



SWIBER HOLDINGS LIMITED

Financial Statements And Dividends Announcement

For The Financial Year Ended 31 December 2011

UNAUDITED FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 (“FY2011”).

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Consolidated Income Statement

	Group		
	FY2011	FY2010	Change
	US\$'000	US\$'000	
Revenue	654,487	465,743	40.5%
Cost of sales	(541,541)	(360,128)	50.4%
Gross profit	112,946	105,615	6.9%
Other operating income	35,713	40,730	-12.3%
Administrative expenses	(58,523)	(44,279)	32.2%
Other operating expenses	(787)	(39,022)	-98.0%
Share of profit of associates and joint ventures	2,489	3,812	-34.7%
Finance costs	(22,433)	(20,702)	8.4%
Profit before tax	69,405	46,154	50.4%
Income tax expenses	(27,227)	(6,758)	302.9%
Profit for the year	42,178	39,396	7.1%
Attributable to :			
Owners of the company	32,067	37,269	-14.0%
Non-controlling interests	10,111	2,127	375.4%
	42,178	39,396	
Gross profit margin	17.3%	22.7%	
Net profit margin	6.4%	8.5%	
EBITDA* (US\$'000)	112,639	81,336	
EBITDA* margin	17.2%	17.5%	

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

N/M : Not Meaningful

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, 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		
	FY2011 US\$'000	FY2010 US\$'000	Change
Profit for the year	42,178	39,396	
Other comprehensive income:			
Gain on cash flow hedges	(287)	(3,348)	-91.4%
Exchange differences on translation of foreign operations	30	1,627	-98.2%
Total comprehensive income for the year	41,921	37,675	
Total comprehensive income attributable to:			
Owners of the company	31,810	35,631	-10.7%
Non-controlling interests	10,111	2,044	394.7%
Total	41,921	37,675	

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

	Group		
	FY2011	FY2010	
	US\$'000	US\$'000	
<u>Charging:</u>			
Allowance for doubtful debts - net	-	10,090	N/M
Bad debts written off	31	48	N/M
Depreciation of property, plant and equipment	20,801	14,480	43.7%
Employees' share option/ awards expense	4,009	-	N/M
Fair value loss on financial liabilities designated as at fair value through profit or loss	-	9,351	N/M
Foreign exchange losses - net	-	17,091	N/M
Interest on borrowings	22,433	20,702	8.4%
Loss on disposal of subsidiaries	-	43	N/M
Property, plant and equipment written off	31	15	N/M
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<u>Crediting:</u>			
Interest income	(2,197)	(1,856)	18.4%
Fair value gain on financial liabilities designated as at fair value through profit or loss	(11,228)	-	N/M
Foreign exchange gain - net	(1,315)	-	-
Gain on disposal of property, plant and equipment	(1,007)	(5,177)	N/M
Gain on disposal of assets held for sale	(830)	(26,576)	-96.9%
Gain on disposal of subsidiaries - net	(788)	-	N/M
Gain on disposal of joint ventures	-	(1,908)	N/M
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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	
	FY2011	FY2010	FY2011	FY2010
	US\$'000	US\$'000	US\$'000	US\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	116,458	137,847	8,476	20,085
Trade receivables	120,879	109,271	-	-
Engineering work-in-progress in excess of progress billings	160,549	143,715	-	-
Inventories	80,204	20,224	-	-
Other receivables	125,104	103,821	35,687	39,947
Amount due from subsidiaries	-	-	737,479	394,733
Assets held for sale	11,492	1,334	-	-
Total current assets	614,686	516,212	781,642	454,765
Non-current assets				
Property, plant and equipment	552,736	316,893	583	985
Goodwill	309	309	-	-
Subsidiaries	-	-	249,628	249,962
Associates	110,447	57,190	33,428	7,173
Joint ventures	20,238	18,504	-	-
Other receivables	82,808	75,666	16,305	17,594
Derivative financial instruments	-	5,783	-	5,783
Deferred tax assets	-	1,414	-	-
Total non-current assets	766,538	475,759	299,944	281,497
Total assets	1,381,224	991,971	1,081,586	736,262

