



SWIBER HOLDINGS LIMITED

Financial Statements And Dividends Announcement

For The Financial Year Ended 31 December 2012



UNAUDITED FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE YEAR ENDED 31 December 2012 ("FY2012").
1(a)(i) Consolidated Income Statement

	Group		Change
	FY2012	FY2011	
	US\$'000	US\$'000	
Revenue	952,234	654,487	45.5%
Cost of sales	(800,415)	(541,541)	47.8%
Gross profit	151,819	112,946	34.4%
Other operating income	23,797	35,713	-33.4%
Administrative expenses	(60,906)	(58,523)	4.1%
Other operating expenses	(3,265)	(787)	314.9%
Finance costs	(34,236)	(22,433)	52.6%
Share of profit of associates and joint ventures	17,788	2,489	614.7%
Profit before tax	94,997	69,405	36.9%
Income tax expenses	(32,460)	(27,227)	19.2%
Profit for the year	62,537	42,178	48.3%
Attributable to :			
Owners of the company	45,679	32,067	42.4%
Perpetual securities holders	1,712	-	N/M
Non-controlling interests	15,146	10,111	49.8%
	62,537	42,178	
Gross profit margin	15.9%	17.3%	
Net profit margin	6.6%	6.4%	
EBITDA* (US\$'000)	157,297	112,639	
EBITDA* margin	16.5%	17.2%	
EBITDA* margin excluding changes in fair value of financial liabilities designated as fair value through profit or loss	16.2%	15.5%	

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

N/M : Not Meaningful

1(a)(i) Consolidated Statement of Comprehensive Income

	Group		Change
	FY2012	FY2011	
	US\$'000	US\$'000	
Profit for the year	62,537	42,178	
Other comprehensive income:			
Loss on cash flow hedges	(5,674)	(287)	N/M
Exchange differences on translation of foreign operations	(919)	30	N/M
 Total comprehensive income for the year	 55,944	 41,921	
 Total comprehensive income attributable to:			
Owners of the company	39,088	31,810	22.9%
Perpetual securities holders	1,712	-	N/M
Non-controlling interests	15,144	10,111	49.8%
Total	55,944	41,921	

1(a)(ii) Profit for the period is determined after charging/ (crediting) the followings:

	Group		Change
	FY2012 US\$'000	FY2011 US\$'000	
Charging:			
Bad debts written off	77	31	N/M
Interest on borrowings	35,441	22,433	58.0%
Depreciation of property, plant and equipment	28,064	20,801	34.9%
Employees' share options/ awards expense	1,028	4,009	-74.4%
Foreign exchange losses	3,543	-	N/M
Allowance for impairment of receivables	827	-	N/M
Property, plant and equipment written off	14	31	-54.8%
Crediting:			
Interest income	(980)	(2,197)	-55.4%
Fair value gain on financial liabilities designated as fair value through profit or loss	(3,006)	(11,228)	-73.2%
Foreign exchange gain	-	(1,315)	N/M
Gain on disposal of property, plant and equipment	(2,994)	(1,007)	197.3%
Gain on partial disposal of subsidiary	(5,200)	(788)	N/M

N/M: Not Meaningful

1(b)(i) Statements of Financial Position

	Group		Company	
	FY2012 US\$'000	FY2011 US\$'000	F2012 US\$'000	FY2011 US\$'000
ASSETS				
Current assets				
Cash and bank balances	129,499	116,458	8,805	8,476
Trade receivables	524,255	276,660	-	-
Construction contract work-in progress	21,481	4,768	-	-
Inventories	169,199	91,696	-	-
Other assets and receivables	265,843	118,832	583,026	764,116
Total current assets	1,110,277	608,414	591,831	772,592
Non-current assets				
Property, plant and equipment	678,161	552,736	303	583
Goodwill	309	309	-	-
Subsidiaries	-	-	249,638	249,628
Associates	97,225	110,447	33,336	33,428
Joint ventures	21,938	20,238	-	-
Other assets and receivables	55,797	82,808	15,013	16,305
Derivative financial instruments	4,223	-	4,214	-
Total non-current assets	857,653	766,538	302,504	299,944
Total assets	1,967,930	1,374,952	894,335	1,072,536

