Kentz Corporation Limited

Full Year Financial Results 2013

London 24 March 2014 – Kentz Corporation Limited (LSE: KENZ), the holding company of the Kentz engineering and construction group, today announces its audited group results for the year ending 31 December 2013.

Financial Highlights

- Diluted EPS increased by 17.3% to 68.07[1] US¢ (2012: 58.05 US¢)
- Revenue up 6% to US$1.66bn (2012: US$1.56bn)
- Profit before tax up 12.6% to US$118.0m[1] (2012: US$104.8m)
- Profit before tax margin increased to 7.1%[1] (2012: 6.7%)
- Gross cash balance up 7.3% to US$246.5m[2] at 31 December 2013 (2012: US$229.8m)
- Proposed final dividend of 10.9 US¢ per share; total 2013 dividend payment of 17.5 US¢ per share, up 21% on 2012
- Capital structure revised to incorporate a tranche of debt to fund expansion and enhance shareholder returns

Operational Highlights

- Backlog increased to US$4.1bn at the end of Feb '14, a 58% increase since Dec 2012 (US$2.6bn) (Dec 2013: US$3.1bn)
- Completed the acquisition of Valerus Field Solutions on 3 January 2014 with transition of Valerus into Kentz exceeding expectations
- Record levels of bidding undertaken during 2013
- Global business unit re-alignment completed to maximise business-winning and operating synergies across the three business units of Engineering and Projects, Construction and Technical Support Services
- Pipeline of new business opportunities up 18% to US$15.6bn

Current trading and outlook

- Current trading and new business-winning opportunities is further increasing confidence. FY2014 trading is expected to exceed managements previous expectations
- Operational performance of Valerus continues to excel in 2014 with high level of business development activities undertaken and approx. US$600m of new bids submitted YTD

[1]Figures stated before exceptional items amounting to US$8.3m.
[2]Gross cash represents total cash at bank and in hand

- Management expects growth across all of Kentz's core geographic markets and all business units in 2014

- Improved business-winning in the EPC business unit demonstrated by 30% backlog growth in 2013

- New significant contracts awarded since year-end include:
    - UGL Kentz JV awarded the structural, mechanical and piping (SMP) package for the Ichthys LNG project in Australia worth approximately US$640m
    - Phase 2 of the Moatize coal mining project comprising the structural, mechanical, electrical, instrumentation and piping scope of work
    - A US$62m contract win by Valerus to provide the engineering, procurement, construction and commissioning of two compressor stations for Crestwood Midstream Partners LP

Commenting on the results Christian Brown, Chief Executive Officer of Kentz said:

"2013 was another period of major success for Kentz and represents a key milestone in our growth strategy. We delivered on our target for double digit earnings growth and completed the acquisition of Valerus Field Solutions on 3 January 2014, which significantly enhances both our service offering and geographical footprint.

"We have secured an even stronger future for our business with the current backlog of US$4.1bn. Our pipeline of prospects continues to grow, increasing 18% during 2013, highlighting the opportunities that exist for our services in our core markets of the Middle East, Africa and Australasia. We forecast that 2014 performance will be ahead of our previous expectations with all three business units expected to perform strongly".

Analyst Presentation:

A presentation for analysts will be held at 10.30 a.m. GMT, today Monday 24 March. A conference call facility will be available to listen to the live presentation.

Please use the following dial-in-details:
Live call:
Please dial: +44 (0) 20 3139 4830
Conference ID: #74386482

Replay (available for 7 days):
UK Toll Number: +44 (0) 20 3426 2807
Audio Playback Reference: #646829

Please use the following details to listen into the live webcast:
http://cache.merchantcantos.com/webcast/webcaster/4000/7464/16532/34256/Lobby/default.htm

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Chairman's Report

Overview
Kentz has continued to make great progress during 2013. We have delivered another year of double digit earnings growth[1] due to a good balance of new business and natural growth, which is very encouraging given the uncertainty that abounds in our sector. Our differentiated and agile business model, our broad service offering and diverse geographical spread continued to deliver growth for our business. These elements, coupled with strong client relationships and dedicated workforce, ensure that the outlook for our global operations is positive.

Operating Environment
Many people in the investment community are posing the question of what impact the reduction in capital investment by the large global oil and gas companies is having on our business. Although we monitor what is going on in the macro-economic environment and the spending plans of our larger clients, we place a greater emphasis on the specific opportunities that exist for our services and whether these opportunities are continuing to exist and even grow. The 18% growth in our pipeline of prospects and 19% growth in backlog in 2013 demonstrates the growing level of opportunities that exist for our business and provides confidence for 2014 and beyond. We have achieved improved business winning in Australasia, Middle East and Africa, which has contributed greatly to the considerable growth in our backlog.

Strategy
Last year, we identified six strategic priorities to strengthen the company and position it for the longer term. We remain committed to developing our core markets in the Middle East and Australia, whilst simultaneously focusing on broadening our value adding specialist capabilities and seeking to leverage our capabilities across a growing operational footprint. I am pleased to say that we have made great strides in executing these initiatives, but we remain very conscious that we still have a lot of ground to cover. Having been a significant shareholder of Kentz since 1994, I have seen the company transformed from a small private company to a significant player in oil and gas services. The addition of Valerus provides a great grounding for further expansion of our services. The Board is confident in the Group's strategy and we are encouraged that our strong workforce worldwide is adapting well to the changes that its execution entails.

Acquisition of Valerus Field Solutions
In December, we announced the proposed acquisition of Valerus Field Solutions ("Valerus") for US$435m. Valerus is a US-based integrated oil and gas surface facility solutions provider, which provides a full suite of products and services from the well-head to the pipeline as well as an integrated services capability. Valerus focuses on adding value through front end and conceptual design, with an emphasis on turnkey capability and delivering projects quickly and efficiently. A key part of our strategy, which was developed and approved by the Board in 2012, was the broadening of our ability to provide EPC services for medium-sized onshore process facilities. The transaction received overwhelming support from shareholders and the acquisition completed on the 3 January 2014. I would like to welcome the Valerus staff to the Kentz Group and look forward to their continued success. The Board is confident the acquisition of Valerus will provide significant strategic, operational and financial benefits to the Group.

People
As a people-based business that operates in many of the world's most remote and challenging locations, the importance of recruiting, managing, developing and retaining our

[1]Figures stated before exceptional items amounting to US$8.3m.

staff is an important factor in continuing to deliver services for clients and sustaining the Company's growth. With the addition of Valerus to the Group, we now have approximately 14,500 employees who provide complex solutions for our clients and help operate a global organisation across the 36 countries in which we operate. On behalf of the Board, I would like to thank all of our staff for their hard work during 2013 and for their continued commitment to Kentz.

Outlook
I am in a very fortunate position as Chairman of a strong growing company that continues to make great achievements year after year. Reports of improvements in the global economy and an outlook for 2014 better than any since 2007 are encouraging but we must remember not to be complacent. Kentz is a service provider and our clients depend on us to continually deliver for them. As an organisation we are committed to creating shareholder value by providing a high-quality service in a safe manner. The Board of Kentz is confident that the Group will continue to deliver value for our all stakeholders as we continue to broaden our offering.

