due from subsidiaries	7,838	5,773
Less: Allowance for impairment	(3,174)	(3,688)
	4,664	2,085

Amounts due from subsidiaries (non-trade) are interest-free, unsecured, to be settled in cash and repayable on demand.

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12. DUE FROM SUBSIDIARIES (NON-TRADE) (CONT'D)

Movement in allowance accounts:

	Company	
	2013	2012
	$'000	$'000
At 1 January	(3,688)	(3,667)
Charge for the financial year	(88)	(21)
Write back of allowance	78	–
Written off	524	–
At 31 December	(3,174)	(3,688)

13. DERIVATIVES

		Group		Company	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Forward currency contracts	(a)	97	–	–	–
Derivative asset	(b)	–	–	7,804	7,804
Less: Impairment loss		–	–	(7,804)	(7,804)
		97	–	–	–

(a) The notional amount of the forward currency contracts to convert SGD into USD outstanding as at 31 December 2013 amounted to SGD13,000,000 (2012: nil). The forward currency contracts matured on 17 February 2014.

(b) In consideration of the loan facility extended to EcoB in financial year 2011, pursuant to the Credit and Warrant Agreement, EcoB issued warrants to the Company for the Company to acquire 50 million new shares in EcoB at US$0.10 per warrant share, exercisable within 5 years from 25 July 2011.

Based on an assessment of the recoverable amount of the warrants having regard to, among other factors, EcoB's historical and current financial performance, future profit forecasts and the estimated value and probability of future cash flows, the Company recorded an impairment loss of $7,804,000 against the derivative assets in the previous financial years.

Subsequent to the financial year ended 31 December 2013 and pursuant to the Debt Assumption and Equity Cancellation Agreement, the Company had surrendered its remaining 40,500,000 common shares of EcoB ("Common Shares") and all its warrants to purchase the common shares upon receipt of the balance of the final payment of the aggregate consideration Note 9 (v).

NOTES TO THE FINANCIAL STATEMENTS

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14. CASH AND BANK DEPOSITS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and on hand	22,452	38,182	17,642	24,348
Short-term deposits	38,669	8,278	–	–
Fixed deposits	17,288	25,954	38	38
Cash and bank deposits	78,409	72,414	17,680	24,386

As at 31 December 2013, included in fixed deposit is an amount of $38,000 (2012: $38,000) pledged to a bank for the Group's and the Company's banking facilities.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between three and twelve months while short term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective fixed deposit rates. The effective interest rates for the financial year ended 31 December 2013 for the Group and the Company ranged from 0.17% to 1.31% (2012: 0.18% to 3.10%) per annum and 0.17% (2012: 0.18%) per annum, respectively.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting periods:

	Group	
	2013	**2012**
	$'000	**$'000**
Cash at banks and on hand	22,452	38,182
Short-term deposits	38,669	8,278
Cash and cash equivalents	61,121	46,460

15. INVESTMENT PROPERTIES HELD FOR SALE

A resolution was passed in fourth quarter of 2013 whereby the board of directors had approved the proposed sale of both office units. Both office units were subsequently reclassified as investment properties held for sale as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

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16. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade payables	(5,951)	(7,181)	(178)	(212)
Accrued expenses	(2,514)	(4,122)	(318)	(1,382)
Rental deposits	(32)	(32)	(32)	(32)
Other payables	(14,317)	(11,743)	(1)	(2)
	(22,814)	(23,078)	(529)	(1,628)

Trade and other payables are non-interest bearing. Trade payables are normally settled on an average term of 30 (2012: 30) days, while other payables have an average term of 6 (2012: 6) months.

Included in other payables are government grants received in advance amounting to $8,893,000 (2012: $8,347,000) for the construction of infrastructure in connection with the land use rights acquired by MRN in financial year 2011. These payments may be applied to offset the construction costs of the relevant infrastructure, subject to the applicable development regulations and conditions.

17. ADVANCE FROM JOINT VENTURE COMPANY

The amount is interest-free, unsecured, to be settled in cash and repayable on demand.

18. SHARE CAPITAL

	Group and Company			
	2013		2012	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid ordinary shares				
At 1 January	506,490,975	163,614	505,990,975	163,239
Exercise of employee share options (Note 21)	–	–	500,000	240
Transfer of share option reserve to share capital upon exercise of share options	–	–	–	135
At 31 December	506,490,975	163,614	506,490,975	163,614

The holders of ordinary 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.

During the financial year ended 31 December 2012, the Company issued 500,000 new ordinary shares at $0.48 each pursuant to an exercise of share options.

