SWIBER HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Unique Entity Number: 200414721N)

S$1,000,000,000
Multicurrency Debt Issuance Programme
(the "Programme")

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of non-perpetual notes (the "**Notes**") and/or perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**") to be issued from time to time by Swiber Holdings Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation for any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such approval will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Such approval and admission to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), its joint venture companies (if any), the Programme or such Securities.

Arranger

DBS

TABLE OF CONTENTS

NOTICE

DBS Bank Ltd. (the "**Arranger**") has been appointed by the Issuer as the arranger of the Programme described herein following the retirement of Citicorp Investment Bank (Singapore) Limited as the arranger of the Programme (as defined herein) under the Programme Agreement (as defined herein), both with effect from 7 June 2010. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries, its associated companies (if any), its joint venture companies (if any) and the Securities. The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Securities, that the information contained herein is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the issue and offer of the Securities would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate Notes (as described under "*Summary of the Programme*")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate Notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date either with CDP (as defined herein) or a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable pricing supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with CDP or a common depositary on behalf of Euroclear and Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase. The Perpetual Securities will confer a right to receive distributions at a fixed or floating rate. The Perpetual Securities will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement issued in relation to each series or tranche of Perpetual Securities. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to below) shall be S$1,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the Programme Agreement (as defined therein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealer(s). Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries, its associated companies (if any) or its joint venture companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger or any of the Dealer(s) to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any of the Dealer(s) to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries, its associated companies (if any) or its joint venture companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealer(s) have not separately verified the information contained in this Information Memorandum. None of the Issuer, the Arranger, any of the Dealer(s) or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries, its associated companies (if any) or its joint venture companies (if any). Further, none of the Arranger and the Dealer(s) makes any representation or warranty as to the Issuer, its subsidiaries, associated companies (if any) or joint venture companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealer(s) that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries, its associated companies (if any) and its joint venture companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer. Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, any of the Dealer(s) or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or unaudited consolidated accounts of the Issuer and its subsidiaries, its associated companies (if any) and its joint venture companies (if any), and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any pricing supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection during normal business hours at the specified office of the Issuing and Paying Agent (as defined herein).

To the fullest extent permitted by law, none of the Arranger or the Dealer(s) accepts any responsibility for the contents of this Information Memorandum or for any other statement made or purported to be made by the Arranger or any Dealer or on its behalf in connection with the Issuer or the issue and offering of the Securities. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealer(s)) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Programme Agreement.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under "*Subscription, Purchase and Distribution*" on pages 135 and 136 of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (including statements as to the Issuer's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and/or the Group, expected growth in the Issuer or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section "Risk Factors".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different than expected, expressed or implied by any financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Group, the Arranger, the Dealer(s) and the Trustee do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuer shall under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer or the Group, or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum.

Further, the Issuer, the Group, the Arranger, the Dealer(s) and the Trustee disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the close of the issue of the Programme or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"Agency Agreement"	:	The Agency Agreement dated 20 July 2007 made between (1) the Issuer, as issuer, (2) Citicorp Investment Bank (Singapore) Limited, as issuing and paying agent and agent bank, and (3) the Trustee, as trustee, as amended, varied and supplemented by the Supplemental Agency Agreement and as amended and restated by the Agency Amendment and Restatement Agreement, and as further amended, varied or supplemented from time to time
"Agency Amendment and Restatement Agreement"	:	The Agency Amendment and Restatement Agreement dated 21 December 2012 made between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, (4) the Registrar, as registrar, (5) the Transfer Agent, as transfer agent, and (6) the Trustee, as trustee
"Agent Bank"	:	Citicorp Investment Bank (Singapore) Limited
"Amendment and Restatement Trust Deed"	:	The Amendment and Restatement Trust Deed dated 21 December 2012 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee
"AHT"	:	Anchor handling tug
"AHTS"	:	Anchor handling tug supply
"Alam Swiber"	:	Alam Swiber DLBI (L) Inc
"Arranger"	:	DBS Bank Ltd.
"Bearer Security"	:	A Security that is in bearer form, and includes any replacement Bearer Security issued pursuant to the relevant Conditions and any Temporary Global Security or Permanent Global Security
"Board"	:	Board of Directors of the Issuer
"Brunei Shell"	:	Brunei Shell Petroleum Company Sdn Bhd
"CALM"	:	Catenary anchor leg mooring
"CDP"	:	The Central Depository (Pte) Limited
"Certificate"	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the relevant Conditions, comprising the entire holding by a Securityholder of his Registered Securities of that Series
"Clearing Systems"	:	Euroclear, Clearstream, Luxembourg and CDP, and "**Clearing System**" means any of them
"Clearstream, Luxembourg"	:	Clearstream Banking, *société anonyme*, and includes a reference to its successors and permitted assigns
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time