Tan Sri Mohd Razali Abdul Rahman
Chairman

Chief Executive Officer's Report

Introduction
Kentz continued its previous successes in 2013 and has achieved exceptional organic growth in its business in the six years since it listed. That growth is complemented and extended by the addition to the Group of Valerus whose acquisition marks a key milestone in our growth strategy.

Overall, the 2013 results are very positive. We achieved our stated target of double digit earnings growth[1] and realised a growth of 17.3%[1]. This growth was attributable to both our ability to develop natural growth opportunities through existing relationships as well as to attract new business. We ended the year with a record backlog of US$3.1bn, with the backlog of the enlarged Group at the end of February having grown to US$4.1bn. Further, a considerable amount of Valerus' contracts are book and burn and do not form part of the Group backlog. Our backlog continues to offer a low risk profile for the Group with approximately 78% of the year-end backlog being cost-reimbursable. In addition to the orders on hand, we have a pipeline of prospects of US$15.6bn that provides confidence for the future and demonstrates how our broad service offering continues to provide opportunities for growth.

Operational Review
Our Technical Support Services (TSS) business unit has had an exceptional year, growing its revenues by 60% and its backlog by 83%. We have increased our revenue in the North American market through the expansion of our operations in Canada and our entry into Alaska.

Construction remains our largest and our core business unit and has had exceptional success in winning new projects. Our construction team has established new operations in Colombia and added further success with new contracts at the Ichthys LNG project in Australia. In February 2014, we were awarded the US$640m structural, mechanical and piping construction contract in a 50:50 joint venture with UGL Resources. There has been further bidding activity on other sizable contracts at Ichthys which are due for award in the first half of 2014.

Our strategy to grow EPC both organically and inorganically has achieved great success in 2013. The additional leadership, technical and sales resources have delivered a 30% increase in legacy EPC backlog, positioning us for significant growth in 2014 and beyond. The acquisition of Valerus has increased our technical capabilities, introduced us to a new client base and built a critical mass in the Americas region. We expect to deliver future growth through joint business winning opportunities.

Safety
In 2013, we worked a total of 46,364,322 man-hours, and at 0.14, our full year Total Recordable Incident Rate (TRIR) was down 26% from 2012's TRIR of 0.19. Safety continues to be our core value with the safety and health of all our employees being of vital importance to the organisation. Safety is also a paramount value of our clients and we work closely with each client to ensure that safety is given priority on all project sites to ensure that no one gets hurt and everyone goes home safe and well.

[1]Figures stated before exceptional items amounting to US$8.3m.

People
Kentz prides itself on the integrity, dedication, technical excellence and teamwork of all its employees. The strong workforce and teamwork provides for effective collaboration between business units and ensures that clients' needs are fulfilled in the most efficient manner. I would like to thank all of our staff for their continued support, commitment and hard work. Our future accomplishments depend on our people and I have no doubt we have the people, skills and ambition to continue our success and realise further value for all our stakeholders.

Strategy and Outlook
In 2013, we began to implement the strategic initiatives to build our business capabilities and continue our exceptional performance. Acquiring engineering capability was a key objective that was met with the acquisition of Valerus Field Solutions on 3 January 2014. This new addition to the Kentz Group provides many benefits as well as opportunities to grow the group through the expansion of the client bases of both entities and the global reach of the combined group. We are continuing to implement the other initiatives and have made good progress already on many of these.

The outlook for Kentz remains very positive. I am confident that 2014 will be another very busy and successful year. We have a strong order book and an abundance of opportunities that exist for our services in our core markets. We also have a strong workforce to execute these projects with the ultimate aim of creating further value for our shareholders.

Business Review

Segmental Review[1]

Revenues and Backlog by Core Markets (All amounts in US$m)				
	2013		**2012**	
	Revenue	**Backlog**	**Revenue**	**Backlog**
Middle East	375.0	885.7	425.0	356.1
Far East, Europe	66.7	103.9	73.5	98.7
Africa	331.6	349.8	443.9	407.6
Australasia	599.6	1,406.3	374.0	1,508.0
Americas	290.3	322.1	246.8	195.0
Total Revenue	**1,663.2**	**3,067.8**	**1,563.2**	**2,565.4**

Revenue and Backlog by Global Business Unit (All amounts in US$m)				
	2013		2012	
	Revenue	Backlog	Revenue	Backlog
EPC	299.6	443.7	395.0	340.7
Construction	709.5	1,495.7	759.3	1,606.7
Technical Support Services	654.1	1,128.4	408.9	618.0
Total Revenue	**1,663.2**	**3,067.8**	**1,563.2**	**2,565.4**

[1]Revenue includes equity accounted JVs

Engineering, procurement, construction (EPC)

Highlights 2013

- Acquisition of Valerus Field Solutions, a US-based integrated oil and gas surface facility solutions provider on 3 January 2014
- Award of a US$190m contract by Qatar Petroleum for the engineering, procurement, installation and commissioning at the Dukhan Oilfield, Qatar
- Successful completion of our first solar EPC project: Scatec Solar Kalkbult project in South Africa

In our 2012 Annual Report, we outlined our strategy for the EPC business unit and stated that a major element of our strategy is to build out our EPC business to maximise the opportunities from the large level of potential prospects. During 2013, we have exceeded our expectations in achieving our strategic aims and are seeing an improvement in our core markets and business winning activities, which have exceeded our expectations.

EPC revenues for 2013 were down 24% to US$299.6m (2012: US$395.0m) with the business unit representing 18% of Group revenues (2012: 25%). At December 2013, the backlog for the EPC business had increased 30% to US$443.7m (Dec 2012: US$340.7m). The pipeline of prospects for this business unit was US$8,416m, an increase of 22% over 2012.

Australasia

During 2013, we completed the Gorgon construction village project in Barrow Island. This fixed price project, which began in 2009, involved the design, engineering, procurement, fabrication and construction of a high quality village to accommodate 4,000 workers who are now constructing the three LNG trains. Work on the Gorgon telecom and electronics project is continuing with the client awarding us with additional scopes of work since commencement of the initial project. The telecoms project at the Ichthys LNG development in Northern Australia will be completed in the first half of 2014. The project has proceeded very well and builds on our experience in the LNG sector, which appears very promising in other locations of the world.

Middle East
We have identified abundant opportunities for our EPC business unit in this region. This has been a competitive region in the past few years but competitive pressures are now easing somewhat. Coupled with this change, we are realigning our business to focus on EPC, increase our competitiveness and improve our business-winning. We are already seeing the benefits of these changes with a number of new awards for EPC in the second half of 2013. Our confidence in EPC and the Middle East is growing and we anticipate further awards in the coming year.

Africa
We are continuing to see further progress for our EPC business unit in Southern Africa. The strategic initiatives we have put in place to strengthen and broaden our EPC capabilities have shown considerable promise. During the year, we signed three long-term framework agreements with blue-chip international companies that allow for the provision of services as required and on an immediate basis, rather than through submitting tenders for individual elements as they are required. In addition to these agreements, we were awarded further work with Transnet for work on elements of the New Multi-Product Pipeline (NMPP) Project in South Africa.