NOTES TO THE FINANCIAL STATEMENTS

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19. REVENUE

	Group	
	2013 $'000	2012 $'000
Coal transportation income	23,556	21,222
Rental income	192	182
	23,748	21,404

20. OTHER INCOME

	Group	
	2013 $'000	2012 $'000
Interest income from loans and receivables – fixed deposits	813	1,142
Net gain on disposal of property, plant and equipment	–	481
Write back of allowance for impairment of trade and other receivables	423	446
Write back of allowance for impairment of loan to EcoB, upon recovery	3,668	–
Fair value gain on derivatives	108	–
Fair value adjustment of investment properties	950	–
Miscellaneous income	399	150
	6,361	2,219

21. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION)

	Group	
	2013 $'000	2012 $'000
Salaries and bonuses	(3,291)	(3,616)
CPF contributions	(141)	(132)
Others	(975)	(807)
	(4,407)	(4,555)

Directors' and executive officers' remuneration are disclosed in Note 25(a).

Share option plans (Manhattan Resources Share Option Scheme) ("Option Scheme")

Under the Option Scheme, non-transferable options are granted to eligible participants. The exercise price of the options may be determined at the absolute discretion of the committee comprising directors duly authorised and appointed by the Board to administer the Option Scheme. Options with subscription prices which are equal to the average of the last-dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited ("Market Price"), may be exercised at any time after one year from the date of grant. Subscription prices which represent a discount to the Market Price, may be exercised at any time after two years from the date of grant. The contractual life of the options is 10 years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

There has been no cancellation or modification to the Option Scheme during both 2013 and 2012.

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21. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION) (CONT'D)

Movement of share options during the financial year

The following table shows the number and exercise price, and movements in, share options during the financial year:

	Group and Company			
	2013		**2012**	
	No. of options	**Exercise price ($)**	**No. of options**	**Exercise price ($)**
Outstanding at 1 January	780,000	0.48	4,340,000	0.48
Exercised	–	0.48	(500,000)	0.48
Forfeited	(505,000)	–	(3,060,000)	–
Outstanding at 31 December	275,000	0.48	780,000	0.48
Exercisable at 31 December	275,000	0.48	780,000	0.48
Expiry date	23 February 2019		23 February 2019	

Fair value of share options granted

The fair value of the share options granted under the Option Scheme was estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model for the financial year ended 31 December 2009:

	Option Scheme
Dividend yield	–
Expected volatility	87.5%
Risk-free interest rate (% p.a.)	2.09%
Life of option	10 years
Weighted average share price	$0.33

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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22. VESSELS OPERATING EXPENSES AND OTHER EXPENSES

	Group	
	2013	2012
	$'000	$'000
Vessels operating expenses:		
Fuel	(6,870)	(6,619)
Upkeep and maintenance	(3,184)	(3,855)
Agent fees and port handling charges	(2,028)	(1,015)
Certificate, licence and other compliance expenses	(1,704)	(894)
Other vessel expenses	(1,568)	(1,447)
	(15,354)	(13,830)
Other expenses included the following:		
Impairment loss of trade and other receivables	(5)	(390)
Impairment on investment in EcoB	–	(3,909)
Office and other rental expenses	(427)	(436)
Legal and professional fees	(949)	(2,804)
Included in legal and professional fees are the following:		
– Audit fees:		
Auditors of the Company	(117)	(149)
Other auditors	(5)	–
– Non-audit fees:		
Auditors of the Company	(22)	(19)
Foreign exchange loss	(1,117)	(283)

23. INCOME TAX

Major components of income tax expense

Major components of income tax expense for the financial years ended 31 December 2013 and 2012 are:

	Group	
	2013	2012
	$'000	$'000
Income statement:		
Current income tax – continuing operations:		
Current income taxation	(53)	(16)
Underprovision in respect of prior financial years	(35)	(66)
Income tax attributable to continuing operations recognised in profit or loss	(88)	(82)

NOTES TO THE FINANCIAL STATEMENTS

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23. INCOME TAX (CONT'D)

Relationship between tax expense and accounting profit

The reconciliation of the tax and the product of loss before tax multiplied by the applicable tax rate is as follows:

	Group	
	2013 $'000	2012 $'000
Profit/(loss) before tax from continuing operations	1,872	(9,625)
Loss before tax from discontinued operations	–	(2,385)
Accounting profit/(loss) before tax	1,872	(12,010)
Tax (expense)/benefit at domestic rates applicable to profit/(loss) in the countries where the Group operates	(88)	1,784
Adjustments:		
Income not subject to taxation	1,874	297
Non-deductible expenses	(1,811)	(2,110)
Utilisation of previously unrecognised deferred tax assets	–	10
Underprovision in respect of prior financial years	(35)	(66)
Share of results of joint venture company	(19)	3
Deferred tax assets not recognised	(9)	–
Income tax expense recognised in profit or loss	(88)	(82)

The corporate income tax rate applicable to Singapore companies of the Group was 17% for the year of assessment ("YA") 2014 and YA2013. The corporate income tax rate applicable to Indonesian companies of the Group was 25% for YA2014 and YA2013, except for a subsidiary's vessel charter income which is subjected to a final tax at a rate of 1.20% in YA2014 and YA2013 under the Taxation Laws of Indonesia.