1(b)(i) Statements of Financial Position (cont'd)

	Group		Company	
	FY2012	FY2011	FY2012	FY2011
	US\$'000	US\$'000	US\$'000	US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	126,342	154,782	-	-
Other payables	365,364	98,106	104,867	462,180
Bank loans	202,988	105,757	-	-
Bonds	185,732	128,445	185,732	128,445
Convertible loan notes	-	102,570	-	102,570
Finance leases	3,897	4,384	66	184
Income tax payable	30,116	8,608	-	143
Total current liabilities	914,439	602,652	290,665	693,522
Non-current liabilities				
Bank loans	100,198	76,625	-	-
Bonds	233,274	151,330	233,274	151,330
Convertible loan notes	36,196	-	36,196	-
Finance leases	4,314	7,840	129	225
Derivative financial instruments	-	3,908	-	3,855
Deferred tax liabilities	9,208	9,005	18	19
Total non-current liabilities	383,190	248,708	269,617	155,429
Capital, reserves and non- controlling interests				
Share capital	208,246	158,006	208,246	158,006
Treasury shares	(1,643)	(2,507)	(1,643)	(2,507)
Perpetual capital securities	63,627	-	63,627	-
Hedging reserve	(7,665)	(1,991)	(7,612)	(1,991)
Translation reserve	(378)	538	-	-
Equity reserve	(7,581)	(8,206)	-	-
Employees' share option reserve	4,236	4,009	4,236	4,009
Retained earnings	227,353	209,314	67,199	66,068
Equity attributable to owners of the company and perpetual holders	486,195	359,163	334,053	223,585
Non-controlling interests	184,106	164,429	-	-
Total equity	670,301	523,592	334,053	223,585
Total liabilities and equity	1,967,930	1,374,952	894,335	1,072,536

1(b)(ii) Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

Group		Group	
FY2012		FY2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
206,885	185,732	110,141	231,015

Amount repayable after one year

Group		Group	
FY2012		FY2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
104,512	269,470	84,465	151,330

The bank loans and finance leases are 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 mentioned above.
- (iii) Assignment of earnings/charter proceeds in respect of the vessels mentioned above.
- (iv) Lessors' title to the lease assets.

1(c) Consolidated Statement of Cash Flows

	Group	
	FY2012 US\$'000	FY2011 US\$'000
Operating activities		
Profit after income tax	62,537	42,178
Adjustments for :		
Allowance for impairment of receivables	827	-
Income tax expenses	32,460	27,227
Bad debts written off	77	31
Reversal of doubtful debt expenses	-	(115)
Depreciation of property, plant and equipment	28,064	20,801
Employees' share options/ awards expense	1,028	4,009
Property plant and equipment written off	-	31
Interest income	(980)	(2,197)
Finance cost	34,236	22,433
Fair value loss of derivative financial instrument not designated as hedge instruments	-	15
Fair value gain on financial liabilities designated as fair value through profit and loss	(3,006)	(11,243)
Unrealised currency translation losses	21,816	5,042
Gain on disposal of property, plant and equipment	(3,816)	(1,007)
Gain on disposal of assets held for sale	-	(830)
Gain on disposal of subsidiary	(4,309)	(788)
Gain on disposal of associate	(963)	-
Share of profit of associates and joint ventures	(17,788)	(2,489)
Operating cash flows before movements in working capital	150,183	103,098
Trade receivables	(249,148)	(25,151)
Construction work in progress	(16,714)	(3,207)
Inventories	(77,504)	(71,472)
Other assets and receivables	(297,237)	(69,672)
Trade payables	(19,082)	83,384
Other payables	477,213	31,943
Cash (used in)/ generated from operations	(32,289)	48,923
Income taxes paid	(11,014)	(20,070)
Interest expense paid	(22,907)	(12,809)
Net cash (used in)/ provided by operating activities	(66,210)	16,044
Investing activities		
Interest income received	980	2,197
Dividend received from associates/ joint ventures	9,107	8,646
Proceeds on disposal of property, plant and equipment	5,751	20,282
Proceeds on disposal of assets held for sale	-	2,164
Disposal of subsidiary, net of cash disposed of	(2,976)	115
Proceeds from disposal of associate	5,200	-
Purchases of property, plant and equipment	(240,426)	(171,932)
Investment in subsidiary	-	(38)
Investment in associates	-	(18,786)
Investment in joint ventures	(714)	-
Dividend paid on preference shares issued by a subsidiary	(4,781)	-
Net cash used in investing activities	(227,859)	(157,352)

