



SWIBER HOLDINGS LIMITED

Financial Statements
And Dividends Announcement

For The Fourth Quarter
And Full Year Ended
31 December 2010

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q2010”) AND FINANCIAL YEAR ENDED 31 DECEMBER 2010 (“FY2010”).
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

| | Group | | | Group | | |
|--|--------------------|--------------------|--------|--------------------|--------------------|--------|
| | 4Q2010 US\$'000 | 4Q2009 US\$'000 | Change | FY2010 US\$'000 | FY2009 US\$'000 | Change |
| Revenue | 155,890 | 99,505 | 56.7% | 469,668 | 393,430 | 19.4% |
| Cost of sales | (120,961) | (99,336) | 21.8% | (366,707) | (337,124) | 8.8% |
| Gross profit | 34,929 | 169 | N/M | 102,961 | 56,306 | 82.9% |
| Other operating income | 15,183 | 12,519 | 21.3% | 38,001 | 35,218 | 7.9% |
| Administrative expenses | (18,410) | (9,639) | 91.0% | (45,272) | (31,015) | 46.0% |
| Other operating expenses | (11,461) | (7,224) | 58.7% | (29,232) | (7,956) | 267.4% |
| Share of (loss)/ profit of associates and joint ventures | (422) | (43) | N/M | 1,654 | 4,839 | -65.8% |
| Finance costs | (5,478) | (3,551) | 54.3% | (20,702) | (13,579) | 52.5% |
| Profit/ (loss) before tax | 14,341 | (7,769) | N/M | 47,410 | 43,813 | 8.2% |
| Income tax expense | (5,301) | (701) | 656.2% | (8,013) | (4,828) | 66.0% |
| Profit/ (loss) for the period/ year | 9,040 | (8,470) | N/M | 39,397 | 38,985 | 1.1% |
| Attributable to : | | | | | | |
| Owners of the company | 8,487 | (6,491) | N/M | 37,258 | 34,677 | 7.4% |
| Non-controlling interests | 553 | (1,979) | N/M | 2,139 | 4,308 | -50.3% |
| | 9,040 | (8,470) | N/M | 39,397 | 38,985 | 1.1% |
| Gross profit margin | 22.4% | 0.2% | | 21.9% | 14.3% | |
| Net profit margin | 5.8% | -8.5% | | 8.4% | 9.9% | |
| EBITDA* (US\$'000) | 23,706 | (505) | | 82,593 | 72,544 | |
| EBITDA* margin | 15.2% | -0.5% | | 17.6% | 18.4% | |
| Profit/ (loss) for the period/ year (excluding non-recurring and non-cash expenses (US\$'000)) | 11,400 | (1,223) | | 49,748 | 46,232 | |
| Net profit margin (excluding non-recurring and non-cash expenses) | 7.3% | -1.2% | | 10.6% | 11.8% | |

N/M : Not meaningful

*: Denotes earnings before interest, taxes, depreciation and amortization.



1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Consolidated Statement of Comprehensive Income

| | Group | | | Group | | |
|---|--------------------|--------------------|--------|--------------------|--------------------|--------|
| | 4Q2010 US\$'000 | 4Q2009 US\$'000 | Change | FY2010 US\$'000 | FY2009 US\$'000 | Change |
| Profit/ (loss) for the period/ year | 9,040 | (8,470) | N/M | 39,397 | 38,985 | 1.1% |
| Other comprehensive income: | | | | | | |
| Exchange differences on translation of foreign operations | 3,505 | (880) | N/M | 4,136 | 925 | 347.1% |
| Gain on cash flow hedges | 2,491 | 1,740 | 43.2% | 4,139 | 6,511 | -36.4% |
| Total comprehensive income for the period/ year | <u>15,036</u> | <u>(7,610)</u> | N/M | <u>47,672</u> | 46,421 | 2.7% |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the company | 14,483 | (5,631) | N/M | 45,616 | 41,929 | 8.8% |
| Non-controlling interests | 553 | (1,979) | N/M | 2,056 | 4,492 | -54.2% |
| Total | <u>15,036</u> | <u>(7,610)</u> | N/M | <u>47,672</u> | 46,421 | 2.7% |

N/M : Not meaningful



1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Profit/ (loss) for the period/ year is determined after charging/ (crediting) the followings:

| | Group | | | Group | | |
|---|--------------------|--------------------|--------|--------------------|--------------------|--------|
| | 4Q2010 US\$'000 | 4Q2009 US\$'000 | Change | FY2010 US\$'000 | FY2009 US\$'000 | Change |
| Charging: | | | | | | |
| Allowance for doubtful debts | - | 11 | N/M | 115 | 297 | -61.3% |
| Bad debts written off | 48 | 300 | N/M | 48 | 326 | -85.3% |
| Depreciation of property, plant and equipment | 3,887 | 3,713 | 4.7% | 14,481 | 15,152 | -4.4% |
| Fair value loss on financial liabilities designated as at fair value through profit or loss | 2,360 | 4,500 | -47.6% | 9,351 | 4,500 | 107.8% |
| Foreign exchange losses | 7,573 | 35 | N/M | 16,849 | 35 | N/M |
| Finance costs | 5,478 | 910 | 502.0% | 20,702 | 13,579 | 52.5% |
| Loss on disposal of associates | - | 3 | N/M | - | 222 | N/M |
| Loss on dilution/ disposal of subsidiaries | 821 | - | N/M | 1,738 | - | N/M |
| <hr/> <hr/> | | | | | | |
| Crediting: | | | | | | |
| Bad debts written back | - | - | - | 343 | - | N/M |
| Interest income | (987) | (134) | 636.6% | (1,369) | (549) | 149.4% |
| Gain on disposal of property, plant and equipment | (33) | - | N/M | (5,177) | (143) | N/M |
| Gain on disposal of assets held for sale | (14,028) | (11,566) | 21.3% | (26,129) | (32,969) | -20.7% |
| <hr/> <hr/> | | | | | | |