Construction

Highlights 2013

- First entry into Colombia with a contract award from CB&I for the Reficar Refinery Expansion Project in Cartagena
- Award of a US$100m contract at the Ichthys LNG development in Northern Australia
- Kentz construction team working for Sabtank in Saudi Arabia was ranked 1st in the company's safety performance index

The provision of construction services to energy and resource clients has been at the core of our business for over three decades. Our core construction skill differentiates us from most competitor companies and provides us with many opportunities to grow our business.

Revenue from the construction business unit has fallen slightly in 2013 to US$709.5m (2012: US$759.3m). Due to some timing issues, slower progress was made in projects in Australia and Africa due to factors outside Kentz's control. We expect to see improved progress in both regions in 2014. Construction still remains the largest business unit in Kentz, representing 43% of Group revenues in 2013 (2012: 49%), with a backlog of US$1,496m at the end of December 2013 (December 2012: US$1,607m) and a pipeline of prospects of US$4,994m (US$4,175m).

Australasia
We continue to make good progress on the mechanical, electrical and instrumentation scope of work for the Gorgon LNG project. This project is expected to be complete in mid-2015 and therefore will form a large part of our revenues and profits from this business unit in 2014. We continue to maintain excellent relationships with our client and are assisting in every way possible to deliver this scope of work in line with the agreed timeline to allow Chevron to produce first LNG as per their schedule.

Post-Gorgon, we believe that the Ichthys LNG project in Northern Australia will be a significant source of revenue and profits for Kentz. Recently we were awarded the US$640m structural, mechanical and piping construction contract in a 50:50 joint venture with UGL Resources. This adds to the telecoms package our EPC business unit is now completing and the US$100m underground cabling contract our Construction business unit was awarded in 2013. The underground cabling contract is the preface to the electrical and instrumentation package which we have bid during 2013 and is due for award in the first half of 2014.

Africa
We continue to maintain a good presence in East Africa through our work with Vale and Kenmare Resources. During 2013, Vale awarded us a contract to provide structural, mechanical electrical and instrumentation services for the Nacala Corridor Project in northern Mozambique. In February 2014, we announced the award of Phase 2 of the Moatize coal mining project which is welcome progress for the mining sector in Africa. We also see some further prospects in mining in Mozambique in the near-term.

Our longer term focus remains on the LNG projects that are being planned for Mozambique. Kentz has a strong base within the country and good relationships with local government and local communities. Coupling this with our strong track record in LNG in other parts of the world, Kentz is well positioned to compete for upcoming work.

Due to prolonged labour disputes at the Medupi power plant in South Africa, slower progress was made during the first half of 2013. Progress improved in the second half and we continue to build momentum on our scope of the project. This continues to be a challenging project but we remain focused on completion in late 2014/early 2015.

Americas
Activity in the oil sands business in Canada has been slowing, with many companies in the sector highlighting a downturn in their operations. In 2013, our Canadian construction business achieved growth of over 20%, mostly from our operations in Alberta. This growth demonstrates the benefit to the Group of having a broad service offering and our own blue collar construction business. We believe that these advantages will yield further opportunities.

We expect some slow-down in the oil sands projects in the coming year and our focus is on opportunities in the LNG sector in Canada. We have identified a number of prospects in this sector and region to target during 2014 and beyond. Winning these will strengthen our Canadian operations and provide another source of revenue.

Our aim of acquiring a small Structural, Mechanical and Piping (SMP) company in Canada remains a key objective. Although the planned acquisition will be small, we intend it to provide us with the capability to address the immediate opportunities that exist for these services.

Technical Support Services (TSS)

Highlights 2013

- 60% revenue growth; TSS business unit has grown 260% in the past 5 years
- Record backlog at the end of 2013, up 83% in 2013 to US$1,128m
- First entry into the Alaskan market which forms a foundation to expand into the region

Our Technical Support Services (TSS) business has performed exceptionally well in the past few years and 2013 was no different. Revenue increased by 60% over 2012 to US$654.1m with margins continuing to be robust. The business unit revenues as a proportion of Group revenues have grown sharply to 39% from 26% in 2012. The TSS business will continue to pursue further growth through our strategy of globalising our TSS services and expanding our footprint.

The TSS business unit recorded a backlog of US$1,128m at the end of 2013, which was an increase of 83% over 2012. In addition to these orders on hand, there was also a pipeline of prospects of US$2,200m (Dec 2012: US$2,129m) which provides many opportunities for the future.

Americas
The TSS operations in Canada have delivered another strong performance in 2013. In 2012, we were awarded the mechanical, electrical and instrumentation scope of work at the Aurora Mine Relocation project in Fort McMurray. This is the first contract we have undertaken with Syncrude and it is very pleasing to have recorded very strong activity during 2013, which has exceeded our expectations.

Our experience of working in Arctic conditions in Far East Russia has allowed us to enter the Alaskan market in early 2013 with the award of commissioning work for the Point Thompson Project. The award of this contract in Alaska forms a foundation for Kentz to expand into this geographic region and build on the Group's arctic engineering and construction expertise.

Africa
Following the collaboration of the TSS and Construction business units work on the Ambatovy nickel mine in Madagascar, the TSS business unit was awarded a three year maintenance contract on the site. The maintenance project has performed very well in 2013 and is a good example of the enhanced level of opportunities that exist for Kentz given its' broad service offering.

Australasia
The strategy for TSS in Australia continues to be a focus on providing operations and maintenance services to the LNG plants that have been constructed or are currently in the construction phase. This is an ongoing focus which our local business development team is following to enable our TSS business to develop a long-term presence in the region.

Middle East
Projects in Saudi Arabia have produced a strong result for the TSS business unit in this region. We have developed good relationships with many of the national oil companies that are providing many opportunities for our TSS team. Our relationship with Saudi Basic Industries Corporation (SABIC) is a good example of this. Kentz has worked with SABIC for twenty years and is now contracted to provide technical support services including Project Management, Construction Specialists and Construction teams to support the expansion project at IBN Rushd Petrochemical Complex. This project has had a successful performance in 2013 and is due for completion in 2014.

Global business unit re-alignment
From 1 January 2014, the EPC business unit is being renamed Engineering and Projects to accurately reflect the high value added professional services that the business unit executes. This business unit will incorporate EPC and EPCM services, the newly acquired Valerus business along with Global Engineering and Project Management Consultancy services.

Construction and TSS will remain as separate business units however; the resources, leadership and support will be consolidated to maximise operating efficiency and business winning opportunity and will be led by Michael Murphy as Group President, Construction and Technical Support Services (TSS) business units.

Outlook

Looking at the future outlook for Kentz at a high level, the key indicators would suggest that the outlook continues to be positive. We ended 2013 with a record backlog of US$3.1bn which increased to US$3.5bn when we completed the acquisition of Valerus on 3 January 2014. This reflects an increase of 35% since the end of 2012 and provides visibility for approximately 75% of 2014 revenues of the combined group and further increased to US$4.1bn following new contract awards in 2014.

In addition to the sizable backlog, the 18% growth in our pipeline of prospects highlights the considerable opportunities that exist for our business and the continued investment by our clients. These key indicators coupled with our successful track record and exemplary performance provides confidence for another successful year in 2014.