1(c) Consolidated Statement of Cash Flows (cont'd)

	Group	
	FY2012	FY2011
	US\$'000	US\$'000
Financing activities		
Pledged deposits	1,881	869
Proceeds on issuance of bonds	246,873	135,773
Proceeds on issuance of ordinary shares	50,239	-
Repayment of obligations under finance leases	(4,753)	(7,649)
Redemption of convertible loan notes	(64,401)	-
Redemption of bonds	(140,000)	(78,680)
Redemption of preference shares issued by a subsidiary	(8,100)	-
Net proceed from issuances of perpetual capital securities	61,915	-
New bank loans raised	537,012	240,046
Repayment of bank loans	(385,005)	(169,459)
Contribution from non-controlling interest of subsidiary	13,171	-
Net cash provided by financing activities	308,832	120,900
Net increase/ (decrease) in cash and cash equivalents	14,763	(20,408)
Cash and cash equivalents at beginning of the year	103,388	123,908
Effect of exchange rate changes on the balance of cash held in foreign currencies	159	(112)
Cash and cash equivalents at end of the year	118,310	103,388
Cash and cash equivalents consist of:		
Cash at bank	118,164	103,249
Fixed deposits	11,296	13,161
Cash on hand	39	48
	129,499	116,458
Less: Pledged cash placed with banks	(11,189)	(13,070)
Total	118,310	103,388

1(d)(i) Statements of Changes in Equity
GROUP

	-----> Equity Attributable to owners of the Company <-----								Subtotal	Non-controlling interests	Total
	Share capital	Treasury shares	Hedging reserve	Translation reserve	Equity reserve	Employees' share option reserve	Retained earnings	Perpetual capital securities			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000			
Balance at 1 January 2012	158,006	(2,507)	(1,991)	538	(8,206)	4,009	209,314	-	359,163	164,429	523,592
Total comprehensive income for the year	-	-	(5,674)	(916)	-	-	45,678	1,712	40,800	15,144	57,656
Proceeds from shares issued	50,240	-	-	-	-	-	-	-	50,240	-	50,240
Value of employee services received for issue of share options	-	-	-	-	-	1,028	-	-	1,028	-	1,028
Performance shares awarded using treasury shares	-	864	-	-	(63)	(801)	-	-	-	-	-
Change of interest in subsidiary	-	-	-	-	688	-	(14,198)	-	(13,510)	12,633	(877)
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(8,100)	(8,100)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	(6,331)	-	(6,331)	-	(6,331)
Dividends paid relating on interim FY2012	-	-	-	-	-	-	(7,110)	-	(7,110)	-	(7,110)
Issuance of perpetual capital securities net of transaction cost	-	-	-	-	-	-	-	61,915	61,915	-	123,830
Balance at 31 December 2012	208,246	(1,643)	(7,665)	(378)	(7,581)	4,236	227,353	63,627	486,195	184,106	733,928
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	-	0	4,009	-	4,009
Preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	123,750	123,750
Change of interest in subsidiary	-	-	-	-	-	-	-	-	-	(38)	(38)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	(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