N/M : Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

| | Group | | Company | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | FY2010 US\$'000 | FY2009 US\$'000 | FY2010 US\$'000 | FY2009 US\$'000 |
| <u>ASSETS</u> | | | | |
| Current assets | | | | |
| Cash and bank balances | 137,874 | 83,158 | 20,085 | 13,664 |
| Trade receivables | 116,218 | 141,802 | - | - |
| Engineering work-in-progress in excess of progress billings | 152,723 | 202,751 | - | - |
| Inventories | 9,150 | 4,415 | - | - |
| Other receivables | 83,385 | 42,289 | 17,683 | 11,487 |
| Amount due from subsidiaries | - | - | 392,544 | 275,689 |
| Assets held for sale | 18,913 | 132,673 | 19,630 | - |
| Total current assets | 518,263 | 607,088 | 449,942 | 300,840 |
| Non-current assets | | | | |
| Property, plant and equipment | 313,175 | 231,893 | 985 | 1,364 |
| Intangible asset | 309 | - | - | - |
| Subsidiaries | - | - | 249,962 | 131,328 |
| Associates | 57,700 | 17,879 | 7,173 | - |
| Joint ventures | 18,585 | 32,480 | - | 19,967 |
| Other receivables | 76,046 | 45,733 | 17,594 | 3,685 |
| Derivative financial instruments | 5,745 | 1,705 | 5,783 | 1,705 |
| Deferred tax assets | - | 26 | - | - |
| Total non-current assets | 471,560 | 329,716 | 281,497 | 158,049 |
| Total assets | 989,823 | 936,804 | 731,439 | 458,889 |

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. (cont'd)

Statements of Financial Position (cont'd)

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | FY2010 US\$'000 | FY2009 US\$'000 | FY2010 US\$'000 | FY2009 US\$'000 |
| <u>LIABILITIES AND EQUITY</u> | | | | |
| Current liabilities | | | | |
| Bank loans | 75,975 | 24,011 | - | - |
| Bonds | 70,544 | 71,147 | 70,544 | 71,147 |
| Trade payables | 63,565 | 82,947 | - | - |
| Other payables | 88,118 | 201,234 | 12,590 | 7,614 |
| Current portion of finance leases | 1,899 | 899 | 181 | 94 |
| Amount due to subsidiaries | - | - | 215,599 | 41,578 |
| Income tax payable | 3,349 | 7,557 | 518 | 450 |
| Total current liabilities | 303,450 | 387,795 | 299,432 | 120,883 |
| Non-current liabilities | | | | |
| Bank loans | 48,199 | 63,507 | - | - |
| Bonds | 144,636 | 72,047 | 144,636 | 72,047 |
| Convertible loan notes | 113,813 | 104,500 | 113,813 | 104,500 |
| Finance leases | 3,407 | 1,995 | 413 | 342 |
| Derivative financial instruments | - | 61 | - | - |
| Deferred tax liabilities | 8,354 | 3,563 | - | - |
| Total non-current liabilities | 318,409 | 245,673 | 258,862 | 176,889 |
| Capital, reserves and non-controlling interest | | | | |
| Share capital | 158,006 | 158,006 | 158,006 | 158,006 |
| Treasury shares | (2,507) | (2,507) | (2,507) | (2,507) |
| Hedging reserve | 5,783 | 1,644 | 5,783 | 1,705 |
| Translation reserve | 4,712 | 493 | - | 337 |
| Other reserve | (8,206) | - | - | - |
| Retained earnings | 179,558 | 139,947 | 11,863 | 3,576 |
| Equity attributable to owners of the company | 337,346 | 297,583 | 173,145 | 161,117 |
| Non-controlling interests | 30,618 | 5,753 | - | - |
| Total equity | 367,964 | 303,336 | 173,145 | 161,117 |
| Total liabilities and equity | 989,823 | 936,804 | 731,439 | 458,889 |



1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

| Group FY2010 | | Group FY2009 | |
|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| Secured US\$'000 | Unsecured US\$'000 | Secured US\$'000 | Unsecured US\$'000 |
| 77,874 | 70,544 | 24,910 | 71,147 |

Amount repayable after one year

| Group FY2010 | | Group FY2009 | |
|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| Secured US\$'000 | Unsecured US\$'000 | Secured US\$'000 | Unsecured US\$'000 |
| 51,607 | 258,449 | 65,502 | 176,547 |

The bank loans are generally secured by:

- (i) First legal mortgage over certain vessels, apartments, furniture and office equipment.
- (ii) Assignment of all marine insurances in respect of the vessels.
- (iii) Assignment of earnings/charter proceeds in respect of the vessels.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

| | Group | |
|---|--------------------|--------------------|
| | FY2010 US\$'000 | FY2009 US\$'000 |
| Operating activities | | |
| Profit before tax | 47,410 | 43,813 |
| Adjustments for : | | |
| Allowance for doubtful debts | 115 | 297 |
| Bad debts written off | 48 | 326 |
| Depreciation of property, plant and equipment | 14,481 | 15,152 |
| Property, plant and equipment written off | 15 | - |
| Interest income | (1,369) | (549) |
| Issuance expense of convertible loan note | - | 2,747 |
| Finance costs | 20,702 | 13,579 |
| Fair value loss of financial liabilities designated as at fair value through profit or loss | 9,351 | 4,500 |
| Foreign exchange losses | 14,063 | - |
| Gain on disposal of property, plant and equipment | (5,177) | (143) |
| Gain on disposal of assets held for sale | (26,129) | (32,969) |
| Loss on disposal of associates | - | 222 |
| Loss on dilution/ disposal of subsidiaries | 1,738 | - |
| Provision for employee benefits | - | (49) |
| Share of profit of associates and joint ventures | (1,654) | (4,839) |
| Operating cash flows before movements in working capital | <u>73,594</u> | <u>42,087</u> |
| Trade receivables | 26,359 | (79,905) |
| Engineering work-in-progress in excess of progress billings | 4,994 | (67,580) |
| Inventories | (4,735) | 490 |
| Other receivables | (77,390) | (11,664) |
| Other assets | - | 31 |
| Trade payables | (3,425) | (9,525) |
| Other payables | (88,963) | 87,917 |
| Cash used in operations | <u>(69,566)</u> | <u>(38,149)</u> |
| Income taxes paid | (7,570) | (330) |
| Interest expense paid | <u>(16,580)</u> | <u>(10,742)</u> |
| Net cash used in operating activities | <u>(93,716)</u> | <u>(49,221)</u> |
| Investing activities | | |
| Interest income received | 1,369 | 549 |
| Dividend received from associates/ joint ventures | 5,811 | 2,701 |
| Proceeds on disposal of property, plant and equipment | 31,633 | 43,673 |
| Proceeds on disposal of assets held for sale | 316,942 | 169,332 |
| Proceeds from disposal of subsidiaries | 25 | - |
| Proceeds from disposal of associates | 143 | 3,900 |
| Purchases of property, plant and equipment | (108,656) | (83,922) |
| Purchases of assets held for sale | (172,379) | (136,228) |
| Investment in subsidiary | 193 | - |
| Investment in associate | (35,986) | (18,378) |
| Investment in joint venture | (5,246) | (20,271) |
| Net cash generated from/ (used in) investing activities | <u>33,849</u> | <u>(38,644)</u> |