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

Deferred tax

Deferred income tax as at 31 December 2013 and 2012 relate to the following:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax liability:				
Differences in depreciation	(14)	(14)	(14)	(14)

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23. INCOME TAX (CONT'D)

Deferred tax assets not recognised as at 31 December 2013 and 2012 relate to the following:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets:				
Unabsorbed tax losses	6,052	6,043	709	700

Unabsorbed tax losses

As at 31 December 2013, the Group and the Company have unabsorbed tax losses of approximately $26,933,000 (2012: $26,881,000) and $4,172,000 (2012: $4,120,000), respectively, that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

The unabsorbed tax losses brought forward are restated to comply with the tax returns filed in the current financial year with the Comptroller of Income Tax.

24. EARNINGS PER SHARE

(a) ***Continuing operations***

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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24. EARNINGS PER SHARE (CONT'D)

(a) ***Continuing operations (cont'd)***

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2013	**2012**
	$'000	**$'000**
Profit/(loss) for the financial year attributable to equity holders of the Company	2,543	(10,656)
Add back: Loss from discontinued operations, net of tax, attributable to equity holders of the Company	–	730
Profit/(loss) from continuing operations, net of tax, attributable to equity holders of the Company used in the computation of basic earnings per share from continuing operations	2,543	(9,926)

	2013 No. of shares	**2012 No. of shares**
Weighted average number of ordinary shares:		
Issued ordinary shares at beginning of the financial year	506,490,975	505,990,975
Weighted average number of shares issued during the financial year	–	491,803
Weighted average number of ordinary shares for basic earnings per share computation	506,490,975	506,482,778
Effects of dilution:		
Options	561,358	715,897
Weighted average number of ordinary shares for diluted earnings per share computation	507,052,333	507,198,675

During the financial year ended 31 December 2012, 500,000 options have been exercised by 2 former directors of the Company who have resigned in the financial year 2012, to acquire new ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

(b) ***Earnings per share computation***

The basic and diluted earnings per share from continuing operations are calculated by dividing the profit/(loss) for the financial year attributable to equity holders of the Company of $2,543,000 (2012: loss $10,656,000) by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit and share data are presented in the tables in Note 24(a).

NOTES TO THE FINANCIAL STATEMENTS

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25. RELATED PARTY DISCLOSURES

(a) ***Remuneration of directors and executive officers***

	Group 2013 $'000	Group 2012 $'000
Directors' remuneration (including directors' fees):		
Salaries and bonus	(380)	(678)
Directors' fees	(160)	(244)
CPF contributions	(19)	(21)
Other benefits	(33)	(60)
	(592)	(1,003)
Executive officers' remuneration:		
Salaries and bonus	(530)	(528)
CPF contributions	(38)	(42)
Other benefits	(36)	(4)
	(604)	(574)
	(1,196)	(1,577)

Directors' interest in share option plan

During the financial years ended 31 December 2013 and 31 December 2012, no share options were granted to the Company's directors.

(b) ***Sale and purchase of services and lease***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties during the financial year took place at terms agreed between the parties, which were made at term equivalent to those prevailing in arm's length transactions with third parties:

	Group 2013 $'000	Group 2012 $'000
Related parties		
– Coal transportation income[(1)]	20,895	20,139
– Fuel oil costs reimbursement[(1)]	6,985	5,450
– Coal transportation income	302	–
– Commercial property lease expense[(2)]	(171)	(154)

Note:

(1) On 25 September 2009, shareholders of the Company have approved an agreement entered into by the Company's subsidiary, PT. Aneka Samudera Lintas, for the provision of coal carrying services to PT Muji Lines ("Muji Lines"). The agreement shall expire in five years from 1 October 2009. Muji Lines is wholly owned by PT Bayan Resources Tbk ("Bayan Resources"). Dato' Dr. Low Tuck Kwong is a substantial shareholder of both the Company and Bayan Resources.