1(d)(i) Statements of Changes in Equity (cont'd)
COMPANY

	<----- Equity Attributable to owners of the Company ----->						Retained earnings	Perpetual capital securities	Subtotal	Non-controlling interests	Total
	Share capital	Treasury shares	Hedging reserve	Translation reserve	Equity reserve	Employees' share option reserve					
Balance at 1 January 2012	158,006	(2,507)	(1,991)	-	-	4,009	66,068	-	223,585	-	223,585
Total comprehensive income for the year	-	-	(5,621)	-	-	-	1,131	1,712	(2,778)	-	(2,778)
Proceeds from shares issued	50,240	-	-	-	-	-	-	-	50,240	-	50,240
Value of employee services received for issue of share options	-	-	-	-	-	1,091	-	-	1,091	-	1,091
Performance shares awarded using treasury shares	-	864	-	-	-	(864)	-	-	-	-	-
Issuance of perpetual capital securities net of transaction cost	-	-	-	-	-	-	-	61,915	61,915	-	61,915
Balance at 31 December 2012	208,246	(1,643)	(7,612)	-	-	4,236	67,199	63,627	334,053	-	334,053
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



1(d)(ii) Changes in the company's share capital

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.

As announced on 16 October 2012, certain holders of the Convertible Bonds had exercised their option (the "**Put Option**") to require the Company to redeem their Convertible Bonds on the Put Option Date, being 16 October 2012. Pursuant to the exercise of the Put Option, the Company has redeemed US\$64,400,000 in principal amount of the Convertible Bonds on the Put Option Date. As at 31 December 2012, US\$35,600,000, in aggregate principal amount of the Bonds is outstanding.

The current Conversion Price per Share of the outstanding Convertible Bonds is S\$0.84.

For the purpose of illustration, assuming that all the Convertible Bonds are converted at current conversion price of S\$0.84, the aggregate number of shares that may be issued on conversion would be approximately 61,028,571 shares. This represents approximately 10.0% of the Company's existing share capital of 607,457,666 shares (net of treasury shares).

B) SHARE OPTION SCHEME

<u>Date of grant</u>	<u>1 January 2012</u>	<u>Granted</u>	<u>31 December 2012</u>	<u>Exercise price per share</u>
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) Changes in the company's share capital (cont'd)

C) PERFORMANCE SHARE PLAN

Date of grant	1 January 2012	Granted	Vested	31 December 2012
26-Jan-2011	3,095,000	-	(1,031,666)	2,063,334

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

D) SHARE PLACEMENT

The Company had on 21 March 2012 issued and allotted 101,071,000 placement shares at an issue price of S\$0.735 per placement share.

1(d)(iii) Issued shares (excluding treasury shares)

	FY2012	FY2011
Total number of issued shares	<u>607,457,666</u>	505,355,000

1(d)(iv) Treasury shares

	FY2012	FY2011
Total number of treasury shares as at 31 December 2012 and 31 December 2011	<u>1,963,334</u>	2,995,000

2. Audit

Except for the comparative balance sheets of the Company and its subsidiaries (the "**Group**") and of the Company as at 31 December 2011, the financial statements have not been audited or reviewed by the Company's auditors.

3. Auditors' report

Not applicable.

4. Accounting policies.

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 2011.

5. Changes in the accounting policies.

There are no changes in the accounting policies and methods of computation.