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	
	FY2011 US\$'000	FY2010 US\$'000	FY2011 US\$'000	FY2010 US\$'000
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	105,757	83,018	-	-
Bonds	128,445	76,418	128,445	76,418
Convertible loan notes	102,570	-	102,570	-
Finance leases	4,384	1,899	184	181
Trade payables	149,885	68,646	-	-
Other payables	109,275	82,137	28,711	16,842
Amount due to subsidiaries	-	-	442,519	215,599
Income tax payable	8,608	8,671	143	5,945
Total current liabilities	608,924	320,789	702,572	314,985
Non-current liabilities				
Bank loans	76,625	48,195	-	-
Bonds	151,330	146,249	151,330	146,249
Convertible loan notes	-	113,813	-	113,813
Finance leases	7,840	3,407	225	413
Derivative financial instruments	3,908	38	3,855	-
Deferred tax liabilities	9,005	3,208	19	72
Total non-current liabilities	248,708	314,910	155,429	260,547
Capital, reserves and non- controlling interests				
Share capital	158,006	158,006	158,006	158,006
Treasury shares	(2,507)	(2,507)	(2,507)	(2,507)
Hedging reserve	(1,991)	(1,704)	(1,991)	(1,704)
Translation reserve	538	508	-	-
Equity reserve	(8,206)	(8,206)	-	-
Employees' share option reserve	4,009	-	4,009	-
Retained earnings	209,314	179,569	66,068	6,935
Equity attributable to owners of the company	359,163	325,666	223,585	160,730
Non-controlling interests	164,429	30,606	-	-
Total equity	523,592	356,272	223,585	160,730
Total liabilities and equity	1,381,224	991,971	1,081,586	736,262

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

Amount repayable in one year or less, or on demand

Group		Group	
FY2011		FY2010	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
110,141	231,015	84,917	76,418

Amount repayable after one year

Group		Group	
FY2011		FY2010	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
84,465	151,330	51,602	260,062

The bank loans and finance leases are secured by:

- (i) First legal mortgage over certain vessels, furniture and office equipment.
- (ii) Assignment of all marine insurances in respect of the vessels mentioned above.
- (iii) Assignment of earnings/charter proceeds in respect of the vessels mentioned above.
- (iv) Lessors' title to the lease assets.

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	
	FY2011 US\$'000	FY2010 US\$'000
Operating activities		
Profit before tax	69,405	46,154
Adjustments for :		
Allowance for doubtful debts	-	10,090
Bad debts written off	31	48
Depreciation of property, plant and equipment	20,801	14,480
Employees' share options/ awards expense	4,009	-
Fair value (gain)/ loss on financial liabilities designated as at fair value through profit and loss	(11,228)	9,351
Foreign exchange loss - net	5,042	11,676
Gain on disposal of assets held for sale	(830)	(26,576)
Gain on disposal of joint venture/ associates	-	(1,908)
(Gain)/ loss on disposal of subsidiaries - net	(788)	43
Interest expense	22,433	20,702
Interest income	(2,197)	(1,856)
Gain on disposal of property, plant and equipment	(1,007)	(5,177)
Property, plant and equipment written off	31	15
Share of profit of associates and joint ventures - net	(2,489)	(3,812)
Operating cash flows before movements in working capital	103,213	73,230
Trade receivables	(11,640)	18,745
Engineering work-in-progress in excess of progress billings	(16,834)	13,998
Inventories	(59,980)	(15,809)
Other receivables	(77,380)	(59,929)
Trade payables	81,239	10,773
Other payables	32,312	(132,350)
Cash generated from/ (used in) operations	50,930	(91,342)
Income taxes paid - net	(20,070)	(7,552)
Interest expense paid	(12,809)	(16,580)
Net cash generated from/ (used in) operating activities	18,051	(115,474)
Investing activities		
Acquisition of subsidiary	-	355
Advance to third party	-	(15,015)
Interest income received	2,197	1,856
Dividend received from associates/ joint ventures	8,646	5,811
Proceeds on disposal of property, plant and equipment	15,000	32,101
Proceeds on disposal of assets held for sale	2,164	316,942
Proceeds from disposal of subsidiaries	625	(3,678)
Purchases of property, plant and equipment	(157,167)	(126,733)
Purchases of assets held for sale	(11,492)	(157,693)
Investment in subsidiaries	(38)	-
Investment in associates	(19,296)	(135)
Investment in joint ventures	-	(5,109)
Net cash (used in)/ generated from investing activities	(159,361)	48,702