1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Consolidated Statement of Cash Flows (cont'd)

| | Group | |
|---|-----------------------|----------------------|
| | FY2010 | FY2009 |
| | US\$'000 | US\$'000 |
| Financing activities | | |
| Pledged deposits | (7,348) | (9) |
| Contribution from non-controlling interest of a subsidiary | 15,404 | - |
| Proceeds on issue of convertible loan notes | - | 97,253 |
| Proceeds on issue of bonds | 141,631 | - |
| Net proceeds on issue of shares | - | 49,801 |
| Repayment of obligations under finance leases | (918) | (543) |
| Redemption of bonds | (79,737) | (11,904) |
| New bank loans raised | 257,735 | 321,876 |
| Repayment of bank loans | (219,603) | (360,565) |
| Net cash generated financing activities | <u>107,164</u> | <u>95,909</u> |
| Net increase in cash and cash equivalents | 47,297 | 8,044 |
| Cash and cash equivalents at beginning of the year | 76,567 | 68,087 |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | 71 | 436 |
| Cash and cash equivalents at end of the year | <u><u>123,935</u></u> | <u><u>76,567</u></u> |
| Cash and cash equivalents consist of: | | |
| Cash at bank | 121,821 | 76,424 |
| Fixed deposits | 15,986 | 6,667 |
| Cash on hand | 67 | 67 |
| | <u>137,874</u> | <u>83,158</u> |
| Less: Pledged cash placed with banks | (13,939) | (6,591) |
| Total | <u><u>123,935</u></u> | <u><u>76,567</u></u> |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity - GROUP

| | Share capital US\$'000 | Treasury shares US\$'000 | Hedging reserve US\$'000 | Translation reserve US\$'000 | Other reserve US\$'000 | Retained earnings US\$'000 | Equity attributable to owners of the company US\$'000 | Non-controlling interests US\$'000 | Total US\$'000 |
|--|---------------------------|-----------------------------|-----------------------------|---------------------------------|---------------------------|-------------------------------|--|---------------------------------------|-------------------|
| Balance at 1 January 2010 | 158,006 | (2,507) | 1,644 | 493 | - | 139,947 | 297,583 | 5,753 | 303,336 |
| Total comprehensive income for the year | - | - | 4,139 | 4,219 | - | 37,258 | 45,616 | 2,056 | 47,672 |
| Effect of change in ownership interest in a subsidiaries | - | - | - | - | (8,206) | 2,353 | (5,853) | 22,809 | 16,956 |
| Balance at 31 December 2010 | 158,006 | (2,507) | 5,783 | 4,712 | (8,206) | 179,558 | 337,346 | 30,618 | 367,964 |
| Balance at 1 January 2009 | 108,205 | (2,507) | (4,867) | (251) | - | 105,270 | 205,850 | 1,221 | 207,071 |
| Total comprehensive income for the year | - | - | 6,511 | 744 | - | 34,677 | 41,932 | 4,492 | 46,424 |
| Issue of share capital, net of expenses | 49,801 | - | - | - | - | - | 49,801 | - | 49,801 |
| Effect of change in ownership interest in a subsidiaries | - | - | - | - | - | - | - | 40 | 40 |
| Balance at 31 December 2009 | 158,006 | (2,507) | 1,644 | 493 | - | 139,947 | 297,583 | 5,753 | 303,336 |

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity - COMPANY

| | Share capital US\$'000 | Treasury shares US\$'000 | Hedging reserve US\$'000 | Translation reserve US\$'000 | Retained earnings US\$'000 | Equity attributable to owners of the company US\$'000 | Non-controlling interests US\$'000 | Total US\$'000 |
|---|---------------------------|-----------------------------|-----------------------------|---------------------------------|-------------------------------|--|---------------------------------------|-------------------|
| Balance at 1 January 2010 | 158,006 | (2,507) | 1,705 | 337 | 3,576 | 161,117 | - | 161,117 |
| Total comprehensive income for the year | - | - | 4,078 | (337) | 8,287 | 12,028 | - | 12,028 |
| Balance at 31 December 2010 | 158,006 | (2,507) | 5,783 | - | 11,863 | 173,145 | - | 173,145 |
| Balance at 1 January 2009 | 108,205 | (2,507) | (4,867) | - | 2,864 | 103,695 | - | 103,695 |
| Total comprehensive income for the year | - | - | 6,572 | 337 | 712 | 7,621 | - | 7,621 |
| Issue of share capital, net of expenses | 49,801 | - | - | - | - | 49,801 | - | 49,801 |
| Balance at 31 December 2009 | 158,006 | (2,507) | 1,705 | 337 | 3,576 | 161,117 | - | 161,117 |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

US\$100.0 MILLION 5% CONVERTIBLE BONDS DUE IN 2014

As announced via SGXNET on 16 October 2009, Swiber Holdings Limited (the “**Company**”) had on 16 October 2009 issued US\$100.0 million 5% convertible bonds due in 2014 (the “**Convertible Bonds or “Convertible Loan Notes**”). Key feature of the Convertible Bonds is as follow:

*“The Convertible Bonds may be converted at the option of bondholders at any time on and from November 26, 2009 to October 6, 2014, at the current conversion price of S\$1.14, into fully paid-up ordinary shares of the Company at the fixed exchange rate of US\$1.00 = S\$1.44. The conversion price will be reset on each interest payment date (the “**Reset Date**”) based on the average market price, defined as the Volume Weighted Average Price of shares for up to 20 consecutive trading days (“**VWAP**”) immediately preceding the relevant Reset Date.”*

Due to the reset feature on conversion price, the Company does not deliver fixed amount of equity for a fixed number of bonds based on the prevailing conversion rate. Therefore, it will not be able to determine the aggregate number of shares that may be issued on conversion of all the outstanding convertibles as at the end of current financial period reported on.

On 16 October 2010, the conversion price has been reset downwards to the VWAP of S\$1.08¹. The conversion price before the adjustment was S\$1.14. The next reset date is on 16 April 2011.

For the purpose of illustration, assuming that all the Convertible Bonds are converted at current conversion price of S\$1.08, the aggregate number of shares that may be issued on conversion would be approximately 133,333,333. This represents approximately 26.38% of the Company’s existing share capital of 505,355,000 shares (net of treasury shares).