“Company” or **“Issuer”**	:	Swiber Holdings Limited
“Conditions”	:	The Note Conditions or the Perpetual Security Conditions, as the context may require
“Coupons”	:	The interest coupons appertaining to an interest bearing Definitive Note or, as the context may require, distribution coupons appertaining to a distribution bearing Definitive Perpetual Security
“Dealer(s)”	:	DBS Bank Ltd. and such other persons appointed as dealers under the Programme
“Definitive Note”	:	A definitive Note in bearer form and having, where appropriate, Coupons and/or a Talon relating to it attached on issue
“Definitive Perpetual Security”	:	A definitive Perpetual Security in bearer form and having, where appropriate, Coupons and/or a Talon relating to it attached on issue
“Directors”	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum
“Euroclear”	:	Euroclear Bank S.A./N.V., and includes a reference to its successors and permitted assigns
“EPIC”	:	Engineering, procurement, construction, installation and commissioning
“FPSO”	:	Floating, production, storage and offloading
“FSO”	:	Floating, storage and offloading
“FY”	:	Financial year ended or ending 31 December
“GCC”	:	Gulf Cooperation Council
“Global Certificate”	:	A global Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of CDP and/or any other clearing system or in the name of a nominee of (i) a common depositary for Euroclear and Clearstream, Luxembourg, (ii) CDP and/or (iii) any other clearing system
“Global Security”	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon
“Group”	:	The Issuer and its subsidiaries
“IMCA”	:	International Marine Contractors Associations
“IMO”	:	The International Maritime Organisation
“IRAS”	:	Inland Revenue Authority of Singapore
“IRM”	:	Inspection, repair and maintenance
“ISM Code”	:	The International Management Code for the Safe Operation of Ships and for Pollution Prevention
“ISO”	:	International Organisation for Standardisation

"Issuing and Paying Agent"	:	Citicorp Investment Bank (Singapore) Limited
"ITA"	:	The Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time
"Kreuz Group"	:	Kreuz Holdings Limited
"Latest Practicable Date"	:	30 November 2012
"MAS"	:	The Monetary Authority of Singapore
"MSO 1952"	:	The Merchant Shipping Ordinance 1952
"Newcruz International"	:	Newcruz International Pte Ltd
"Note Conditions"	:	In relation to the Notes of any Series, the terms and conditions applicable thereto, as modified, with respect to any Notes represented by a Global Security or Global Certificate, by the provisions of such Global Security or Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes or, as the case may be, Certificates, subject to amendment and completion, and any reference to a particularly numbered Note Condition shall be construed accordingly
"Noteholders"	:	The holders of the Notes
"Notes"	:	The non-perpetual notes of the Issuer issued or to be issued pursuant to the Programme Agreement and constituted by the Trust Deed (and where the context so admits, includes the Global Securities, the Definitive Securities and any related Coupons, Talons, the Global Certificates and Certificates)
"Permanent Global Security"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security
"Perpetual Securities"	:	The perpetual securities of the Issuer issued or to be issued pursuant to the Programme Agreement and constituted by the Trust Deed (and where the context so admits, includes the Global Securities, the Definitive Securities and any related Coupons, Talons, the Global Certificates and Certificates)
"Perpetual Securityholders"	:	The holders of the Perpetual Securities
"Perpetual Security Conditions"	:	In relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Perpetual Securities, or as the case may be, Certificates, subject to amendment and completion, and any reference to a particularly numbered Perpetual Security Condition shall be construed accordingly
"PLEM"	:	Pipeline end manifold
"PMT"	:	Project management team