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	
	FY2011	FY2010
	US\$'000	US\$'000
Financing activities		
Contribution from non-controlling interests of a subsidiary	-	15,345
Pledged deposits	7,761	(7,348)
Proceeds on issue of bonds	135,773	141,631
Redemption of bonds	(78,680)	(79,737)
Repayment of obligations under finance leases	(7,649)	(918)
New bank loans raised	240,047	264,775
Repayment of bank loans	(169,459)	(219,603)
Net cash generated from financing activities	127,793	114,145
Net (decrease)/ increase in cash and cash equivalents	(13,517)	47,373
Cash and cash equivalents at beginning of the year	123,908	76,567
Effect of exchange rate changes on the balance of cash held in foreign currencies	(111)	(32)
Cash and cash equivalents at end of the year	110,280	123,908
Cash and cash equivalents consist of:		
Cash at bank	103,249	121,794
Fixed deposits	13,161	15,986
Cash on hand	48	67
	116,458	137,847
Less: Pledged cash placed with banks	(6,178)	(13,939)
Total	110,280	123,908

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

	Share capital	Treasury shares	Hedging reserve	Translation reserve	Equity reserve	Employees' share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
GROUP										
Balance at 1 January 2011	158,006	(2,507)	(1,704)	508	(8,206)	-	179,569	325,666	30,606	356,272
Total comprehensive income for the year	-	-	(287)	30	-	-	32,067	31,810	10,111	41,921
Value of employee services received for issue of share options	-	-	-	-	-	4,009	-	4,009	-	4,009
Preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	123,750	123,750
Changes of interest in subsidiary	-	-	-	-	-	-	-	-	(38)	(38)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(2,322)	(2,322)	-	(2,322)
Balance at 31 December 2011	158,006	(2,507)	(1,991)	538	(8,206)	4,009	209,314	359,163	164,429	523,592
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	-	-	(3,348)	1,710	-	-	37,269	35,631	2,044	37,675
Acquisition of subsidiary	-	-	-	-	-	-	-	-	58	58
Change of interest in subsidiary	-	-	-	-	(162)	-	-	(162)	162	-
Disposal of subsidiary	-	-	-	(1,695)	-	-	2,353	658	(761)	(103)
Dilution in equity interest of subsidiary/ associates	-	-	-	-	(8,044)	-	-	(8,044)	23,350	15,306
Balance at 31 December 2010	158,006	(2,507)	(1,704)	508	(8,206)	-	179,569	325,666	30,606	356,272
COMPANY										
Balance at 1 January 2011	158,006	(2,507)	(1,704)	-	-	-	6,935	160,730	-	160,730
Total comprehensive income for the year	-	-	(287)	-	-	-	59,133	58,846	-	58,846
Value of employee services received for issue of share options	-	-	-	-	-	4,009	-	4,009	-	4,009
Balance at 31 December 2011	158,006	(2,507)	(1,991)	-	-	4,009	66,068	223,585	-	223,585
Balance at 1 January 2010	158,006	(2,507)	1,705	338	-	-	3,576	161,118	-	161,118
Total comprehensive income for the year	-	-	(3,409)	(338)	-	-	3,359	(388)	-	(388)
Balance at 31 December 2010	158,006	(2,507)	(1,704)	-	-	-	6,935	160,730	-	160,730

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.

A) 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 April 2011, the conversion price has been reset downwards to the VWAP of S\$0.864¹ (being the floor price).

For the purpose of illustration, assuming that all the Convertible Bonds are converted at current conversion price of S\$0.864, the aggregate number of shares that may be issued on conversion would be approximately 166,666,666. This represents approximately 32.98% of the Company's existing share capital of 505,355,000 shares (net of treasury shares).

¹ please read announcement released via SGXNet on 16 April 2011 for details.

B) SHARE OPTIONS

Date of grant	1 January 2011	Granted	31 December 2011	Exercise price per share
26-Jan-2011	-	15,000,000	15,000,000	0.97

The above-mentioned share options were all granted to the directors of the Company.

Validity period of the options:

- (a) Exercisable after the first anniversary of the Date of Grant of the options.
- (b) A period of five (5) years commencing from the Date of Grant of the options.

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. (cont'd)

C) SHARE AWARDS

Date of grant	1 January 2011	Granted	Vested	31 December 2011
26-Jan-2011	-	3,095,000	-	3,095,000

The above-mentioned share awards were all granted to the senior management of the Company.

Validity period of the awards:

(a) Vesting period : 3 years

(b) Release schedule : one third of the awards shall be vested in each year on the anniversary of the awards.