(2) The Company leases its office premises from Manhattan Investments Pte Ltd, a substantial shareholder, whose controlling shareholder is Dato' Dr. Low Tuck Kwong.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

26. CONTINGENT LIABILITIES

Financial support

The Company has committed to provide continuing financial support to certain of its subsidiaries to enable them to operate as going concerns.

27. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) The Shipping segment relates to shipchartering and provision of freight services in Indonesia, mainly for coal carrying activities;

(b) The Property Development segment relates to property development activities in China;

(c) The Corporate and Others segment which is involved in Group-level corporate services, treasury functions, investments in properties and others, including overburden removal services and equipment leasing services; and

(d) The Building Products segment relates to the trading and manufacturing of proprietary coated lumber products in the United States of America ("USA"). This segment has been classified as "disposal group held for sale" in the previous financial year.

Except as indicated above, no other 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 resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

27. SEGMENT INFORMATION (CONT'D)

	Shipping		Property Development	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Revenue				
External customers	23,556	21,222	–	–
Inter-segment	–	–	–	–
Total revenue	23,556	21,222	–	–
Results				
Interest income (Note A)	34	69	746	1,038
Depreciation (Note A)	(4,364)	(4,857)	(259)	(114)
Share of results of joint ventures	–	–	–	–
Other non-cash expenses:				
– Impairment of receivables	(5)	(326)	–	–
– Impairment of investment in EcoB	–	–	–	–
– Write back of trade and other receivables	–	–	–	–
– Write back of allowance for impairment of loan to EcoB	–	–	–	–
– Fair value gain on derivatives	–	–	108	–
– Fair value gain on investment properties	–	–	–	–
Segment profit/(loss)	842	(500)	(1,550)	446
Assets				
Investment in joint venture	–	–	–	–
Additions to property, plant and equipment	1,372	3,614	190	11
Segment assets	58,115	51,894	96,779	63,337
Segment liabilities	(8,896)	(7,442)	(9,089)	(9,834)

Note A: The amounts relating to the building products segment has been excluded to arrive at the amounts shown in profit or loss as they are presented separately in the consolidated income statement within the line item "Loss from discontinued operations, net of tax".

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Corporate and Others		Building Products (Discontinued operation)		Eliminations		Per consolidated financial statements	
2013	2012	2013	2012	2013	2012	2013	2012
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
192	182	–	1,381	–	(1,381)	23,748	21,404
24	24	–	–	(24)	(24)	–	–
216	206	–	1,381	(24)	(1,405)	23,748	21,404
33	131	–	–	–	(96)	813	1,142
(32)	(27)	–	(72)	–	72	(4,655)	(4,998)
(112)	(19)	–	–	–	–	(112)	(19)
–	(64)	–	–	–	–	(5)	(390)
–	(3,909)	–	–	–	–	–	(3,909)
423	446	–	–	–	–	423	446
3,668	–	–	–	–	–	3,668	–
–	–	–	–	–	–	108	–
950	–	–	–	–	–	950	–
2,580	(9,571)	–	(2,385)	–	2,385	1,872	(9,625)
1,804	1,852	–	–	–	–	1,804	1,852
10	41	–	363	–	(363)	1,572	3,666
24,438	31,349	–	–	–	–	179,332	146,580
(5,678)	(6,649)	–	–	–	–	(23,663)	(23,925)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

27. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Singapore	192	182	2,821	5,309
Indonesia	23,556	21,222	35,573	25,097
China	–	–	35,553	22,678
	23,748	21,404	73,947	53,084

Information about a major customer

Revenue from a major customer amounted to $21,197,000 (2012: $20,139,000), arising from coal transportation by the shipping segment.

28. COMMITMENTS

(a) ***Operating lease commitments – as lessee***

The Group has entered into operating lease agreements for charter hire of vessels and commercial property leases on its office premises and for staff accommodation. The non-cancellable leases for the Group have remaining lease terms range from 1 to 10 years (2012: less than 2 year) with no contingent rent provision included in the contracts. The Group is restricted from subleasing the office premises and staff accommodation to third parties.

Lease payments under operating leases recognised as an expense in profit or loss for the financial year ended 31 December 2013 is approximately $933,000 (2012: $436,000).

Future minimum lease payments under the non-cancellable operating leases as at 31 December are as follows:

	Group	
	2013	2012
	$'000	$'000
Not later than one year	2,289	316
Later than one year but not later than five years	8,100	70
Later than five years	9,547	–
	19,936	386

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

28. COMMITMENTS (CONT'D)

(b) ***Operating lease commitments – as lessor***

The Group have entered into commercial property leases on its property portfolio as disclosed in Note 4. These non-cancellable leases have remaining lease terms of less than 1 year (2012: less than 2 year) with no contingent rent provision included in the contracts. The leases include a clause to enable upward revision of the rental charge on renewal based on prevailing market conditions.