¹ please read announcement released via SGXNet on 15 October 2010 for details.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| | FY2010 | FY2009 |
|-------------------------------|--------------------|--------------------|
| Total number of issued shares | <u>505,355,000</u> | <u>505,355,000</u> |

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

| | FY2010 | FY2009 |
|---------------------------------|------------------|------------------|
| Total number of treasury shares | <u>2,995,000</u> | <u>2,995,000</u> |

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the twelve months ended 31 December 2010.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

Except for the comparative balance sheets of the Company and its subsidiaries (the “**Group**”) and of the Company as at 31 December 2009, the financial statements have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as those applied in the financial statement for the year ended 31 December 2009.

5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well the reasons for, and the effect of, the change.

The Group has adopted the new or revised Financial Reporting Standard (“**FRS**”) and the interpretation of FRS that become effective for the entities with financial period commencing 1 January 2010. The adoption of these new and revised FRSs have no material impact to the result of the Group and of the Company for the fourth quarter and twelve months ended 31 December 2010.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | 4Q2010 | Group 4Q2009 | FY2010 | FY2009 |
|---|----------------|-------------------------|----------------|---------------|
| Net profit after tax attributable to owners of the Company (US\$'000) | 8,487 | (6,491) | 37,258 | 34,677 |
| Earnings per share | | | | |
| a) Based on weighted average number of ordinary shares on issue (US\$ cents) | 1.7 | (1.4) | 7.4 | 7.4 |
| b) Based on fully diluted basis (US\$ cents) | 1.3 | (1.4) | 5.8 | 7.4 |
| Weighted average number of shares applicable to basic earnings per share ('000) | 505,355 | 468,993 | 505,355 | 468,993 |
| Weighted average number of shares based on fully diluted basis ('000)* | 638,688 | 468,993 | 638,688 | 468,993 |

* The fully diluted earnings per share is arrived at after taking into consideration the potential ordinary shares arising from the conversion of outstanding Convertible Bonds which would dilute the basic earnings per share.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

| | Group | | Company | |
|--|----------------|---------|----------------|---------|
| | FY2010 | FY2009 | FY2010 | FY2009 |
| Net asset value (US\$'000) | 337,346 | 297,583 | 173,482 | 161,117 |
| Total number of shares issued ('000) | 505,355 | 505,355 | 505,355 | 505,355 |
| Net asset value per share (US\$ cents per share) | 66.8 | 58.9 | 34.3 | 31.9 |

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

Review of Group Performance

Consolidated Income Statement and Statement of Comprehensive Income

(a) Revenue

FY2010 vs FY2009

The Group posted revenue of US\$469.7 million in FY2010, which was 19.4% higher as compared to the previous corresponding year ended 31 December 2009 ("**FY2009**"), the increase in revenue was due mainly to the Group recognizing contributions arising from the contracts awarded to the Group since fourth quarter in 2009 ("**4Q2009**"), concentrated in the South East Asia and South Asia region.

4Q2010 vs 4Q2009

Group's revenue for 4Q2010 grew by 56.7% to US\$155.9 million from US\$99.5 million as compared to 4Q2009, higher revenue was attributable to higher volume of works in South Asia from the awarded contracts as compared to 4Q2009.



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(b) Cost of sales and gross profit

FY2010 vs FY2009

With higher revenue earned, cost of sales increased by US\$29.6 million or 8.8%, from US\$337.1 million in FY2009 to US\$366.7 million in FY2010. Cost of sales comprises mainly of charter hire, sub-contractor cost, material cost, salaries and labour related cost and consumables. Overall gross profit margin improved by 7.6%, from 14.3% in FY2009 to 21.9% in FY2010, the improvement was due mainly to higher efficiency in deployment of assets and project cost measurement.

4Q2010 vs 4Q2009

As the Group recorded higher revenue in 4Q2010, cost of sales increased by US\$21.7 million or 21.8%, from US\$99.3 million in 4Q2009 to US\$121.0 million in 4Q2010. Gross profit margin was 22.4% in 4Q2010 and 0.2% in 4Q2009. Lower gross profit margin for 4Q2009 was due mainly to lesser projects being executed to absorbed fixed operating costs resulting in higher cost of sales.

(c) Other operating income

The breakdown of other operating income is as follows:

| | Group | | | |
|---|---------------|---------------|---------------|---------------|
| | 4Q2010 | 4Q2009 | FY2010 | FY2009 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Gain on disposal of property, plant and equipment | 33 | - | 5,177 | 143 |
| Gain on disposal of assets held for sale | 14,028 | 11,566 | 26,129 | 32,969 |
| Interest income | 987 | 134 | 1,369 | 549 |
| Others | 135 | 819 | 5,326 | 1,557 |
| | 15,183 | 12,519 | 38,001 | 35,218 |

FY2010 vs FY2009

Other operating income for FY2010 increased slightly by approximately US\$2.8 million or 7.9%, from US\$35.2 million in FY2009 to US\$38.0 million in FY2010.

Gain on disposal of property, plant and equipment increased by US\$5.0 million, from approximately US\$143,000 in FY2009 to US\$5.2 million in FY2010. The increase was due mainly to the disposal of a sheerleg crane barge equipment.

Gain on disposal of assets held for sale decreased by US\$6.9 million, from US\$33.0 million in FY2009 to US\$26.1 million in FY2010. The decrease was due to 5 vessels being sold through the sale and leaseback arrangement in FY2009 as compared to 2 vessels in FY2010.

Included in others was US\$3.6 million gain arose from termination of cross currency interest rate swap contract ("**Swap Contracts**") relating to the Multicurrency Medium Term Notes ("**MTN**") series 1 and 2 in first quarter 2010 ("**1Q2010**"). The Group utilized swap contracts to hedge significant future transactions and cash flows on its fixed and floating rate MTN, and the changes of fair value of these swap contracts are recognized in hedging reserve (other comprehensive income). As a result of the termination of swap contracts in 1Q2010, the gain in hedging reserve is recognized and was reclassified to profit and loss.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)

(c) Other operating income (cont'd)

4Q2010 vs 4Q2009

For 4Q2010, other operating income increased by US\$2.7 million or 21.3%, from US\$12.5 million in 4Q2009 to US\$15.2 million in 4Q2010 was mainly due to gain recognized through asset held for sale of a pipelay barge and reversal of excess cost accrued for delivered vessels as these accruals are no longer required.