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

	FY2011	FY2010
Total number of issued shares	<u>505,355,000</u>	505,355,000

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.

	FY2011	FY2010
Total number of treasury shares	<u>2,995,000</u>	2,995,000

There is no change in the treasury shares as at the end of the current financial period reported on.

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 2010, 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 period as those applied in the audited financial statement for the year ended 31 December 2010.

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 2011. 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 2011.

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.

	Group	
	FY2011	FY2010
Net profit after tax attributable to owners of the Company	32,067	37,269
Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	6.3	7.4
b) Based on fully diluted basis (US\$ cents)	3.7	7.4 *
Weighted average number of shares applicable to basic earnings per share ('000)	505,355	505,355
Weighted average number of shares based on fully diluted basis ('000)	672,022	631,671

* Convertible loan notes were not included in the computation of diluted earnings per share because they were anti-dilutive.

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	
	FY2011	FY2010	FY2011	FY2010
Net asset value (US\$'000)	359,163	325,666	223,585	160,730
Total number of shares issued ('000)	505,355	505,355	505,355	505,355
Net asset value per share (US\$ cents per share)	71.1	64.4	44.2	31.8

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

Group's revenue increased by US\$188.8 million or 40.5%, to US\$654.5 million in FY2011 compared to US\$465.7 million for the corresponding financial year ending 31 December 2010 ("**FY2010**"). The strong growth in revenue for the Group was driven by progressive revenue recognition from the various contracts awarded to the Group in year 2010 and 2011 as works progressed, concentrated in South East Asia and South Asia regions.

(b) Cost of sales and gross profit

With higher revenue earned, cost of sales increased by US\$181.4 million or 50.4%, from US\$360.1 million in FY2010 to US\$541.5 million in FY2011. Cost of sales comprises mainly charter hire, sub-contractor cost, material cost, crew salaries and related expenses, depreciation and labour related cost and consumables. Overall gross profit margin narrowed to 17.3% in FY2011 from 22.7% in FY2010.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. (cont'd)

(c) Other operating income

Other operating income decreased by US\$5.0 million or 12.3%, from US\$40.7 million in FY2010 to US\$35.7 million in FY2011. The decrease was due mainly to the net decrease of the followings:

- i) gain on disposal of property, plant and equipment of US\$5.2 million recorded in FY2010.
- ii) gain on changes in fair value of financial derivative embedded in the Convertible Bonds of US\$11.2 million in FY2011; and
- iii) other income of US\$13.5 million arose from a deviation of contractual terms from a contract.
- iv) decrease in gain on disposal of assets held for sale by US\$25.7 million, from US\$26.6 million in FY2010 to approximately US\$830,000 in FY2011.

(d) Administrative expenses

Administrative expenses for FY2011 increased by US\$14.2 million or 32.2%, from US\$44.3 million in FY2010 to US\$58.5 million in FY2011. The increase was due mainly to depreciation of an office building acquired in 1Q2011, increase in professional fee and staff and related cost. As at 31 December 2011 and 31 December 2010, the Group had 1,962 and 1,250 employees respectively (inclusive of onshore and offshore personnel).

(e) Other operating expenses

Other operating expenses decreased by approximately US\$38.2 million or 98.0%, from US\$39.0 million in FY2010 to approximately US\$787,000 in FY2011. The decrease was due mainly to the changes in fair value of financial derivative embedded in the Convertible Bonds of US\$9.3 million, allowance for doubtful debts of US\$10.1 million and higher foreign exchange losses of US\$ 17.1 million recorded in FY2010.

(f) Share of profit from associates and joint ventures

Share of profit of associates and joint ventures decreased by approximately US\$1.3 million or 34.7%, from US\$3.8 million in FY2010 to US\$2.5 million in FY2011. The decrease was due mainly to certain joint ventures recorded operating losses.

(g) Finance costs

Finance costs rose by approximately US\$1.7 million or 8.4% from US\$20.7 million in FY2010 to US\$22.4 million in FY2011 (net of capitalization). The higher interest expense incurred in FY2011 was due mainly to higher bank borrowing and higher principal amount and interest rate of the multicurrency medium term notes series 7, series 8 and series 9 issued in quarter 3 of 2010, quarter 4 of 2010 and quarter 1 of 2011, respectively. This was offset by the redemption of series 1 and 2 in third quarter 2010 and series 3 and series 4 in first quarter 2011.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. (cont'd)

(h) Profit for the year

Given the above, profit for FY2011 increased by US\$2.8 million or 7.1%, from US\$39.4 million in FY2010 to US\$42.2 million in FY2011.