Christian Brown
Chief Executive Officer

Chief Financial Officer's Report

Financial Highlights

	2013 (US$m)	2012[1] (US$m)	% Change
Sales Revenue	1,657.5	1,563.3	+6.0%
EBITDA*	124.5	118.5	+5.1%
% of Sales*	7.5%	7.6%	-0.1%pt
Profit before tax*	118.0	104.8	+12.6%
% of Sales*	7.1%	6.7%	+0.4%pts
Profit for the year*	83.0	79.1	+4.9%
% of Sales*	5.0%	5.1%	-0.1%pt
Cash generated from operations	59.9	50.0	+19.8%
Cash and equivalents at year end	242.8	229.8	+5.7%
Diluted earnings per share (US cents)*	68.07	58.05	+17.3%
Dividends per share	17.5	14.5	+20.7%
ROCE*	32.2%	34.1%	-1.9%pts
Backlog	3,067.8	2,565.4	+19.6%

* 2013 results are stated before exceptional Valerus acquisition costs of $6.0m and BEE costs of $2.3m which were expensed during the period.

[1] As more fully explained in Note 2 (b) - On 1 January 2013 the group adopted IFRS 11 *Joint Arrangements*. This has resulted in some of our joint arrangements accounting for their share of the assets, liabilities, revenue and expenses in accordance with their status as joint operations. The comparative figures have been restated as appropriate, in Note 13.

On 3rd January 2014 we completed the acquisition of Valerus Field Solutions for a total consideration of US$435m in cash, subject to working capital adjustment. The transaction was financed by a US$400m term loan arranged through a club of banks and supplemented with a portion of our own cash. In order to provide ample headroom for future working capital needs of the business we also arranged a US$160m revolving credit facility and bank bonding facilities amounting to US$500m at the same time as the acquisition financing details were being arranged. These facilities were all secured on investment grade terms.

The Group accounts are prepared in accordance with IFRS.

2013 Results Overview

Revenue

Sales revenues increased by 6.0% in 2013 to US$1,657.5m (2012: US$1,563.3) this increase being primarily driven by a strong performance in the Australasia region where revenues increased by 60%.

The breakdown of revenue by business unit shows our Construction business accounted for 43% of group revenue (2012: 49%) Technical Support Services (TSS) 39% (2012: 26%) and EPC 18% (2012: 25%). Year on year the growth in TSS revenue amounted to 60% and is attributable to strong performances in Canada, Australasia and the Middle East.

Backlog at 31 December 2013 included 78% of reimbursable service contracts which reduces the risk profile of the group. These contracts also carry good potential for future natural growth.

Sales to the Oil and Gas and Petrochemicals markets in 2013 totalled US$1,383.1m or 83% of Group revenues, up US$233.5m or 20.3% from US$1,149.6m in 2012. The Mining and Metals sector with revenues of US$222.2m accounted for 14% of our business, (2012: US$294.7m or 20.9%). Our remaining revenues have come from the Power sector (2%) and from other sectors (1%).

Gross Profit

Gross profits of US$220.2m or 13.3% of sales were recorded in 2013, an increase of US$8.9m or 4.2% on the 2012 figure of US$211.3m. The overall margin is in line with prior years and is driven by strong performances in Australasia, the Middle East and the Americas.

SG&A Expenses

Selling general and administration expenses before exceptional items reduced by US$1.9m in 2013 to US$106.3m in absolute terms (2012: US$108.2m). In relative terms the 2013 figure comes in at 6.4% of sales, down from 6.9% in 2012.

Operating profit

Operating profit before finance costs and exceptional items for the year increased by US$10.5m or 10.0% to US$115.0m.

Geographically, the main increase occurred in the Australasian region where projects in Australia continue to perform well. We have also seen significant rebound in profitability in the Middle East which is a welcome development in an area that has traditionally been a core area of our business.

Share of joint ventures profit

As explained in more detail in Note 2 (b) the group adopted the reporting requirements of IFRS 11 *Joint Arrangements* with effect from 1 January 2013. As a result our joint operations account for their share of revenue and expenses within our operating profits, and prior periods have been restated accordingly. Our remaining joint ventures continue to be equity accounted and for the current period our share of joint venture profits increased marginally to US$0.4m (2012: US$0.1) which primarily relates to our joint ventures in the Caribbean.

Net finance expense

Net finance income for the year amounts to US$2.6m, up US$2.4m from the 2012 figure. The increase is attributable to additional interest income of US$3.0m received on claim settlements in the period. Deposit interest income amounted to US$1.0m during the year.

Profit before tax

Profit before tax (PBT) and exceptional items for 2013 was US$118.0m or 7.1% of sales. This represents an increase of US$13.2m or 12.6% on the 2012 figure of US$104.8m.

Taxation

The tax charge for the year is US$35.1m, which is an effective tax rate of 29.7% (pre exceptional items). This compares with an effective rate of 24.5% for 2012. This continues the trend seen in our interim results and reflects the mix of current year profits generated across the Group's tax jurisdictions.

Net profit for the year

Profit for the year before exceptional items was US$83.0m, up US$3.9m or 4.9% on 2012. Net profit before exceptional items at 5.0% of revenue is in line with the percentage reported in 2012.

Non-controlling interest

The non-controlling interest for the year was US$1.0m or 0.1% of sales (2012: US$9.4m or 0.6%). This relates to a 50% holding in Kentz E&C Pty Limited by Thiess Pty Ltd.

Earnings per share

We have achieved strong growth in both Basic and Diluted earnings per share during the period.

Basic earnings per share for the year before exceptional items increased by 15.9% to 69.60 US$ cents, (2012: 60.03 US$ cents). This calculation is based on a weighted average number of 117,775,043 shares in issue in 2013.

Diluted earnings per share for the year before exceptional items increased by 17.3% to 68.07 US$ cents (2012: 58.05 US$ cents). This calculation is based on a weighted average number of 120,433,843 shares in 2013.

Dividend

The Group reports its financial results in US dollars and accordingly declares its dividends in US dollars. Dividends are paid to shareholders in Sterling using an exchange rate calculated at the record date.

The Directors have proposed a final dividend based on the full year results of 10.9 US$ cents per share. This would amount to a full year dividend of 17.5 US$ cents representing a 21% increase on 2012 (14.5 US$ cents). This is in line with the Company's progressive dividend policy, and represents a pay-out of 29% of diluted EPS after exceptional items, up from 25% in the prior year.

On request, shareholders have the option of receiving their dividend in their local currency, using a competitive rate based on the market rate on the date of conversion and sent to them by currency draft or paid directly into their bank account. Please note that the record date and the date of conversion are not the same and those requesting for the dividend to be paid in a currency other than Sterling may be exposed to foreign exchange movements during the intervening period.

An application pack containing further information about the International Payments Service, including full terms and conditions and an international mandate form, can be obtained from Capita Registrars, www.international.capitaregistrars.com.

Summary of Consolidated Statement of Financial Position Highlights

Working Capital

Working capital at year end was US$293.9m, up US$56.9m or 24.0% on 2012 year end (US$237.0m). Following a similar pattern to that outlined in our interim results this increase is due to a combination of:

1. Strong growth achieved in the TSS business unit (up 60%) where working capital is primarily labour related and does not benefit from advance payments
2. Growth in the level of reimbursable work in the construction business unit (e.g., Gorgon MEI) and while welcome from a risk reduction perspective also means that these contracts do not attract advance payments
3. Continuing impact of the milestone payment terms on the Medupi contract which preclude invoicing for progress achieved until all elements of a particular milestone have been completed.