Future minimum rentals receivable under the non-cancellable operating leases as at 31 December 2013 are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Not later than one year	52	192
Later than one year but not later than five years	–	61
	52	253

29. FINANCIAL INSTRUMENTS

(a) ***Financial risk management objectives and policies***

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, liquidity risk and credit risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process, and this role has been assumed by the Risk Management Committee upon its establishment in August 2012. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. 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.

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

29. FINANCIAL INSTRUMENTS (CONT'D)

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

Foreign currency risk

The Group's subsidiaries in Indonesia have transactional currency exposures arising mainly from purchases that are denominated in a currency other than its functional currency, US Dollars ("USD"). The foreign currencies in which these transactions are denominated are Indonesian Rupiah ("IDR"). Approximately 55% (2012: 42%) of the Group's costs and expenses are denominated in IDR. The Group's trade payable balances as at the balance sheet date have similar exposures.

The Group and Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances, mainly in IDR, USD and RMB, in aggregate amounted to $57,443,000 (2012: $29,909,000) and $9,758,000 (2012: $712,000) for the Group and Company respectively.

Where necessary, the Group uses forward currency contracts to manage its foreign exchange risk resulting from cash flows from transactions and financing arrangements denominated in foreign currencies, primarily the USD.

As at balance sheet date, the Group held forward currency contracts with notional amounts of SGD13,000,000 (Note 13).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss/profit net of tax to a reasonably possible change in the SGD, USD, IDR and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		Profit net of tax 2013 $'000	Loss net of tax 2012 $'000
IDR/USD	– strengthened 3% (2012: 3%)	+46	-15
	– weakened 3% (2012: 3%)	-46	+15
USD/SGD	– strengthened 3% (2012: 3%)	-306	-20
	– weakened 3% (2012: 3%)	+306	+20
SGD/RMB	– strengthened 3% (2012: 3%)	-390	-563
	– weakened 3% (2012: 3%)	+390	+563
USD/RMB	– strengthened 3% (2012: 3%)	-670	-105
	– weakened 3% (2012: 3%)	+670	+105

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

29. FINANCIAL INSTRUMENTS (CONT'D)

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

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 and the Company's exposure to interest rate risk arises primarily from the Group entities' and the Company's foreign currency deposits, with the banks.

Sensitivity analysis for interest rate risk

As at balance sheet date, the Group has no significant interest rate risks other than those associated with cash and bank balances and fixed deposits which are subject to floating rates and repriced frequently within 1 year.

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. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the balance sheet date, the Group's and the Company's financial liabilities and financial assets are based on the carrying amounts reflected in the financial statements.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and amounts due from subsidiaries. For cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

29. FINANCIAL INSTRUMENTS (CONT'D)

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

Credit risk (cont'd)

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk, or the risk of counterparties defaulting, is managed through the application of credit approval and monitoring procedures.

No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

The Group's trade receivables at balance sheet date are mainly due to customers in the coal mining industry in the Indonesian market.

The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2013		2012	
	$'000	% of total	$'000	% of total
By country:				
Indonesia	16,895	98%	16,104	99%
Singapore	266	2%	53	1%
	17,161	100%	16,157	100%

At the end of the reporting period, approximately 75% (2012: 64%) of the Group's trade receivables were due from related parties.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 9 (Trade and other receivables).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) ***Classification and maturity profile of financial instruments***

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	2013 $'000 One year or less	2013 $'000 One to five years	2013 $'000 Over five years	2013 $'000 Total	2012 $'000 One year or less	2012 $'000 Total
Financial assets:						
Trade and other receivables	21,351	6,356	7,946	35,653	14,011	14,011
Derivatives	97	–	–	97	–	–
Cash and bank deposits	78,409	–	–	78,409	72,414	72,414
Total undiscounted financial assets	99,857	6,356	7,946	114,159	86,425	86,425
Financial liabilities:						
Trade and other payables	(22,814)	–	–	(22,814)	(23,078)	(23,078)
Advance from joint venture company	(750)	–	–	(750)	(750)	(750)
Total undiscounted financial liabilities	(23,564)	–	–	(23,564)	(23,828)	(23,828)
Total net undiscounted financial assets	76,293	6,356	7,946	90,595	62,597	62,597

Company	2013 $'000 One year or less	2013 $'000 Total	2012 $'000 One year or less	2012 $'000 Total
Financial assets:				
Trade and other receivables	495	495	109	109
Due from subsidiaries (non-trade)	4,664	4,664	2,085	2,085
Cash and bank deposits	17,680	17,680	24,386	24,386
Total undiscounted financial assets	22,839	22,839	26,580	26,580
Financial liabilities:				
Trade and other payables	(529)	(529)	(1,628)	(1,628)
Advance from joint venture company	(750)	(750)	(750)	(750)
Total undiscounted financial assets	(1,279)	(1,279)	(2,378)	(2,378)
Total net undiscounted financial assets	21,560	21,560	24,202	24,202

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

30. FAIR VALUE OF ASSETS AND LIABILITIES

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

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

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

During the financial year 2013, there have been no transfers between Level 1 and Level 2 and no transfers into or out of Level 3.