Statements of Financial Position

(i) Trade receivables

In line with the increase in revenue, Group's trade receivables increased by US\$11.6 million from US\$109.3 million as at 31 December 2010 to US\$120.9 million as at 31 December 2011. Subsequent to 31 December 2011, the Group received settlement of approximately US\$46.0 million from its customers.

(j) Engineering work-in-progress in excess of progress billing

Engineering work-in-progress in excess of progress billing ("**EWIP**") increased by US\$16.9 million from US\$143.7 million as at 31 December 2010 to US\$160.6 million as at 31 December 2011. The increase was due mainly to progressive billing to customers for the works performed during the period under review, the movement of EWIP was also due 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.

(k) Inventories

Inventories increased by US\$60.0 million, from US\$20.2 million as at 31 December 2010 to US\$80.2 million as at 31 December 2011, the increase was due to purchase of materials and consumables (e.g. pipelines) in 4Q2011 in preparation for projects execution in 1Q2012. Inventories also include cost incurred arising from a vessel sale contract.

(l) Other receivables (current)

Other current receivables increased by approximately US\$21.3 million from US\$103.8 million as at 31 December 2010 to US\$125.1 million as at 31 December 2011. Other current receivables mainly comprise:

- i) prepaid vessels conversion, prepaid chartering expenses and pre-operating cost which are amortized over the term of the charter;
- ii) advance payments to sub-contractors and suppliers for projects executing in South Asia; and
- iii) advances to/ amounts due from certain joint ventures and associates.

Increase in other current receivables was due mainly to advances to associates and joint ventures.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. (cont'd)

(m) Property, plant and equipment

Property, plant and equipment increased by US\$235.8 million from US\$316.9 million as at 31 December 2010 to US\$552.7 million as at 31 December 2011. The increase was due to:

- i) acquisition of a derrick pipelay barge previously owned by a joint venture; and
- ii) Increase in construction work-in-progress in relation to vessels under construction and acquisition of office building.

Depreciation increased by approximately US\$6.3 million or 43.7%, from US\$14.5 million in FY2010 to US\$20.8 million in FY2011. The increase was due mainly to addition of the derrick pipelay barge.

Assets under construction are not depreciated.

(n) Associates and joint ventures

Investment in associates increased by US\$53.2 million, from US\$57.2 million as at 31 December 2010 to US\$110.4 million as at 31 December 2011. The increase was due mainly to:

- i) acquisition of 49.31% shares in Atlantis Navigation AS (Atlantis Navigation AS is an investment holding company that own two vessels),
- ii) subscription of rights issue shares in Vallianz Holdings Limited; and
- iii) acquisition of 49% of Resolute Pte Ltd; and
- iv) reclassification of US\$10.0 million due from certain associates as quasi-equity.

Investment in joint ventures increased by US\$1.7 million, from US\$18.5 million as at 31 December 2010 to US\$20.2 million as at 31 December 2011. The increase was due mainly to reclassification of US\$10.0 million due from certain joint ventures as quasi-equity. The reclassified amount was however offset by operating losses incurred by the certain joint ventures

(o) Other receivables (non-current)

Other non-current receivables increased by US\$7.1 million from US\$75.7 million as at 31 December 2010 to US\$82.8 million as at 31 December 2011, attributable to increase in deposits and prepayments, as a result of the increase in pre-operating cost.

Other receivables include seller credits granted under the sales and leaseback transactions. 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 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.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. (cont'd)

(p) Total current and non-current borrowings

Total current and non-current borrowings include bank loans, bonds, convertible loan notes and finance leases.

	FY2011 US\$'000	FY2010 US\$'000
Current borrowings	341,156	161,335
Non-current borrowings	235,795	311,664
	576,951	472,999

Total current and non-current borrowings increased by US\$104.0 million from US\$473.0 million as at 31 December 2010 to US\$577.0 million as at 31 December 2011. The increase was due to proceed from bonds issued, higher bank borrowings and finance leases to finance the acquisition of office building and equipment.