(d) Administrative expenses

FY2010 vs FY2009/ 4Q2010 vs 4Q2009

Administrative expenses for FY2010 increased by US\$14.3 million or 46.0%, from US\$31.0 million in FY2009 to US\$45.3 million in FY2010. As for 4Q2010, administrative expenses increased by US\$8.8 million or 91.0%, from US\$9.6 million in FY2009 to US\$18.4 million in FY2010. The increase was due mainly to the followings:

- i) non-recurring expenses incurred for the Initial Public Offering ("**IPO**") of a subsidiary, Kreuz Holdings Limited ("**KHL**") of US\$1.0 million; and
- ii) with the increase in projects being awarded, the Group started to build its infrastructure in Q42009. The Group increased its business development budget, staff related costs, office and administrative budget as more employees were hired to support the Group business expansion. As at 31 December 2010 and 31 December 2009, the Group had approximately 1,250 and 960 employees respectively.

(e) Other operating expenses

The breakdown of other operating expenses is as follows:

| | Group | | | |
|---|-----------------|----------|-----------------|----------|
| | 4Q2010 | 4Q2009 | FY2010 | FY2009 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Fair value loss on financial liabilities designated as at fair value through profit or loss | 2,360 | 4,500 | 9,351 | 4,500 |
| Foreign exchange losses | 7,573 | 35 | 16,849 | 35 |
| Loss on disposal of associates | - | - | - | 222 |
| Loss on dilution/ disposal of subsidiaries | 821 | - | 1,738 | - |
| Others | 707 | 2,689 | 1,294 | 3,199 |
| | 11,461 | 7,224 | 29,232 | 7,956 |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)**

(e) Other operating expenses (cont'd)

FY2010 vs FY2009/ 4Q2010 vs 4Q2009

For FY2010, other operating expenses increased by US\$21.2 million or 267.4%, from approximately US\$8.0 million in FY2009 to US\$29.2 million in FY2010. As for 4Q2010, other operating expenses increased by US\$4.3 million or 58.7%, from US\$7.2 million in 4Q2009 to US\$11.5 million in 4Q2010. The increase was due mainly to the followings:

- (i) changes in fair value of financial derivative embedded in the Convertible Bonds of US\$2.4 million in 4Q2010 and US\$9.4 million for FY2010, such changes in fair value was accounted for at fair value through profit or loss. The fair value of financial derivative embedded in the Convertible Bonds is reviewed periodically.
- (ii) increase in net foreign exchange losses by US\$7.6 million for 4Q2010 and US\$16.8 million for FY2010. Foreign exchange losses mainly arose from:
 - (a) the unwinding of cash flow hedges in relation to the MTN series 1 and series 2 in 1Q2010. As a result of unwinding the cash flow hedges, the Company revalued the MTN series 1 and series 2 that are denominated in Singapore dollar at quarter end exchange rate (at the end of quarter 1 and quarter 2) and the said foreign exchange differences were recognized in income statement; and
 - (b) the depreciation of United States Dollars against Singapore Dollar. Higher foreign exchange losses also arose from the revaluation of MTN Series 7 and Series 8 denominated in Singapore Dollar as a result of the weakening of United States Dollars as follows:
 - i) from second quarter end to third quarter end, United States Dollars has depreciated from: S\$1 : US\$0.7150 to S\$1 : US\$0.7595.
 - ii) From third quarter end to fourth quarter end, United States Dollars has depreciated from: S\$1 : US\$0.7595 to S\$1 : US\$0.7744.
- (iii) loss on dilution/ disposal of subsidiaries of approximately US\$1.7 million. The loss was mainly the result of:
 - (a) the Company not participating in the share issue of a former subsidiary, namely PT Swiber Berjaya ("**PTSB**") on a pro-rata basis. In second quarter 2010 ("**2Q2010**"), PTSB increased its paid up and issue share capital by allotting 2,500 ordinary shares to the Company (the "**Subscription**"), and 4,500 ordinary shares to other existing shareholder of PTSB ("**Share Increase**"). Following the Share Increase, the Company's interest in PTSB was diluted to 49%. Thus, PTSB has ceased to be a subsidiary and become an associated company of the Company.¹
 - (b) The loss on disposal of a wholly owned subsidiary, namely Swiber Marine (Malaysia) Sdn. Bhd. ("**SMMSB**") recorded in Q42010.²

¹ please read announcement released via SGXNet on 8 June 2010 for details.

² please read announcement released via SGXNet on 26 October 2010 for details.



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)**

(f) Share of (loss)/ profit of associates and joint ventures

FY2010 vs FY2009/ 4Q2010 vs 4Q2009

For FY2010, share of profit of associates and joint ventures decreased by US\$3.1 million or 65.8%, from US\$4.8 million in FY2009 to US\$1.7 million in FY2010. As for 4Q2010, share of loss of associates and joint ventures increased by approximately US\$379,000, from approximately US\$43,000 in 4Q2009 to approximately US\$422,000 in 4Q2010. The increase was due mainly to a joint venture experienced operational deficit in FY2010.

(g) Finance costs

FY2010 vs FY2009/ 4Q2010 vs 4Q2009

For FY2010, finance cost increased by US\$7.1 million or 52.5%, from US\$13.6 million in FY2009 to US\$20.7 million in FY2010. As for 4Q2010, finance costs increased by US\$1.9 million or 54.3%, from US\$3.6 million in 4Q2009 to US\$5.5 million in 4Q2010. Higher finance cost was incurred due mainly to the issuance of the Convertible Bond in the 4Q2009.

(h) Income tax expense

FY2010 vs FY2009/ 4Q2010 vs 4Q2009

For FY2010, income tax expense increased by US\$3.2 million or 66.0%, from US\$4.8 million in FY2009 to US\$8.0 million in FY2010. As for 4Q2010, Income tax expense increased by US\$4.6 million or 656.2%, from approximately US\$700,000 in 4Q2009 to US\$5.3 million in 4Q2010. This was due to higher profit in FY2010 and 4Q2010 and changes in deferred tax. In addition, as the Group derived higher revenue from the projects carrying out in South Asia, various taxes were provided and paid for in relation to these projects in 4Q2010.

(i) Profit/ (loss) for the period/ year

FY2010 vs FY2009/ 4Q2010 vs 4Q2009

With the above, profit after tax increased by approximately US\$400,000 or 1.1%, from US\$39.0 million in FY2009 to US\$39.4 million in FY2010. As for 4Q2010, the Group recorded profit after tax of US\$9.0 million, from loss of US\$8.5 million in 4Q2009.