Current assets at year end were US$721.8m, up US$66.7m or 10.2% on 2012 (US$655.1m). This increase is primarily attributable to trade and other receivables and cash. Current liabilities at year-end were US$427.9m, up US$9.8m or 2.3% on 2012 (US$418.1m) mainly due to an increase in short term borrowings and additional corporation tax payables.

Equity

Shareholders' equity at year-end was US$328.3m, up US$50.4m or 18.2% on 2012 (US$277.9m). This reflects the growth of 20% in retained earnings during the year.

Total Assets

Total Assets at the end of the year were US$785.8m, up 8.4% or US$60.9m (2012: US$724.9m), primarily as a result of the increase in trade and other receivables and cash referred to above.

Summary of Consolidated Statement of Cash Flows Highlights

Cash flow from operations

Cash generated from operations for the year was US$59.9m, up 19.8% or US$9.9m on 2012 levels. This is primarily attributable to higher profits coupled with outflows relating to working capital requirements having improved.

Cash flow used in investing activities

Net cash used in investing activities amounted to US$1.6m mainly as a result of the purchase of plant and equipment amounting to US$4.9m, offset by interest received of US$4.0m. The corresponding figure from 2012 was a net usage of US$2.4m.

Cash flow used in financing activities

Net cash used in financing activities for the year was US$13.0m, mainly attributable to dividend payments in 2013 amounting to US$18.3m. The 2012 equivalent was cash used of

US$37.8m, with the higher 2012 amount being primarily due to dividends paid to non-controlling interests.

Cash and Cash equivalents

Cash and cash equivalents amounted to US$242.8m at year end, up US$13.0m or 5.7% on the 2012 figure of US$229.8m. Net cash, consisting of gross cash (US$246.5m) less borrowings (US$17.3m) increased by US$6.5m or 2.9% to US$229.2m during the period. This increase is primarily due to a higher level of advance payments received from clients which stood at US$39.6m at period end up US$27.0m or by 214% in the period (2012: US$12.6m) and partly offset by additional working capital requirements on major projects including the labour related element of the increased level of TSS projects.

Ed Power
Chief Financial Officer

SUMMARY FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

In thousands of USD	Note	2013 Before Exceptional	2013 Exceptional (Note 4)	2013 Total	2012 Restated Total
Revenue	3	**1,657,472**	**-**	**1,657,472**	1,563,269
Cost of sales		**(1,437,281)**	**-**	**(1,437,281)**	(1,352,011)
Gross Profit		**220,191**	**-**	**220,191**	211,258
Selling, general and administration expenses		**(106,281)**	**(8,288)**	**(114,569)**	(108,216)
Other operating income		**1,123**		**1,123**	1,494
Operating Profit		**115,033**	**(8,288)**	**106,745**	104,536
Finance income		**3,966**		**3,966**	1,836
Finance costs		**(1,365)**		**(1,365)**	(1,684)
Share of joint ventures' profit		**371**		**371**	72
Profit on ordinary activities before taxation	3	**118,005**	**(8,288)**	**109,717**	104,760
Tax expense		**(35,051)**		**(35,051)**	(25,631)
Profit for the year		**82,954**	**(8,288)**	**74,666**	79,129
Attributable to:					
Equity holders of the parent		**81,976**	**(8,288)**	**73,688**	69,723
Non-controlling interests		**978**		**978**	9,406
Profit for the year		**82,954**	**(8,288)**	**74,666**	79,129
Earnings per share (US$ cents)					
Basic	5			**62.57**	60.03
Diluted	5			**61.19**	58.05

SUMMARY FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

In thousands of USD	Year ended 31 December 2013	2012
Profit for the year	**74,666**	79,129
Other Comprehensive Expense		
Items that may subsequently be reclassified to profit or loss		
Exchange translation differences	**(5,638)**	214
Items which will not be subsequently reclassified to profit or loss		
Remeasurements of defined benefit plans	**(4,533)**	(7,625)
Total other comprehensive expense	**(10,171)**	(7,411)
Total comprehensive income	**64,495**	71,718
Total comprehensive income attributable to:		
Equity holders of the parent	**63,517**	62,312
Non-controlling interests	**978**	9,406
Total comprehensive income for the year	**64,495**	71,718

SUMMARY FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

		As at 31 December		As at 1 January
		2013	2012	2012
In thousands of USD	**Note**		Restated	Restated
ASSETS				
Non-current assets				
Property, plant and equipment		**37,878**	46,952	60,488
Goodwill		**2,765**	3,620	3,594
Intangible assets		**-**	448	922
Investment in Joint Ventures		**940**	583	810
Trade and other receivables	**8**	**13,176**	13,015	1,085
Deferred tax asset		**9,240**	5,211	4,278
Total non-current assets		**63,999**	69,829	71,177
Current assets				
Work in progress	**7**	**154,873**	139,676	126,601
Trade and other receivables	**8**	**304,592**	282,376	291,913
Current tax asset		**3,146**	798	2,672
Amounts owed by related parties		**12,705**	2,416	3,886
Cash and bank balances		**246,520**	229,846	244,641
Total current assets		**721,836**	655,112	669,713
Total assets		**785,835**	724,941	740,890
EQUITY				
Share capital	**10**	**2,335**	2,311	2,284
Share premium		**47,195**	43,680	39,568
Treasury shares	**11**	**(8,554)**	(4,213)	(706)
Reserves		**15,099**	8,897	7,651
Retained earnings		**272,276**	227,183	177,511
Total equity attributable to equity holder of the parent		**328,351**	277,858	226,308
Non-controlling interests		**2,277**	2,306	11,364
Total equity		**330,628**	280,164	237,672
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings		**-**	15	59
Obligations under finance leases – due after 1 year		**1,161**	2,152	7,357
Employee benefit obligations		**20,998**	17,680	9,013
Amounts owed to related parties		**92**	92	92
Trade and other payables	**9**	**4,218**	5,999	5,022
Deferred tax liabilities		**816**	754	3,437
Total non-current liabilities		**27,285**	26,692	24,980
Current liabilities				
Trade and other payables	**9**	**380,763**	391,526	451,295
Corporation tax payable		**30,415**	19,586	17,244
Interest bearing loans and borrowings		**15,616**	25	477
Obligations under finance leases – due within 1 year		**582**	5,017	5,059
Amounts owed to related parties		**546**	1,931	4,163
Total current liabilities		**427,922**	418,085	478,238
Total liabilities		**455,207**	444,777	503,218
Total equity and liabilities		**785,835**	724,941	740,890