Net debt-to-equity ratio is as follows:

Financial period ended	31 December 2011	30 September 2011	30 June 2011	31 March 2011	31 December 2010
Net debt-to-equity ratio	0.88	0.85	1.06	1.03	0.94

For the FY2011, the Group has the following outstanding bonds and convertible loan notes:

Bonds

Multicurrency medium term notes	Interest rate	Due Date	Group	
			FY2011 US\$'000	FY2010 US\$'000
<u>Current</u>				
- series 3		28 March 2011	-	38,209
- series 4		28 March 2011	-	38,209
- series 7	5.75%	31 August 2012	83,694	-
- series 10	5.0%	25 October 2012	44,751	-
			128,445	76,418
<u>Non-current</u>				
- series 7		31 August 2012	-	84,337
- series 8	5.8%	11 October 2013	60,620	61,912
- series 9	5.9%	25 July 2014	90,710	-
			151,330	146,249

Series 3 and series 4 were matured and redeemed in March 2011.

In 1Q2011, series 9 of S\$120,000,000 in principal amount was issued, due 25 July 2014.

In 4Q2011, series 10 of S\$60,000,000 in principal amount was issued, due 25 October 2012.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. (cont'd)**

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

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

Convertible loan notes

	Group		
	FY2011	FY2010	
	US\$'000	US\$'000	Due Date
<u>Non-current</u>			
Nominal value of the Convertible Bonds	100,000	100,000	October 2014
Fair value through profit or loss	2,570	13,813	
	102,570	113,813	

The increased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US\$11.2 million in FY2011, such changes in fair value was accounted for at fair value through profit or loss.

(q) Other payables (current)

Other current payables increased by US\$27.2 million from US\$82.1 million as at 31 December 2010 to US\$109.3 million as at 31 December 2011. The increase was due mainly to increase in various input taxes and accrual of operating cost.

(r) Non-controlling interest

Non-controlling interest increased by US\$133.8 million from US\$30.6 million as at 31 December 2010 to US\$164.4 million as at 31 December 2011. This was due to the Group acquired a derrick pipelay barge by way of issuance of 1,237,500 redeemable preference shares of US\$100 per share.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. (cont'd)**

Consolidated Statement of Cash Flows

(s) Cash flow generated from operating activities

In FY2011, the Group net cash generated from operating activities amounted to US\$18.1 million, this comprised operating cash flow before working capital changes of US\$103.2 million, and adjusted for net working capital outflows of US\$52.3 million and income tax and interest payment of US\$32.9 million. The net working capital outflows were mainly the result of the followings:

- (i) increase in trade receivables and EWIP of US\$28.5 million;
- (ii) increase in other receivables of US\$77.4 million;
- (iii) increase in trade and other payables of US\$113.6 million; and
- (iv) increase in inventories of US\$60.0 million.

(t) Cash flow used in investing activities

In FY2011, the Group's net cash used in investing activities amounting to US\$159.4 million, which was due mainly to capital expenditure of US\$157.2 million, purchased of assets held for sale of US\$11.5 million and investment in associates of total US\$19.3 million. This cash outflow was however partially offset by proceeds from disposal of property, plant and equipment and assets held for sale amounted to total US\$17.2 million.

(u) Cash flow generated from financing activities

In FY2011, the Group recorded net cash inflow from financing activities of US\$127.8 million, which was due mainly to new bank borrowings and proceed on issue of bonds amounted to total US\$375.8 million. This cash inflow was however partially offset by repayment of bank loans and redemption of bonds amounting to total US\$248.1 million.

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 expects growth in the oil and gas sector capital expenditure as oil prices remain solid. As of February 2012, the Group has an order book of over US\$1.0 billion and it is expected to contribute to the Group's results over the next two years, barring unforeseen circumstances.

The Group continues to strengthen its position as an experienced and reputable offshore service provider within the market. Offshore exploration and development is forecast to increase in prominence in the near-term. Notwithstanding the macro-economic uncertainty, the management remains confident in the long-term value of oil, and the need to repair and maintain ageing oilfield structure, replace and locate new reserves has encouraged oil and gas companies to explore in offshore locations. With the right resources, a strong fleet of vessels and experienced management team, the Group is well positioned to bid for major contracts and continue to focus on winning new contracts.

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 2011 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.

The Group's chief operating decision maker has been identified as the executive director of the Group, who reviews the consolidated results prepared in the following reportable segments when making decisions about allocating resources and assessing performance of the Group:

- Offshore Construction Services - Provision of a full suite of offshore construction services
- Offshore Marine Services - Provision of offshore marine support services that are complementary to offshore construction services
- Offshore Subsea Services - Provision of commercial saturation and air diving services

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment.