(b) ***Assets and liabilities measured at fair value at the end of the reporting period***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2013 $'000
Recurring fair value measurements	**Level 2**
Financial assets	
Forward currency contracts	97

	Group 2013 $'000
	Level 3
Non-financial assets	
Investment properties held for sale	4,350

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) ***Fair value measurements***

The following is a description of the valuation techniques and input used in the fair value measurement for assets and liabilities that are categorised within Level 2 and Level 3 of the fair value hierarchy:

Derivatives (Level 2)

Forward currency contracts are valued by the financial institution using a valuation technique with market observable inputs. The most frequently applied valuation techniques by the financial institution include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rate and forward rate curves.

Investment properties held for sale (Level 3)

The valuation of investment properties are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

(b) ***Valuation policies and procedures***

The Group's Chief Finance Officer, who is assisted by the financial controller (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The CFO office is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the CFO office reviews the appropriateness of the valuation methodologies and assumptions adopted. The CFO office also evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the CFO office for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The Audit Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) ***Financial instruments whose carrying amounts approximate fair values***

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables- current, amounts due from subsidiaries, trade and other payables and advance from joint venture company based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

31. CAPITAL MANAGEMENT

The Group's capital management is dependent on capital requirements of projects or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Group's structure. As at 31 December 2013, the Group had no borrowings. As a result, the Group does not set a policy on maintaining its capital structure at a specific gearing ratio. The Group would consider dividend payment to shareholders, return of capital to shareholders, issuance of new shares or borrowings whenever it is in the best interest of the shareholders to do so. No changes were made in the primary objective during the financial years ended 31 December 2013 and 2012.

32. LITIGATION

Claim against the Company by a former director of the Company

On 29 January 2014, the Company was served with a Writ of Summons and a Statement of Claim from the solicitors acting for a former executive director of the Company. The said legal proceedings have been commenced in the High Court against the Company.

The company filed a Defence on 27 February 2014 and will vigorously defend the alleged claims made against the Company. The amount of the claim sought against the Company will not have any material effect on the financial position of the Company.

33. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 24 March 2014.

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STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2014

PURSUANT TO RULE 1207(9)

Issued and fully paid-up capital	:	S$163,478,802.40
Number of ordinary shares in issue	:	506,490,975
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	%	No. of shares	%
1 – 999	21	1.72	9,148	0.00
1,000 – 10,000	650	53.24	3,168,632	0.63
10,001 – 1,000,000	512	41.93	44,579,200	8.80
1,000,001 & ABOVE	38	3.11	458,733,995	90.57
TOTAL	**1,221**	**100.00**	**506,490,975**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 17 MARCH 2014

		No. of shares	%
1	Manhattan Investments Pte Ltd	219,016,701	43.24
2	Dato' Dr. Low Tuck Kwong	52,098,700	10.29
3	BNP Paribas Nominees Singapore Pte Ltd	32,488,000	6.41
4	Tsao Yue Hwa Johnny @ Shu Yue Ming	19,376,600	3.83
5	Phillip Securities Pte Ltd	16,860,595	3.33
6	Maybank Kim Eng Securities Pte Ltd	13,673,300	2.70
7	Hong Leong Finance Nominees Pte Ltd	10,000,000	1.97
8	Choo Kok Wee	7,255,000	1.43
9	HSBC (Singapore) Nominees Pte Ltd	6,561,000	1.29
10	Lee Deborah Cheung	5,980,000	1.18
11	United Overseas Bank Nominees Pte Ltd	5,559,200	1.10
12	OCBC Securities Private Ltd	5,429,100	1.07
13	ABN AMRO Nominees Singapore Pte Ltd	5,298,000	1.05
14	UOB Kay Hian Pte Ltd	5,043,000	0.99
15	Bank Of Singapore Nominees Pte Ltd	4,905,500	0.97
16	Ong See Beng	3,840,000	0.76
17	Citibank Nominees Singapore Pte Ltd	3,778,999	0.75
18	Soo Teck Huat	3,688,000	0.73
19	Low Yi Ngo	3,300,000	0.65
20	Kong Yew Seng	3,070,800	0.61
		427,222,495	84.35