6. Earnings per ordinary share

	Group	
	FY2012	FY2011
Net profit after tax attributable to owners of the Company	45,679	32,067
Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	7.8	6.3
b) Based on fully diluted basis (US\$ cents)	6.1	3.7
Weighted average number of shares applicable to basic earnings per share ('000)	585,511	505,355
Weighted average number of shares based on fully diluted basis ('000)	756,736	672,022

7. Net asset value

	Group		Company	
	FY2012	FY2011	FY2012	FY2011
Net asset value (US\$'000)	422,568	359,163	334,055	223,585
Total number of shares issued ('000)	607,458	505,355	607,458	505,355
Net asset value per share (US\$ cents per share)	69.6	71.1	55.0	44.2

8. Review of the group performance

Consolidated Income Statement and Statement of Comprehensive Income

(a) Revenue

Revenues increased by 45.5%, or US\$297.7 million, to US\$952.2 million in the year ended 31 December 2012 ("**FY2012**") compared to US\$654.5 million in the year ended 31 December 2011 ("**FY2011**"). The strong revenue growth was attributable to Latin America and South East Asia segment. In FY2012, the Group secured its first ever contract in Mexico which contributed significantly to the Group revenue in FY2012. As for South East Asia, the increase was mainly driven by progressive revenue recognition from Brunei and Indonesia projects.

The Group's operations are capital intensive and rely on sizeable contracts, which can account for significant amount of the Group revenue.

Revenue contribution by regions

	FY2012	FY2011
	US\$'000	US\$'000
South asia	306,948	387,469
Southeast asia	445,527	182,081
Latin america	171,002	-
Others	28,757	25,006
	952,334	594,556

(b) Cost of sales and gross profit

Cost of sales increased by 47.8%, or US\$258.9 million, to US\$800.4 million in FY2012 compared to US\$541.5 million in FY2011. Cost of sales comprises mainly of:

	FY2012	FY2011
	%	%
Charter hire	26	28
Material cost	14	9
Labour related cost	15	19
Sub-contractor cost	12	2

The Group recorded gross profit margin of 15.9% and 17.3% for FY2012 and FY2011, respectively. Gross profit margin is influenced by the effect of any change order, type of services or number of on-going projects in the period under review, the Group expects margin to varies between 15% to 20%.

(c) Other operating income

Other operating income decreased by 36.6%, or US\$9.0 million, to US\$26.7 million in FY2012 compared to US\$35.7 million in FY2011, primarily due to lower fair value gain on financial liabilities designated as fair value through profit or loss was recorded in FY2012.

8. Review of the group performance (cont'd)

(d) Administrative expenses

Administrative expenses increased by 4.1%, or US\$2.4 million, to US\$60.9 million in FY2012 compared to US\$58.5 million in FY2011, primarily due to increase in staff related cost.

As at 31 December 2012 and 31 December 2011, the Group had approximately 1,206 and 923 onshore employees, respectively.

(e) Share of profit from associates and joint ventures

Share of profit from associates and joint ventures increased by 614.7%, or US\$15.3 million, to US\$17.8 million in FY2012 compared to US\$2.5 million in FY2011. The significant increase was due mainly to contribution from the Group's Indonesia associates and certain joint ventures.

(f) Finance costs

Finance cost increased by 52.6%, or US\$11.8 million, to US\$34.2 million in FY2012 compared to US\$22.4 million in FY2011, primarily as a result of higher borrowing and issuance of debt securities. Finance expenses included interest on bank borrowings, convertible loan note bond, and finance charges/ debt issuance cost on debt securities.

Statements of Financial Position

(g) Trade receivables

Revenue is recognized based on percentage of completion method. This is computed based on the percentage of costs incurred to date on contracts to their estimated total costs. Invoices are issued to customer once certain milestone is reached.

The Group's trade receivables increased by US\$247.6 million from US\$276.7 million as at 31 December 2011 to US\$524.3 million as at 31 December 2012, were primarily due to:

- (i) the increase in revenue and;
- (ii) timing difference between the achievement of milestone and revenue recognized for projects in progress.

Subsequent to 31 December 2012 the Group received settlement and billing of approximately US\$168.0 million, the Group expects to collect all unbilled amounts.