SUMMARY FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

In thousands of USD	Year ended 31 December **2013**	 2012 Restated
Cash flows from operating activities		
Profit before tax	**109,717**	104,760
Depreciation	**8,716**	13,465
Net finance income	**(2,601)**	(152)
Share of profit from joint ventures	**(371)**	(72)
Amortisation of intangible assets	**382**	454
Defined benefit scheme pension contribution	**(2,695)**	-
Gain on sale of property, plant and equipment	**(185)**	(430)
Share-based payment expense	**3,791**	3,465
IFRS2 charge arising from change in Black Economic Empowerment partner In South Africa	**2,318**	-
Increase in trade and other receivables	**(32,666)**	(924)
Increase in work in progress	**(15,195)**	(13,077)
Decrease in trade and other payables	**(11,305)**	(57,443)
Cash generated from operations	**59,906**	50,046
Interest paid	**(777)**	(928)
Income taxes paid	**(29,903)**	(27,330)
Net cash generated from operating activities	**29,226**	21,788
Cash flows from investing activities		
Net (investment in)/return from joint ventures	**(26)**	112
Acquisition of subsidiaries	**(1,311)**	(2,454)
Purchase of property, plant and equipment	**(4,936)**	(4,397)
Proceeds from sale of equipment	**733**	2,466
Interest received	**3,966**	1,836
Net cash used in investing activities	**(1,574)**	(2,437)
Cash flows from financing activities		
Proceeds of share issue	**3,539**	4,138
Payment of finance lease liabilities	**(4,728)**	(4,988)
Proceeds from short term borrowings	**49,290**	-
Repayment of short term borrowings	**(37,396)**	(78)
Treasury shares purchased	**(4,341)**	(3,507)
Proceeds from share issue non-controlling interest	**656**	-
Dividends paid to equity holders of the Company	**(18,331)**	(14,859)
Dividends paid to non-controlling interests	**(1,663)**	(18,466)
Net cash used in financing activities	**(12,974)**	(37,760)
Net increase/(decrease) in cash and cash equivalents during the year	**14,678**	(18,409)
Cash and cash equivalents at beginning of year	**229,846**	244,221
Exchange difference	**(1,749)**	4,034
Cash and cash equivalents at end of year	**242,775**	229,846

SUMMARY FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Attributable to shareholders of Kentz Corporation Limited									
	Share capital	Share premium	Treasury Shares	Capital Reserve	Share option reserve	Translation reserves	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
At 1 January 2012	2,284	39,568	(706)	2,388	5,263	1,656	175,855	226,308	11,364	237,672
Expenses associated with share-based payments	–	–	–	–	3,465	–	–	3,465	–	3,465
Issue of Shares	27	4,112	–	–	–	–	–	4,139	–	4,139
Treasury shares purchased	–	–	(3,507)	–	–	–	–	(3,507)	–	(3,507)
Transfer from capital reserve	–	–	–	(2,219)	–	–	2,219	–	–	–
Dividends	–	–	–	–	–	–	(14,859)	(14,859)	(18,466)	(33,325)
Profit for the year	–	–	–	–	–	–	69,723	69,723	9,406	79,129
Other comprehensive income/(expense)	–	–	–	–	–	214	(7,625)	(7,411)	–	(7,411)
Movement in non-controlling interests	–	–	–	–	–	–	–	–	2	2
At 31 December 2012	2,311	43,680	(4,213)	169	8,728	1,870	225,313	277,858	2,306	280,164
At 1 January 2013	2,311	43,680	(4,213)	169	8,728	1,870	225,313	277,858	2,306	280,164
Expenses associated with share-based payments	–	–	–	–	6,109	–	–	6,109	–	6,109
Issue of Shares	24	3,515	–	–	–	–	–	3,539	656	4,195
Treasury shares purchased	–	–	(4,341)	–	–	–	–	(4,341)	–	(4,341)
Transfer to capital reserve	–	–	–	93	–	–	(93)	–	–	–
Dividends	–	–	–	–	–	–	(18,331)	(18,331)	(1,663)	(19,994)
Profit for the year	–	–	–	–	–	–	73,688	73,688	978	74,666
Other comprehensive expense	–	–	–	–	–	(5,638)	(4,533)	(10,171)	–	(10,171)
At 31 December 2013	**2,335**	**47,195**	**(8,554)**	**262**	**14,837**	**(3,768)**	**276,044**	**328,351**	**2,277**	**330,628**

SUMMARY FINANCIAL INFORMATION

1. Corporate information

Kentz Corporation Limited (the Company) is a limited liability company registered in Jersey (registered number 58549) under the Companies (Jersey) law 1991 and is the parent company for the Kentz Group. Kentz Corporation Limited is listed on the London Stock Exchange (symbol: KENZ) and is a member of the FTSE 250.

The Group's principal activity is the provision of engineering and construction services and technical support services, principally in the oil services sector.

The Consolidated Financial Statements of Kentz Corporation Limited for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on 21 March 2014.

2. Significant accounting policies

(a) Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

(b) New and amended standards adopted by the Group

The following standards and amendments are adopted by the Group for the first time for the financial year beginning on or after 1 January 2013:

- IAS 1 Presentation of Financial Statements (Amendment) regarding other comprehensive income
- IAS 19 Employee Benefits (revised)
- IFRS 7 Disclosures - Offsetting financial assets and financial liabilities
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- Annual Improvements 2011

Except where noted below the standards and amendments above did not have a significant impact on the results or financial position of the Group during the year ended 31 December 2013.

Amendments to IAS 1, "Financial statement presentation" regarding other comprehensive income: The main change resulting from these amendments is a requirement for entities to Group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The revised standard, which has been adopted by the Group with effect from 1 January 2013, affects presentation only and does not impact the Group's financial position or performance.

IAS 19 (revised) 'Employee Benefits' amends the accounting for employment benefits. The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost which is calculated based on the net defined benefit liability and the discount rate, measured at the beginning of the year. The Group has adopted the revised standard from 1 January and has not applied the standard retrospectively as the amendments had an immaterial impact on the group's financial information.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. Under IAS 31 'Interests in Joint Ventures', the Group's interests in its joint arrangements were classified as joint ventures and these were equity accounted in the Group's consolidated financial statements. IFRS 11 now distinguishes between joint ventures and joint operations. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. Following the adoption of IFRS 11, certain of the Group's joint arrangements meet the definition of joint operations and have been classified as joint operations. The group has adopted the new standard with effect from 1 January 2013 and the new standard has also been applied retrospectively.

See note 13 for the impact of the adoption on the prior year financial information.

(c) Basis of preparation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US$ (rounded to the nearest thousand), which is the Company's functional currency and the Group's presentation currency. Foreign operations are consolidated in accordance with the policies set out in note 2

(f) (iii) to the Financial Statements.

The financial statements are prepared on the historical cost basis except that financial instruments held for trading are recorded at their fair value.

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3 to the Financial Statements.

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements and in preparing an opening IFRS Statement of financial position at 1 January 2004 for the purposes of the transition to IFRS.

The accounting policies have been applied consistently by Group entities.

3. Segmental reporting

Management has determined the operating segments based on the information reviewed by the Group Management Executive Committee.

In accordance with IFRS 8 – Operating Segments, the Group has five operating segments, being five distinct regions as follows:

– Middle East
– Far East
– Africa
– Australasia
– Americas

These segments align with the Group’s internal financial reporting system and the way in which the Chief Operating Decision Maker assesses performance and allocates the Group’s resources. The management team responsible for each segment is directly accountable for the performance of that segment to the Group Management Executive Committee which acts as the Chief Operating Decision Maker for the Group. Each segment is reviewed in its totality by the Chief Operating Decision Maker. The Group Management Executive Committee assesses the trading performance of operating segments based on a measure of earnings before interest and tax (operating profit).