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)

(i) Profit/ (loss) for the year/ priod (cont'd)

For the purpose of illustration, if excluding non-cash, non-operational in nature and the non-recurring expenses, the Group would have recorded profit after tax as follows:

| | Group | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 4Q2010 US\$'000 | 4Q2009 US\$'000 | FY2010 US\$'000 | FY2009 US\$'000 |
| Profit/ (loss) after tax | 9,040 | (8,470) | 39,397 | 38,985 |
| Adjusted for: | | | | |
| Issuance expenses of Convertible Bonds | - | 2,747 | - | 2,747 |
| Fair value loss on financial liabilities designated as at fair value through profit or loss | 2,360 | 4,500 | 9,351 | 4,500 |
| Non-recurring IPO expenses incurred by KHL | - | - | 1,000 | - |
| Adjusted profit | 11,400 | (1,223) | 49,748 | 46,232 |
| Net profit margin before adjustment | 5.8% | -8.5% | 8.4% | 9.9% |
| Adjusted net profit margin | 7.3% | -1.2% | 10.6% | 11.8% |

Statement of Financial Position

(j) Trade receivables

Notwithstanding the increase in revenue, Group's trade receivables decreased by US\$25.6 million from US\$141.8 million as at 31 December 2009 to US\$116.2 million as at 31 December 2010. Subsequent to 31 December 2010, the Group received settlement of approximately US\$30.9 million from its customers. The Company has carefully assessed the trade receivables and believes that there is no significant change in credit quality.

(k) Engineering work in progress in excess of progress billing

Engineering work-in-progress in excess of progress billing ("**EWIP**") decreased by US\$50.1 million from US\$202.8 million as at 31 December 2009 to US\$152.7 million as at 31 December 2010. The decrease was due mainly to combination of projects that vary in scope, value and duration being executed and timing difference between the billing and revenue recognized for projects in progress.

In FY2009, EWIP also included a project in South Asia which has been deferred due to changes of scope and with the change, the Group was also awarded additional works by the oil major. The work for this project commenced in 4Q2010 and is expected to be completed in first quarter of 2011 and the related EWIP has been recognized based on percentage of completion as at December 2010.

Subsequent to 31 December 2010, progress billing of approximately US\$108.0 million has been approved for billing by customers for work performed.



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)**

(l) Other receivables - current

The breakdown of other current receivables is as follows:

| | Group | |
|--------------------------|-----------------|-----------------|
| | FY2010 | FY2009 |
| | US\$'000 | US\$'000 |
| Deposits and prepayments | 21,708 | 9,250 |
| Other receivables | 61,677 | 33,039 |
| | 83,385 | 42,289 |

Other receivables increased by US\$41.1 million from US\$42.3 million as at 31 December 2009 to US\$83.4 million as at 31 December 2010. The increase was due mainly to:

- (i) increase in deposits and prepayments by US\$12.4 million due mainly to prepayment of vessels conversion and pre-operating cost which are amortized over the term of the charter and prepaid chartering expenses.
- (ii) increase in other receivables by US\$28.7 million due mainly to:
 - (i) higher advance payments being made to sub-contractors and suppliers for projects executing in South Asia and;
 - (ii) advances to certain joint ventures and associates.

(m) Assets held for sales

Assets held for sales decreased by US\$113.8 million from US\$132.7 million as at 31 December 2009 to US\$18.9 million as at 31 December 2010. The decrease was due mainly to the deliveries of the following vessels in FY2010:

- i) one diving support vessel under a sale and leaseback arrangement;
- ii) one derrick pipe-lay barge to a joint venture;
- iii) one pipe-lay barges to a joint venture;
- iv) one jack up barge to third party; and
- v) two anchor handling tug/supply to a joint venture and under a sale and leaseback arrangement.

(n) Property, plant and equipment

Property, plant and equipment increased by approximately US\$81.3 million from US\$231.9 million as at 31 December 2009 to US\$313.2 million as at 31 December 2010. The increase was due mainly to increase in construction work-in-progress in relation to the construction of a derrick crane barge and an accommodation work barge. Assets under construction are not depreciated.

Depreciation charged from the balance of net book value of certain property, plant and equipment decreased slightly by approximately US\$700,000 or 4.4%, from US\$15.2 million in FY2009 to US\$14.5 million in FY2010.



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)

(o) Associates

Investment in associates increased by approximately US\$39.8 million from US\$17.9 million as at 31 December 2009 to US\$57.7 million as at 31 December 2010. The increase was due mainly to the followings:

- (i) dilution of equity interest/ deemed disposal in a former subsidiary, PTSB, as a result of the Company not participating in the share issue on a pro-rata basis. Following the share increase, the Company's interest in PTSB was diluted from 80.0% to 49.0%, thus PTSB has ceased to be a subsidiary and become an associate of the Company¹;
- (ii) acquisition of 28.9% equity interest in Vallianz Holdings Limited²; and
- (iii) subscription for shares representing 33.3% equity interest in PJW 3000 LLC³.

¹ please read announcement released via SGXNet on 8 June 2010 for details.

² please read announcement released via SGXNet on 11 June 2010 and 9 July 2010 for details.

³ please read announcement released via SGXNet on 29 September 2010 for details.

(p) Joint ventures

Investment in joint ventures decreased by approximately US\$13.9 million from US\$32.5 million as at 31 December 2009 to US\$18.6 million as at 31 December 2010. The decrease was due mainly to reclassification of investment in one of the joint venture company to asset held for sale as the Company disposed the said joint venture company in February 2011¹.

In 2Q2010, the Company further subscribed for shares representing 50% equity interest in Alam Swiber DLB 1 (L) Inc².

¹ please read announcement released via SGXNet on 18 February 2011 for details.

² please read announcement released via SGXNet on 20 May 2010 for details.

(q) Other receivables - non-current

The breakdown of other non-current receivables is as follows:

| | Group | |
|--------------------------|--------------------|--------------------|
| | FY2010 US\$'000 | FY2009 US\$'000 |
| Deposits and prepayments | 34,051 | 24,258 |
| Other receivables | 41,995 | 21,475 |
| | 76,046 | 45,733 |

Other non-current receivables increased by US\$30.3 million from US\$45.7 million as at 31 December 2009 to US\$76.0 million as at 31 December 2010. The increase was due to the followings:

- i) increase in deposit and prepayments by US\$9.7 million. Deposit and prepayments mostly comprise of prepayments of vessels conversion and pre-operating cost and are amortised over the term of the charter; and



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)

(q) Other receivables - non-current (cont'd)

- ii) increase in other receivables by US\$20.5 million. Other receivables pertain mainly to seller credits and optional loans granted under the sales and leaseback transactions. The increase was due to the Group completing its sales and lease back arrangement in FY2010.

The Group has entered into sales and lease back agreements ("**Agreements**") with several outside parties, under the Agreements, the Group has granted each buyer of the vessel credit facilities in connection with their purchase of vessel. The seller credits and optional loans shall serve as security for the obligations of the Group under the respective bareboat charter parties. These deposits will be refunded in the event that the Company decides not to seek for renewal upon the expiry of the Agreement. As such, the seller credits are recorded as deposits in other receivables.