(h) Inventories

Inventories increased by US\$77.5 million, from US\$91.7 million as at 31 December 2011 to US\$169.2 million as at 31 December 2012, primarily due to procured pipelines and consumables in fourth quarter 2012 in preparation for project execution in first quarter 2013 in Latin America.



8. Review of the group performance (cont'd)

(i) Other assets and receivables (current)

Other current assets and receivables increased by US\$147.0 million from US\$118.8 million as at 31 December 2011 to US\$265.8 million as at 31 December 2012. The increase was due mainly to advances to/ amounts due from certain joint ventures and associates.

(j) Property, plant and equipment

Property, plant and equipment increased by US\$125.5 million from US\$552.7 million as at 31 December 2011 to US\$678.2 million as at 31 December 2012. The increase was due to:

- (i) addition of a diving support vessel for subsea construction and installation activities;
- (ii) addition of a diving support vessel previously under sales and lease back arrangement; and
- (iii) cost incurred for vessel and equipment under construction.

Depreciation increased by US\$7.3 million or 34.9%, from US\$20.8 million in FY2011 to US\$28.1 million in FY2012. The increase was due mainly to addition of the derrick pipelay barge in quarter 4 2011. Assets under construction are not depreciated.

(k) Associates

Investment in associates decreased by US\$13.2 million from US\$110.4 million as at 31 December 2011 to US\$97.2 million as at 31 December 2012. The decrease was due mainly to Atlantis Navigation AS ("**Atlantis**") ceased to be an associate and become a subsidiary following the acquisition of shares in Atlantis.

(l) Other assets and receivables (non-current)

Other non-current assets and receivables decreased by US\$27.0 million from US\$82.8 million as at 31 December 2011 to US\$55.8 million as at 31 December 2012. Decrease in other receivables was due mainly to elimination of seller credit/ loans to Atlantis as a result of acquisition of remaining shares of Atlantis in quarter 3 of 2012. Following the acquisition, the Group's interest in Atlantis increased from 49.3% to 100.0%.

Other assets and 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. Review of the group performance (cont'd)

(m) Total current and non-current borrowings

Total current and non-current borrowings comprised of:

	Group			
	FY2012		FY2011	
	Current US\$'000	Non-Current US\$'000	Current US\$'000	Non-Current US\$'000
Bank Loans	61,422	100,198	83,613	76,625
Working Lines	141,566	-	22,144	-
Convertible loan notes	-	36,196	102,570	-
Bonds	185,732	233,274	128,445	151,330
Finance Lease	3,897	4,314	4,384	7,840
	392,617	373,982	341,156	235,795

Total current and non-current borrowings increased by US\$189.6 million from US\$577.0 million as at 31 December 2011 to US\$766.6 million as at 31 December 2012. The increase was due to proceed from bonds issued and higher bank borrowings for working capital purpose.

Net debt-to-equity ratio is as follows:

Financial period ended	31 December 2012	30 September 2012	30 June 2012	30 March 2012	31 December 2011
Net debt-to-equity ratio	0.95	1.00	0.89	0.80	0.88

As at 31 December 2012, the Group has the following outstanding bonds and convertible loan notes:

Bonds

Multicurrency medium term note

	Tenure (year)	Interest rate	Due Date	Group		
				FY2012 S\$'000	FY2012 US\$'000	FY2011 US\$'000
Current						
- series 7	2	5.75%	31 August 2012	-	-	83,694
- series 8	3	5.8%	11 October 2013	80,000	65,030	-
- series 10	1	5.0%	25 October 2012	-	-	44,751
- series 13	1	5.8%	6 August 2013	150,000	120,702	-
				230,000	185,732	128,445
Non-current						
- series 8	3	5.8%	11 October 2013	-	-	60,620
- series 9	3.5	5.9%	25 July 2014	120,000	97,232	90,710
- series 11	3	6.25%	8 June 2015	95,000	76,204	-
- Series 12	4	7.0%	6 July 2016	75,000	59,838	-
				290,000	233,274	151,330

As at 31 December 2012, cross currency interest rate swap contracts relating to the above-mentioned issued notes have been established.