Segment revenues and profit include Kentz’s share of revenue and profit from equity accounted joint ventures. Segment revenues and profit include Kentz share of revenue and profits from joint arrangements which are proportionately consolidated. Unallocated Items mainly comprise Interest bearing loans, borrowings and expenses and corporate assets and expenses.

The segment results for the year ended 31 December 2013 are as follows:

Operating segments

In thousands of USD	Year ended 31 December 2013	2012 Restated
Revenue by location of assets		
Middle East	**375,015**	425,016
Far East	**58,502**	69,232
Africa	**331,630**	443,920
Australasia	**599,550**	374,021
Americas	**290,305**	246,822
	1,655,002	1,559,011
Other (Unallocated and Europe)	**8,210**	4,258
Segment revenue	**1,663,212**	1,563,269
Less: Revenue from equity accounted joint ventures	**(5,740)**	-
Total revenue	**1,657,472**	1,563,269
Segment profit/(loss) before net finance cost		
Middle East	**21,258**	4,420
Far East	**11,193**	6,190
Africa	**779**	28,129
Australasia	**70,321**	27,996
Americas	**12,759**	31,379
	116,310	98,114
Other (Unallocated and Europe)	**(906)**	6,494
Segment result	**115,404**	104,608
Exceptional items	**(8,288)**	-
Net finance income	**2,601**	152
Profit before tax	**109,717**	104,760
Income tax expense	**(35,051)**	(25,631)
Profit for the year	**74,666**	79,129

Performance is assessed and resources allocated on a geographic basis. The Group also has three business units as follows:

– Engineering, procurement and construction (EPC)
– Construction; and
– Technical support services.

Certain financial information is also reviewed by the Chief Operating Decision Maker in respect of these business units as follows:

In thousands of USD	Year ended 31 December 2013	2012 Restated
Revenue by business		
EPC	**299,619**	395,071
Construction	**709,518**	759,286
Technical support services	**654,075**	408,912
Total revenue including revenue from equity accounted joint ventures	**1,663,212**	1,563,269
Less: Revenue from equity accounted joint ventures	**(5,740)**	-
Total revenue	**1,657,472**	1,563,269

4. Exceptional items

In thousands of USD	Year ended 31 December 2013	2012
Costs incurred in relation to the acquisition of Valerus Field Solutions (a)	**5,970**	-
IFRS 2 charge arising from change in Black Economic Empowerment partner In South Africa (b)	**2,318**	-
Total	**8,288**	-

(a) On 3 January 2014, the Group acquired 100% of the Valerus Field Solutions (Valerus FS) business. Costs incurred in relation to this acquisition amounted to $6.0m for the year ended 31 December 2013.

(b) From 2 April 2013, Kentz entered into a shareholders' agreement with Medu Holdings (Pty) Limited ("Medu") as the new Black Economic Empowerment (BEE) partner in our South African operations to comply with local requirements. An accounting consequence of the BEE transaction is that an income statement charge of $2.3m has been recognised in accordance with IFRS 2: 'Share Based Payment' representing the difference between the fair value of the BEE shareholding and the consideration received from Medu. The fair value of the BEE shareholding was estimated using a Monte Carlo simulation model.

5. Earnings per share

The calculations of earnings per ordinary share are based on the following profits attributable to ordinary shareholders and the weighted average number of shares in issue:

In thousands of USD	Pre-Exceptional 2013	Exceptional 2013	Year ended 31 December Total 2013	2012
Profit attributable to ordinary shareholders	**81,976**	**(8,288)**	**73,688**	69,723

	No. '000	**No. '000**	**No. '000**	No. '000
Weighted average number of shares of the Company used in basic EPS	**117,775**	**117,775**	**117,775**	116,154
Effects of:				
– Employee share options	2,659	2,659	2,659	3,968
Weighted average number of shares of the Company used in diluted EPS	**120,434**	**120,434**	**120,434**	120,122
Earnings per share (US$ cents)				
Basic	**69.60**	**(7.03)**	**62.57**	60.03
Diluted	**68.07**	**(6.88)**	**61.19**	58.05

6. Dividends

In thousands of USD	Year ended 31 December 2013	2012
Dividends paid	**18,331**	14,859
	18,331	14,859

The interim dividend payment amounting to 6.6 US$ cents per share (2012: 5.5 US$ cents per share) was made in October 2013. The Directors have recommended a final dividend payment of 10.90US$ cents per share (2012: 9.0 US$ cents per share). Subject to shareholders approval, the dividend will be paid on 23rd May 2014 to shareholders on the register of members at 25th April 2014, the record date. The financial statements do not reflect this final dividend.

7. Work in progress

In thousands of USD	Year ended 31 December 2013	2012 Restated
For construction contracts in progress at the Statement of financial position date:		
Contract costs incurred to date and recognised profits (less recognised losses) on these contracts	**1,617,355**	2,034,242
Less progress billings	**1,462,482**	1,894,566
Total work in progress	**154,873**	139,676
Billings in excess of contract costs and recognised profits (less recognised losses) – included in Trade and other payables		
Billings	**1,105,630**	960,580
Less costs and recognised profits (less recognised losses)	**1,065,932**	903,811
Total billings in excess of contract costs and recognised profits (less recognised losses)	**39,698**	56,769
Total contract costs incurred to date and recognised profits (less recognised losses) on these contracts	**2,683,287**	2,938,053

8. Trade and other receivables

In thousands of USD	Year ended 31 December 2013	2012 Restated
Contract trade receivables	**232,525**	231,619
Retentions held by customers	**17,987**	20,280
Prepayments and accrued income	**32,760**	11,904
Other receivables	**14,271**	12,761
Forward exchange contracts	**2,062**	520
VAT recoverable	**4,987**	5,292
Total trade and other receivables	**304,592**	282,376
Retentions due after one year	**13,176**	13,015

9. Trade and other payables

In thousands of USD	Year ended 31 December 2013	2012 Restated
Trade creditors	**88,976**	126,638
Other payables	**85,234**	72,999
Advances on contracts	**38,740**	10,887
Accruals and deferred income	**167,813**	181,002
	380,763	391,526
Other payables due after 1 year	**4,218**	5,999

10. Issued and fully paid share capital

The share capital of the Company as at 31 December was as follows:

In thousands	At 31 December 2013	2012
Authorised share capital		
186,333,300 ordinary shares of Stg£0.01 each	**1,863**	1,863
Called up share capital		
119,488,470 ordinary shares of Stg£0.01 each (2012: 118,036,470 ordinary shares of Stg£0.01 each)	**1,195**	1,180
US Dollar equivalent	**2,335**	2,311

The movement in number of shares is as follows:

Ordinary Shares

	Number
Ordinary shares of £Stg0.01 each at 1 January 2012	116,371,470
Issued during the year	1,665,000
Ordinary shares of £Stg0.01 each at 31 December 2012	**118,036,470**
Ordinary shares of £Stg0.01 each at 1 January 2013	118,036,470
Issued during the year	1,452,000
Ordinary shares at 31 December 2013	**119,488,470**

Share Premium: The balance on the share premium account represents the amount received in excess of the nominal value of the ordinary shares.