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 17 March 2014)

	Direct Interest	%	Deemed Interest	%
Manhattan Investments Pte Ltd	219,016,701	43.24	–	–
Dato' Dr. Low Tuck Kwong[(1)]	52,098,700	10.28	220,706,701	43.57
More Time Investments Limited[(2)]	–	–	219,016,701	43.24
Mohamed Abdul Jaleel s/o Muthumaricar Shaik Mohamed[(3)]	1,722,000	0.34	38,579,000	7.62

(1) Dato' Dr. Low Tuck Kwong is deemed to be interested in the 219,016,701 shares which are held by Manhattan Investments Pte Ltd through his 100% interest in More Time Investments Limited and 1,690,000 shares held by his spouse, registered in the name of Citibank Nominees Singapore Pte Ltd.

(2) More Time Investments Limited is deemed interested in the 219,016,701 shares which are held by Manhattan Investments Pte Ltd through its 59.5% interest in Manhattan Investments Pte Ltd.

(3) Mohamed Abdul Jaleel s/o Muthumaricar Shiak Mohamed is deemed interested in 38,579,000 shares, of which 17,834,000 shares are registered in the name of BNP Paribas Nominees Singapore Pte. Ltd., 11,745,000 shares are registered in the name of Phillip Securities Pte Ltd and 9,000,000 shares are registered in the name of Hong Leong Finance Ltd.

PERCENTAGE OF SHAREHOLDINGS IN HANDS OF THE PUBLIC

37.25% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Manhattan Resources Limited (**Company**) will be held at Orchid Country Club, Theatrette, Level 1, 1 Orchid Club Road, Singapore 769162 on Wednesday, 30 April 2014 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the directors' report and the audited financial statements for the financial year ended 31 December 2013, together with the independent auditors' report thereon. **(Resolution 1)**

2. To re-elect Mr Choo Hsun Yang, a director retiring under article 101 of the Company's Articles of Association. **(Resolution 2)**

3. To re-appoint Mr Liow Keng Teck, a director retiring under section 153(6) of the Companies Act, Chapter 50 and to hold office until the next annual general meeting. **(Resolution 3)**

4. To note the retirement of Mr Hirochika Shinohara, a director retiring under article 101 of the Company's Articles of Association, who had indicated that he does not wish to seek re-election at this Annual General Meeting.

5. To approve directors' fees of S$150,000 for the financial year ending 31 December 2014 payable half-yearly in arrears (2013: S$160,000). **(Resolution 4)**

6. To re-appoint Ernst & Young LLP as auditors of the Company for the financial year ending 31 December 2014, and to authorise the directors to fix their remuneration. **(Resolution 5)**

7. To transact any other ordinary business that may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

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

8. Share Issue Mandate **(Resolution 6)**

   That, under section 161 of the Companies Act, Chapter 50 (***Act***) and the Listing Manual of the Singapore Exchange Securities Trading Limited (***SGX-ST***), authority be given to the directors of the Company to:

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

(1) the aggregate number of Shares to be issued under this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted under this Resolution) does not exceed 50 per cent 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 to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted under this Resolution) does not exceed 20 per cent of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares excluding treasury shares, if any, at the time of the passing of this Resolution, after adjusting for:

   (a) new Shares arising from the conversion or exercise of convertible securities;

   (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; 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 Act, 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 for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

9. Authority to grant options, awards and issue shares under the Manhattan Resources Share Option Scheme and Manhattan Resources Performance Share Scheme **(Resolution 7)**

That approval be given to the directors:

(i) to offer and grant options and/or awards from time to time in accordance with the provisions of the Manhattan Resources Share Option Scheme and Manhattan Resources Performance Share Scheme (collectively, the ***Schemes***); and

NOTICE OF ANNUAL GENERAL MEETING

(ii) under section 161 of the Act, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued under the exercise of options and/or the vesting of awards under the Schemes, provided that the aggregate number of new shares to be issued under the Schemes shall not exceed 15 per cent of the total number of issued shares (excluding treasury shares) from time to time.

By Order of the Board

Madelyn Kwang/Lian Kim Seng
Company Secretaries

14 April 2014
Singapore

Notes:

(1) A shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend and vote on his/her stead. A proxy need not be a shareholder of the Company.

(2) Notwithstanding the above but subject otherwise to the Articles of Association of the Company, a member who is a Depository Agent shall be entitled to appoint any Sub-Account Holder as proxy to attend and vote at the Annual General Meeting of the Company in respect of such number of shares as are held by each Sub-Account Holder in an account maintained with that Depository Agent.