(r) Total current and non-current borrowings

Total current and non-current borrowings include bank loans, bonds, Convertible Loan Notes and finance leases. Total current and non-current borrowings increased by US\$120.4 million from US\$338.1 million as at 31 December 2009 to US\$458.5 million as at 31 December 2010.

Net debt to equity ratio is as follows:

| Financial year/ period ended | 31 December 2010 | 30 September 2010 | 30 June 2010 | 31 March 2010 | 31 December 2009 |
|------------------------------|------------------|-------------------|--------------|---------------|------------------|
| Net debt to equity | 0.87 | 0.86 | 0.91 | 0.81 | 0.84 |

As at 31 December 2010, the Group has the following outstanding bonds and Convertible Loan Notes:

Bonds

| Multicurrency medium term notes | Due Date | FY2010 US\$'000 | FY2009 US\$'000 |
|---------------------------------|--------------|--------------------|--------------------|
| Current | | | |
| - series 1 | August 2010 | - | 35,409 |
| - series 2 | August 2010 | - | 35,738 |
| - series 3 | March 2011 | 36,023 | - |
| - series 4 | March 2011 | 36,023 | - |
| Less: amortised cost | | (1,502) | - |
| | | 70,544 | 71,147 |
| Non-current | | | |
| - series 3 | | - | 36,023 |
| - series 4 | | - | 36,023 |
| - series 7 | August 2012 | 84,778 | - |
| - series 8 | October 2013 | 61,657 | - |
| Less: amortised cost | | (1,799) | - |
| | | 144,636 | 72,047 |



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)**

(r) Total current and non-current borrowings (cont'd)

On 22 July 2010, the Company has increased the programme limit from S\$300 million to S\$500 million with effect from 22 July 2010 and appointed DBS Bank as the new arranger of the MTN programme (the "**MTN Programme**") with effect from 7 June 2010¹.

Series 1 and series 2 was matured and redeemed on 21 August 2010.

During FY 2010, the Company had issued the following MTN under the S\$500,000,000 MTN Programme:

- i) Series 7 was issued on 31 August 2010, the Company issued S\$110,000,000 in principal amount of 5.75 per cent. fixed rate notes due 31 August 2012².
- ii) Series 8 was issued on 4 October 2010, the Company issued S\$80,000,000 in principal amount of 5.80 per cent. fixed rate notes due 11 October 2013³.

Cross currency interest rate swap contracts in relation to the above-mentioned issued notes have been established and creating an effective cash flow hedge against the foreign currency and interest rate movement.

¹ please read announcement released via SGXNet on 22 July 2010 for details.

² please read announcement released via SGXNet on 31 August 2010 for details.

³ please read announcement released via SGXNet on 4 October 2010 for details.

Convertible Loan Notes

| | FY2010 US\$'000 | FY2009 US\$'000 | Due Date |
|--|--------------------|--------------------|--------------|
| Non-current | | | |
| Nominal value of the Convertible Bonds | 100,000 | 100,000 | October 2014 |
| Fair value through profit or loss | 13,813 | 4,500 | |
| | 113,813 | 104,500 | |

The increased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US\$9.3 million in FY2010, such changes in fair value was accounted for at fair value through profit or loss. The fair value of financial derivative embedded in the Convertible Bonds is reviewed periodically.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)

(s) Other payables

The breakdown of other payables is as follows:

| | Group | |
|----------------------------------|-----------------|-----------------|
| | FY2010 | FY2009 |
| | US\$'000 | US\$'000 |
| Accruals | 59,704 | 45,755 |
| Deposits received from customers | 2,647 | 78,332 |
| Other payables | 25,767 | 77,147 |
| | 88,118 | 201,234 |

Other payables decreased by US\$113.1 million from US\$201.2 million as at 31 December 2009 to US\$88.1 million as at 31 December 2010. The net decrease was due to partial offsetting of the followings:

- i) increase in accruals by US\$13.9 million due mainly to accrued interest on the Convertible Bond, the MTN and operational costs;
- ii) decrease in deposits received from customer by US\$75.7 million due to delivery of a derrick pipe-lay barge and a pipe-lay barge; and
- iii) decrease in other payables by US\$51.3 million due mainly to decrease in deposits received from customers.

Consolidated Statement of Cash Flows

(t) Cash flow used in operating activities

In FY2010, the Group's net cash used in operating activities amounted to US\$93.7 million. This comprised operating cash flow before working capital changes of US\$73.6 million, and adjusted for net working capital outflows of approximately US\$143.2 million.

The net working capital outflows were mainly the result of the followings:

- (i) net increase in trade and other receivables of US\$51.0 million;
- (ii) a decrease in other payables of US\$89.0 million.

(u) Cash flow from investing activities

In FY2010, the Group generated net cash inflow from investing activities of US\$33.8 million, which was due mainly to proceeds from disposal of assets held for sale of total US\$316.9 million. This cash inflow was however partially offset by purchase of property, plant and equipment and assets held for sales of US\$281.0 million and investment in associates of US\$36.0 million.



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)**

(v) Cash flow from financing activities

In FY2010, the Group generated net cash inflow from financing activities of US\$107.2 million as a result of the followings:

- (i) new bank borrowings amounted to US\$257.7 million;
- (ii) proceed on issue of bonds amounted to US\$141.6 million; and
- (iii) contribution from non-controlling interest as a result of the IPO of a subsidiary, KHL, amounted to US\$15.4 million.

The above cash inflow was however partially offset by repayment of bank loans and redemption of bonds total amounted to US\$299.3 million.

(w) Cash and cash equivalents

Cash and cash equivalents increased by approximately US\$47.3 million from US\$76.6 million as at 31 December 2009 to US\$123.9 million as at 31 December 2010. The Group has positive working capital of US\$214.8 million and together with its strong balance sheet, there are sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group is encouraged by the increasing activities in the oil and gas sector supported by stable oil prices and confident that world oil demand will steadily increase. The Group is cautiously optimistic about the long-term outlook of the offshore industry; remain prudent in managing its business operations and cost efficiencies; and continuously exploring new opportunities to leverage on the strong track record. As of March 2011, the Group has an order book of approximately US\$680 million and it is expected to contribute to the Group's results over the next two years, barring unforeseen circumstances.

The Company's subsidiary, KHL, was successfully listed on the Official List of the Catalist board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 29 July 2010. The successful IPO of KHL is a major milestone in the Company's corporate history. KHL plans to expand its range of services through the acquisition of new operating assets, intensify its marketing and bidding efforts, increasing its penetration in its existing markets as well as explore opportunities in new markets.