Business information

	Offshore construction services US\$'000	Offshore marine services US\$'000	Offshore subsea services US\$'000	Others US\$'000	Eliminations US\$'000	Total US\$'000
FY2011						
Revenue						
External sales	499,526	52,870	91,566	10,525	-	654,487
Inter-segment sales	83,747	298,037	62,234	14,580	(458,598)	-
Total revenue	<u>583,273</u>	<u>350,907</u>	<u>153,800</u>	<u>25,105</u>	<u>(458,598)</u>	<u>654,487</u>
Result						
Segment result	<u>97,183</u>	<u>(39,377)</u>	<u>37,787</u>	<u>(9,348)</u>	<u>-</u>	86,245
Unallocated income						3,104
Finance costs						(22,433)
Share of profits of associates and joint ventures						<u>2,489</u>
Profit before tax						69,405
Income tax expense						<u>(27,227)</u>
Profit for the year						<u><u>42,178</u></u>
Other information						
Capital additions	233,200	12,610	3,553	40,993		290,356
Unallocated capital additions						<u>478</u>
						<u>290,834</u>
Depreciation	5,972	4,532	5,800	3,858		20,162
Unallocated depreciation						<u>639</u>
						<u>20,801</u>
Balance sheet						
Assets						
Segment assets	874,203	170,947	132,927	64,318		1,242,395
Unallocated assets						<u>138,829</u>
Consolidated total assets						<u><u>1,381,224</u></u>
Liabilities						
Segment liabilities	215,536	106,887	80,675	48,475		451,573
Unallocated liabilities						<u>406,059</u>
Consolidated total liabilities						<u><u>857,632</u></u>

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 information

	Offshore constructions services US\$'000	Offshore marine services US\$'000	Offshore subsea services US\$'000	Others US\$'000	Eliminations US\$'000	Total US\$'000
FY2010						
Revenue						
External sales	372,089	72,978	18,068	2,608	-	465,743
Inter-segment sales	2,437	200,673	36,484	38,294	(277,888)	-
Total revenue	<u>374,526</u>	<u>273,651</u>	<u>54,552</u>	<u>40,902</u>	<u>(277,888)</u>	<u>465,743</u>
Result						
Segment result	<u>15,513</u>	<u>20,106</u>	<u>11,513</u>	<u>3,774</u>	<u>-</u>	50,906
Unallocated expenses						12,138
Finance costs						(20,702)
Share of profits of associates and joint ventures						<u>3,812</u>
Profit before tax						46,154
Income tax expense						<u>(6,758)</u>
Profit for the year						<u><u>39,396</u></u>
Other information						
Capital additions	69,631	38,262	11,779	3,788		123,460
Unallocated capital additions						<u>6,603</u>
						<u>130,063</u>
Depreciation	2,724	6,925	2,321	1,362		13,332
Unallocated depreciation						<u>1,148</u>
						<u>14,480</u>
Balance sheet						
Assets						
Segment assets	428,939	242,292	94,679	51,955		817,865
Unallocated assets						<u>174,106</u>
Consolidated total assets						<u><u>991,971</u></u>
Liabilities						
Segment liabilities	125,181	85,213	13,707	15,244		239,345
Unallocated liabilities						<u>396,354</u>
Consolidated total liabilities						<u><u>635,699</u></u>

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 information

	Revenue ⁽¹⁾		Non-current assets ⁽²⁾	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
South Asia	387,469	143,725	-	268
South East Asia	182,081	276,942	766,486	475,353
East Asia	59,931	34,860	-	-
Middle East	12,317	553	52	138
Others	12,689	9,663	-	-
	654,487	465,743	766,538	475,759

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

(2) Analysis of the carrying amount of non-current assets is 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		
	FY2011 US\$'000	FY2010 US\$'000	change %
Sales reported for the first half year	331,209	191,346	73%
Operating profit after tax reported for the first half year	24,453	22,354	9%
Sales reported for the second half year	323,278	278,322	16%
Operating profit after tax reported for the second half year	17,725	17,042	4%

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

There was no interested person transaction during the period under review.

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.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with Any/director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Alok Gupta	44	Brother of Mr. Nitish Gupta who is the Executive Director of the Company.	General Manager - appointed in 2011. Overseeing day to day marine operation in India	None