11. Treasury Shares

For the purpose of awarding shares under its Long Term Incentive Plan, the Company acquires its own shares which are held by the Kentz Employee Benefit Trust. All these shares have been classified in the Statement of financial position as treasury shares under equity. The dividend rights in respect of these shares have been waived.

	2013		2012	
	No. '000s	**US$'000**	No. '000s	US$'000
At 1 January	**602**	**4,213**	101	706
Acquired during the year	**684**	**4,341**	501	3,507
At 31 December	**1,286**	**8,554**	602	4,213

Treasury shares acquired during 2013 were purchased in January, April and June at £3.97, £4.01 and £4.02.

12. Related Party transactions

Details of related party transactions in respect of the year ended 31 December 2013 are contained in Note 31 of our 2013 Annual Report. The Group continued to enter into transactions in the normal course of business with its related parties during the period. There were no transactions with related parties that had a material effect on the financial position or the performance of the Group.

Note 13 Impact of change in accounting policy on consolidated balance sheet

In thousands of USD	As at 31 December 2012			As at 1 January 2012		
ASSETS	**As previously reported**	**Change in accounting policy(i)**	**Restated**	**As previously reported**	**Change in accounting policy(i)**	**Restated**
Non-current assets						
Property, plant and equipment	46,680	272	**46,952**	60,188	300	**60,488**
Goodwill	3,620	-	**3,620**	3,594	-	**3,594**
Intangible assets	448	-	**448**	922	-	**922**
Investments in Joint Ventures	14,570	(13,987)	**583**	3,805	(2,995)	**810**
Trade and other receivables	13,015	-	**13,015**	1,085	-	**1,085**
Deferred tax asset	5,211	-	**5,211**	4,278	-	**4,278**
Total non-current assets	83,544	(13,715)	**69,829**	73,872	(2,695)	**71,177**
Current assets						
Work in progress	134,635	5,041	**139,676**	126,601	-	**126,601**
Trade and other receivables	260,233	22,941	**283,174**	287,156	7,429	**294,585**
Amounts owed by related parties	4,498	(2,082)	**2,416**	3,886	-	**3,886**
Cash and bank balances	223,312	6,534	**229,846**	238,127	6,514	**244,641**
Total current assets	622,678	32,434	**655,112**	655,770	13,943	**669,713**
Total assets	706,222	18,719	**724,941**	729,642	11,248	**740,890**
Total equity	280,164	-	**280,164**	237,672	-	**237,672**
LIABILITIES						
Total non-current liabilities	26,692	-	**26,692**	24,980	-	**24,980**
Current liabilities						
Trade and other payables	348,160	43,366	**391,526**	430,816	20,479	**451,295**
Corporation tax payable	19,586	-	**19,586**	17,244	-	**17,244**
Interest bearing loans and borrowings	25	-	**25**	477	-	**477**
Obligations under finance leases – due within 1 year	5,017	-	**5,017**	5,059	-	**5,059**
Amounts owed to related parties	26,578	(24,647)	**1,931**	13,394	(9,231)	**4,163**
Total current liabilities	399,366	18,719	**418,085**	466,990	11,248	**478,238**
Total liabilities	426,058	18,719	**444,777**	491,970	11,248	**503,218**
Total equity and liabilities	706,222	18,719	**724,941**	729,642	11,248	**740,890**

(i) Following the adoption of IFRS 11 ‘Joint Arrangements’

Note 13 continued - Impact of change in accounting policy on the consolidated income statement

In thousands of USD	YEAR ENDED 31 DECEMBER 2012 As previously reported	Change in accounting policy(i)	Restated
Revenue	1,412,640	150,629	**1,563,269**
Cost of sales	(1,227,982)	(124,029)	**(1,352,011)**
Gross Profit	184,658	26,600	**211,258**
Selling, general and administration expenses	(108,162)	(54)	**(108,216)**
Other operating income	1,494	-	**1,494**
Operating Profit before finance costs	77,990	26,546	**104,536**
Finance income	1,836	-	**1,836**
Finance costs	(1,684)	-	**(1,684)**
Share of joint venture's operating profit	26,618	(26,546)	**72**
Profit on ordinary activities before taxation	104,760	-	**104,760**
Taxation expense	(25,631)	-	**(25,631)**
Profit for the year	79,129	-	**79,129**
Attributable to:			
Equity holders of the parent	69,723	-	**69,723**
Non-controlling interest	9,406	-	**9,406**
Profit for the year	79,129	-	**79,129**
Earnings per share (US$ cents)			
Basic	60.03	-	**60.03**
Diluted	58.05	-	**58.05**

Impact of change in accounting policy on the consolidated statement of comprehensive income

In thousands of USD	YEAR ENDED 31 DECEMBER 2012 As previously reported	Change in accounting policy(i)	Restated
Profit for the year	79,129	-	**79,129**
Other Comprehensive Expense	(7,411)	-	**(7,411)**
Total comprehensive income	71,718	-	**71,718**
Total comprehensive income attributable to:			
Equity holders of the parent	62,312	-	**62,312**
Non-controlling interests	9,406	-	**9,406**
Total comprehensive income for the year	71,718	-	**71,718**

Note 13 continued - Impact of change in accounting policy on the consolidated statement of cash flows

In thousands of USD	YEAR ENDED 31 DECEMBER 2012 As previously reported	Change in accounting policy(i)	Restated
Cash flows from operating activities			
Profit before tax	104,760	-	**104,760**
Adjustments for:			
Depreciation	13,465	-	**13,465**
Net finance income	(152)	-	**(152)**
Share of profit from joint ventures	(26,618)	26,546	**(72)**
Amortisation of intangible assets	454	-	**454**
Gain on sale of property, plant and equipment	(430)	-	**(430)**
Share-based payment expense	3,465	-	**3,465**
Increase/(decrease) in trade and other receivables	12,507	(13,431)	**(924)**
Increase in work in progress	(8,034)	(5,043)	**(13,077)**
Decrease in trade and other payables	(64,847)	7,404	**(57,443)**
Cash generated from operations	34,570	15,476	**50,046**
Interest paid	(928)	-	**(928)**
Income taxes paid	(27,330)	-	**(27,330)**
Net cash generated from operating activities	6,312	15,476	**21,788**
Cash flows from investing activities			
Net return from joint ventures	15,665	(15,553)	**112**
Acquisition of subsidiaries	(2,454)	-	**(2,454)**
Purchase of property, plant and equipment	(4,425)	28	**(4,397)**
Proceeds from sale of equipment	2,466	-	**2,466**
Interest received	1,836	-	**1,836**
Net cash from/(used in) investing activities	13,088	(15,525)	**(2,437)**
Net cash used in financing activities	(37,760)	-	**(37,760)**
Net decrease in cash and cash equivalents during the year	(18,360)	(49)	**(18,409)**
Cash and cash equivalents at beginning of year	237,707	6,514	**244,221**
Exchange difference	3,965	69	**4,034**
Cash and cash equivalents at end of year	223,312	6,534	**229,846**