8. Review of the group performance (cont'd)

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

Convertible Loan Notes

	Group		Due Date
	FY2012 US\$'000	FY2011 US\$'000	
<u>Non-current</u>			
Nominal value of the Convertible Loan Notes	35,600	100,000	October 2014
Fair value through profit or loss	596	2,570	
	36,196	102,570	

The decreased amount of Convertible Loan Notes represents changes in fair value of financial derivative embedded in the Convertible Loan Notes of approximately US\$596,000 as at 31 December 2012, such changes in fair value was accounted for at fair value through profit or loss.

(n) Trade and other payables (current)

Trade and other current payables increased by US\$238.8 million from US\$252.9 million as at 31 December 2011 to US\$491.7 million as at 30 June 2012. The increase was due mainly to accrual of operating cost as a result of increase in operating activities and deposit collected from associate company.

Consolidated Statement of Cash Flows

(o) Cash flow used operating activities

In FY2012, the Group net cash used in operating activities amounted to US\$66.2 million, this comprised operating cash flow before working capital changes of US\$150.2 million, and adjusted for net working capital outflows of US\$182.5 million and income tax and interest payment of US\$33.9 million. The net working capital outflows were mainly the result of the followings:

- (i) increase in trade receivables, other assets and receivables and construction work in progress of US\$563.1 million;
- (ii) increase in inventories of US\$77.5 million.

The above cash outflow was partially offset by net increase in trade and other payables of 458.1 million.

(p) Cash flow used in investing activities

In FY2012, the Group's net cash used in investing activities amounted to US\$227.9 million, which was due mainly to purchase of property, plant and equipment of US\$240.4 million. This cash out flow was however partially offset by proceeds from disposal of associate of US\$5.2 million and dividend received from associates of US\$9.1 million.

8. Review of the group performance (cont'd)

(q) Cash flow from financing activities

In FY2012, the Group recorded a net cash inflow from financing activities of US\$312.4 million, which was due to:

- (i) new bank borrowings amounting to US\$537.0 million;
- (ii) proceeds on issuance of bond of US\$246.9 million;
- (iii) proceed from issuance of perpetual capital securities of US\$65.3 million; and
- (iv) proceeds from issuance of ordinary shares by the company and subsidiary (private placement) of total US\$63.4 million

The above cash inflow was however partially offset by:

- (i) repayment of bank loans of US\$385.0 million;
- (ii) redemption of bonds of 140.0 million; and
- (iii) redemption of convertible loan notes of US\$64.4 million.

9. Forecast or a prospect statement

Not applicable.

10. Commentary of the significant trends and competitive conditions of the industry.

In the past quarters, oil price has remained within a healthy range of between US\$80 – US\$100 per barrel. With oil price forecasted to be at sustainable level, management believes that major oil and gas companies will continue to expand their offshore exploration activities and hence their production capital expenditure. This will translate into more opportunities for offshore and subsea contractors that undertake platform, pipeline and subsea installation as well as inspection, repair and maintenance works and other offshore support services. The group is capitalizing on the increase in the offshore sector by actively bidding for major projects in its target market and geographical region.

With the right resources and an experienced management team coupled with a solid track record and reputation, a large fleet of construction and supporting vessels, competent and technically skilled workforce, a good safety record, the group is confident that it is well positioned to win more major contracts in the coming years.

As of February 2013, the group has an order book of approximately US\$1.35 billion. The group will remain prudent in managing its operations, maximizing cost efficiencies to provide value added solutions to its customers.

11. Dividend

**(a) Current Financial Period Reported On
Any dividend recommended for the current financial period reported on?**

No.

11. Dividend (cont'd)

(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 applicable

13. 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.