11. Dividend

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Book closure date.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend for the twelve months ended 31 December 2010 is declared or recommended.



PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business segments

| | Offshore EPIC services US\$'000 | Offshore marine services US\$'000 | Offshore subsea services US\$'000 | Others US\$'000 | Eliminations US\$'000 | Total US\$'000 |
|--|--|--|--|--------------------|--------------------------|-------------------|
| <u>FY2010</u> | | | | | | |
| Revenue | | | | | | |
| External sales | 370,323 | 73,043 | 18,182 | 8,120 | - | 469,668 |
| Inter-segment sales | 2,437 | 195,870 | 36,369 | 30,312 | (264,988) | - |
| Total revenue | 372,760 | 268,913 | 54,551 | 38,432 | (264,988) | 469,668 |
| Result | | | | | | |
| Segment result | 63,958 | 26,856 | 11,580 | 7,435 | - | 109,829 |
| Unallocated income | | | | | | (43,371) |
| Finance costs | | | | | | (20,702) |
| Share of profits of associates and joint ventures | | | | | | 1,654 |
| Profit before tax | | | | | | 47,410 |
| Income tax expense | | | | | | (8,013) |
| Profit for the year | | | | | | 39,397 |
| Other information | | | | | | |
| Capital additions | 87,883 | 8,169 | 11,651 | 533 | | 108,236 |
| Unallocated capital additions | | | | | | 471 |
| | | | | | | 108,707 |
| Depreciation | 2,724 | 6,926 | 2,321 | 1,361 | | 13,332 |
| Unallocated depreciation | | | | | | 1,149 |
| | | | | | | 14,481 |
| Balance sheet | | | | | | |
| Assets | | | | | | |
| Segment assets | 427,287 | 173,671 | 94,679 | 50,803 | | 746,440 |
| Unallocated assets | | | | | | 243,383 |
| Consolidated total assets | | | | | | 989,823 |
| Liabilities | | | | | | |
| Segment liabilities | 107,492 | 7,479 | 13,649 | 10,279 | | 138,899 |
| Unallocated liabilities | | | | | | 482,960 |
| Consolidated total liabilities | | | | | | 621,859 |



13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (cont'd)**

Business segments

| | Offshore EPIC services | Offshore marine services | Offshore subsea services | Others | Eliminations | Total |
|--|------------------------------|--------------------------------|--------------------------------|----------|--------------|----------|
| FY2009 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Revenue | | | | | | |
| External sales | 253,002 | 111,623 | 14,621 | 14,184 | - | 393,430 |
| Inter-segment sales | 8,019 | 211,706 | 45,256 | 8,388 | (273,369) | |
| Total revenue | 261,021 | 323,329 | 59,877 | 22,572 | (273,369) | 393,430 |
| Result | | | | | | |
| Segment result | 5,614 | 21,339 | 3,034 | 4,189 | - | 34,176 |
| Unallocated income | | | | | | 18,377 |
| Finance costs | | | | | | (13,579) |
| Share of profits of associates and joint ventures | | | | | | 4,839 |
| Profit before tax | | | | | | 43,813 |
| Income tax expense | | | | | | (4,828) |
| Profit for the year | | | | | | 38,985 |
| Other information | | | | | | |
| Capital additions | 2,309 | 63,445 | 650 | 18,168 | - | 84,572 |
| Depreciation | 3,037 | 10,041 | 94 | 1,980 | - | 15,152 |
| Balance sheet | | | | | | |
| Assets | | | | | | |
| Segment assets | 153,921 | 365,064 | 5,028 | 35,592 | - | 559,605 |
| Unallocated assets | | | | | | 377,199 |
| Consolidated total assets | | | | | | 936,804 |
| Liabilities | | | | | | |
| Segment liabilities | 5,538 | 108,684 | 6,678 | 6,845 | - | 127,745 |
| Unallocated liabilities | | | | | | 505,723 |
| Consolidated total liabilities | | | | | | 633,468 |



13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (cont'd)**

Geographical segments

FY 2010

| | Revenue ⁽¹⁾ US\$'000 | Assets ⁽²⁾ US\$'000 | Capital Expenditure ⁽²⁾ US\$'000 |
|-----------|------------------------------------|-----------------------------------|---|
| Singapore | 13,889 | 692,269 | 23,924 |
| Malaysia | 12,158 | 258,602 | 83,918 |
| Brunei | 122,812 | 36,214 | 419 |
| India | 143,725 | 1,210 | 288 |
| Vietnam | 285 | - | - |
| Myanmar | 81,250 | - | - |
| Others | 95,549 | 1,528 | 158 |
| | 469,668 | 989,823 | 108,707 |

FY 2009

| | Revenue ⁽¹⁾ US\$'000 | Assets ⁽²⁾ US\$'000 | Capital Expenditure ⁽²⁾ US\$'000 |
|-----------|------------------------------------|-----------------------------------|---|
| Singapore | 38,746 | 458,063 | 62,662 |
| Malaysia | 34,258 | 406,833 | 6,927 |
| Indonesia | 31,600 | 30,567 | 3,049 |
| Brunei | 122,480 | 41,341 | 174 |
| India | 101,898 | - | - |
| Vietnam | 21,681 | - | - |
| Myanmar | 10,202 | - | - |
| Others | 32,565 | - | - |
| | 393,430 | 936,804 | 72,812 |

(1) The Group's operations are carried out offshore through its companies located in Singapore, Malaysia, Indonesia and branch in Brunei. Analysis of the Group's sales is by geographical market, irrespective of the origin of the work/services.

(2) Analysis of the carrying amount of segment assets and additions to the property, plant and equipment analysed by the geographical area in which the assets are located.



14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable

15. A breakdown of sales.

| | Group | | |
|--|--------------------|--------------------|-------------|
| | FY2010 US\$'000 | FY2009 US\$'000 | change % |
| Sales reported for the first half year | 191,346 | 197,922 | -3% |
| Operating profit after tax reported for the first half year | 22,354 | 31,038 | -28% |
| Sales reported for the second half year | 278,322 | 195,508 | 42% |
| Operating profit after tax reported for the second half year | 17,043 | 7,947 | 114% |

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable

17. Interested person transaction

| Name of interested person | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|---------------------------|---|---|
| Nil | Nil | Nil |

Note: Rule 920(1)(a)(ii) of the Listing Manual – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705.

BY ORDER OF THE BOARD

Goh Kim Teck
Executive Chairman
1 March 2011