If the Depositor is a Depository Agent, the instrument of proxy is to be accompanied by a confirmation in writing in the common form, signed by, or on behalf of, the Depository Agent confirming that such Sub-Account Holder is the holder of an account maintained with that Depository Agent in respect of the number of shares specified in the proxy form.

(3) The instrument or form appointing a proxy or proxies in the case of an individual shall be signed by the appointor or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(4) The instrument or form appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 not less than 48 hours before the time appointed for the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

(5) A Depositor's name must appear on the Depository's Register maintained by The Central Depository (Pte) Limited 48 hours before the time appointed for the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

Resolution 3

If re-appointed, Mr Liow Keng Teck, an independent director of the Company, shall remain as Chairman of the Board and a member of the Audit and Nominating Committees.

Resolution 6

The proposed Resolution 6, if passed, will empower the directors, from the date of the Annual General Meeting until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50 per cent of the total number of issued Shares excluding treasury shares, with a sub-limit of 20 per cent for Shares issued other than on a *pro rata* basis to Shareholders.

Resolution 7

The proposed Resolution 7, if passed, will empower the directors to offer and grant options and/or awards under the Schemes (which were approved at the extraordinary general meeting of the Company held on 16 September 2008) and to allot and issue shares in the capital of the Company, under the exercise of options and/or the vesting of awards under the Schemes, provided that the aggregate number of shares to be issued under the Schemes does not exceed 15 per cent of the total number of issued shares excluding treasury shares of the Company for the time being.

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MANHATTAN RESOURCES LIMITED
Registration No. 199006289K
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, 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 Annual General Meeting and vote, must submit their voting instructions to their CPF Approved Nominees so that their CPF Approved Nominees may register, within the specified time frame, with the Company.

I/We ______________________________ (NRIC/Passport No.) ______________

of ____ (Address)

being a member/members of Manhattan Resources Limited (***Company***), hereby appoint:–

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be represented	
			Number of shares	%
And/or (delete as appropriate)				

or failing whom, Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the annual general meeting of the Company (**AGM**) to be held at Orchid Country Club, Theatrette, Level 1, 1 Orchid Club Road, Singapore 769162 on Wednesday, 30 April 2014 at 3.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the AGM and at any adjournment thereof.

No.	Resolutions	*No. of votes For	*No. of votes Against
	Ordinary Business		
1.	To adopt Directors' Report and Audited Financial Statements for the year ended 31 December 2013, together with the independent auditors' report.		
2.	To re-elect Mr Choo Hsun Yang as a director.		
3.	To re-appoint Mr Liow Keng Teck as a director under Section 153(6) of the Companies Act, Chapter 50.		
4.	To approve directors' fees for the financial year ending 31 December 2014.		
5.	To re-appoint Ernst & Young LLP as auditors and to authorise Directors to fix their remuneration.		
	Special Business		
6.	To authorise directors to issue shares and/or Instruments under Section 161 of the Companies Act, Chapter 50.		
7.	To authorise directors to offer and grant options and/or awards and to issue shares under the Schemes.		

* If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of April 2014

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	
Total	

____
Signature(s) of member(s)/Common Seal of corporate member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:–

1. A member should insert the total number of ordinary shares in the capital of the Company (***Shares***) held. If the member has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.

2. A member of the Company entitled to attend and vote at a meeting of the Company 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.

3. Where a member of the Company appoints more than one proxy, he shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. Notwithstanding the above but subject otherwise to the Articles of Association of the Company, a member who is a Depository Agent shall be entitled to appoint any Sub-Account Holder as proxy to attend and vote at the Annual General Meeting of the Company in respect of such number of Shares as are held by each Sub-Account Holder in an account maintained with that Depository Agent.

   If the Depositor is a Depository Agent, the instrument of proxy is to be accompanied by a confirmation in writing in the common form, signed by, or on behalf of, the Depository Agent confirming that such Sub-Account Holder is the holder of an account maintained with that Depository Agent in respect of the number of shares specified in the proxy form.

5. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 not less than 48 hours before the time appointed for the Annual General Meeting.

6. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member of the Company from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member of the Company attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting.

9. 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.

   The Company shall also be entitled to reject any instrument of proxy lodged by the Depositor Agent appointing any Sub-Account Holder as proxy unless the instrument of proxy is accompanied by a confirmation in writing in the common form signed by, or on behalf, the Depository Agent.

10. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member of the Company, being the appointor, is not shown to have Shares entered against his/her names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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