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

14. Segmental information

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 and marine 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
<u>FY2012 Revenue</u>						
External sales	692,768	95,137	120,675	43,654		952,234
Inter-segment sales	285,161	94,535	105,179	20,363	(505,238)	-
Total revenue	<u>977,929</u>	<u>189,672</u>	<u>225,854</u>	<u>64,017</u>	<u>(505,238)</u>	<u>952,234</u>
<u>Result</u>						
Segment result	<u>55,111</u>	<u>(3,645)</u>	<u>43,385</u>	<u>16,594</u>	<u>-</u>	<u>111,445</u>
Unallocated income						-
Finance expenses						(34,236)
Share of profits of associates and joint ventures						<u>17,788</u>
Profit before tax						<u>94,997</u>
Income tax expense						<u>(32,460)</u>
Profit for the year						<u><u>62,537</u></u>
<u>Other information</u>						
Additions to property, plant and equipment	179,817	26,092	27,909	5,085		238,903
Unallocated additions to property, plant and equipment						<u>1,523</u>
						<u>240,426</u>
Depreciation	11,601	3,035	7,692	5,333		27,661
Unallocated depreciation						<u>403</u>
						<u>28,064</u>
<u>Balance sheet</u>						
<u>Assets</u>						
Segment assets	1,110,869	238,932	295,301	83,787		1,728,889
Unallocated assets						<u>239,041</u>
Consolidated total assets						<u><u>1,967,930</u></u>
<u>Liabilities</u>						
Segment liabilities	997,572	18,806	133,557	80,837		1,230,772
Unallocated liabilities						<u>66,857</u>
Consolidated total liabilities						<u><u>1,297,629</u></u>



14. Segmental information (cont'd)

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	500,550	51,846	91,566	10,525	-	654,487
Inter-segment sales	201,065	180,719	62,234	14,580	(458,598)	-
Total revenue	<u>701,615</u>	<u>232,565</u>	<u>153,800</u>	<u>25,105</u>	<u>(458,598)</u>	<u>654,487</u>
Result						
Segment result	<u>58,433</u>	<u>(627)</u>	<u>37,787</u>	<u>(9,348)</u>	<u>-</u>	86,245
Unallocated income						3,104
Finance expenses						(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						
Additions to property, plant and equipment	221,306	31,346	3,553	41,055		297,260
Unallocated additions to property, plant and equipment						<u>293</u>
						<u>297,553</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	966,085	72,793	132,927	64,318		1,236,123
Unallocated assets						<u>138,829</u>
Consolidated total assets						<u><u>1,374,952</u></u>
Liabilities						
Segment liabilities	262,219	53,932	80,675	48,475		445,301
Unallocated liabilities						<u>406,059</u>
Consolidated total liabilities						<u><u>851,360</u></u>

14. Segmental information (cont'd)

Geographical information

	Revenue ⁽¹⁾		Non-current assets ⁽²⁾	
	FY2012 US\$'000	FY2011 US\$'000	FY2012 US\$'000	FY2011 US\$'000
South Asia	306,948	387,469	-	-
South East Asia	445,527	182,081	849,154	766,486
Latin America	171,002	-	1,644	-
Others	28,757	25,006	648	52
	952,234	594,556	851,446	766,538

(1) The Group's operations are carried out offshore through its companies located in Singapore, Malaysia, Indonesia, Middle East, Latin America 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.

15. Material changes

Not applicable.

16. Breakdown of sales

	Group		
	FY2012 US\$'000	FY2011 US\$'000	Change
Sales reported for the first half year	423,978	331,209	28.0%
Operating profit after tax reported for first half year	33,464	24,453	36.9%
Sales reported for the second half year	528,256	323,278	63.4%
Operating profit after tax reported for second half year	29,073	17,725	64.0%

17. Breakdown of total annual dividend

	FY 2012 S\$'000	FY2011 S\$'000
Interim dividend	6,075	-
Total	6,075	-

18. 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) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or in any of the company's principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.