"Pricing Supplement"	:	In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Series or, as the case may be, Tranche
"Programme"	:	The S$1,000,000,000 Multicurrency Debt Issuance Programme of the Issuer
"Programme Agreement"	:	The Programme Agreement dated 20 July 2007 made between (1) the Issuer, as issuer, and (2) Citicorp Investment Bank (Singapore) Limited, as arranger and dealer, as amended, varied and supplemented by the Supplemental Programme Agreement and as amended and restated by the Programme Amendment and Restatement Agreement, and as further amended, varied or supplemented from time to time
"Programme Amendment and Restatement Agreement"	:	The Programme Amendment and Restatement Agreement dated 21 December 2012 made between (1) the Issuer, as issuer, and (2) the Arranger, as arranger and dealer
"QHSE"	:	Quality, health, safety and environmental
"Rawabi"	:	Rawabi Holding Company Limited
"Registered Security"	:	A Security in registered form
"Registrar"	:	Citicorp Investment Bank (Singapore) Limited
"ROV"	:	Remotely operated vehicle
"Securities"	:	The Notes and the Perpetual Securities
"Securityholders"	:	The Noteholders and the Perpetual Securityholders
"Securities Act"	:	Securities Act of 1933 of the United States, as amended
"Series"	:	(1) (in relation to Securities other than variable rate Notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Issuer
"SOME"	:	Swiber Offshore Middle East (FZE)
"SPM"	:	Single point mooring
"Supplemental Agency Agreement"	:	The Supplemental Agency Agreement dated 22 July 2010 made between (1) the Issuer, as issuer, (2) Citicorp Investment Bank (Singapore) Limited, as issuing and paying agent and agent bank, and (3) the Trustee, as trustee

"Supplemental Programme Agreement"	:	The Supplemental Programme Agreement dated 22 July 2010 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger and dealer, and (3) Oversea-Chinese Banking Corporation Limited, as dealer
"Supplemental Trust Deed"	:	The Supplemental Trust Deed dated 22 July 2010 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee
"Talons"	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the relevant Conditions
"Temporary Global Security"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue
"TQM"	:	Total quality management
"Tranche"	:	Securities which are identical in all respects (including as to listing)
"Transfer Agent"	:	Citicorp Investment Bank (Singapore) Limited
"Trust Deed"	:	The Trust Deed dated 20 July 2007 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, varied and supplemented by the Supplemental Trust Deed and as amended and restated by the Amendment and Restatement Trust Deed, and as further amended, varied or supplemented from time to time
"Trustee"	:	British and Malayan Trustees Limited
"UAE"	:	United Arab Emirates
"United States" or **"U.S."**	:	United States of America
"WEC"	:	Wave energy converter
"S$"** or **"$" and **"cents"**	:	Singapore dollars and cents respectively
"US$" or **"US dollars"**	:	United States dollars
"%"	:	Per centum

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Board of Directors	:	Raymond Kim Goh (*Executive Chairman*) Francis Wong Chin Sing (*Executive Director, Group President and Group Chief Executive Officer*) Jean Pers (*Executive Director*) Nitish Gupta (*Executive Director*) Yeo Chee Neng (*Non-Executive Director*) Yeo Jeu Nam (*Lead Independent Non-Executive Director*) Chia Fook Eng (*Independent Non-Executive Director*) Oon Thian Seng (*Independent Non-Executive Director*)
Company Secretaries	:	Lee Bee Fong Tan Ping Ping
Registered Office	:	12 International Business Park Swiber@IBP #04-01 Singapore 609920
Auditors to the Issuer	:	PricewaterhouseCoopers LLP (*from FY2011 onwards*) Public Accountants and Certified Public Accountants 8 Cross Street #17-00 PWC Building Singapore 048424 Deloitte & Touche LLP (*for FY2010*) Public Accountants and Certified Public Accountants 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809
Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard Level 42 DBS Asia Central @ Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arranger and the Trustee (for the purposes of the update of the Programme)	:	WongPartnership LLP One George Street #20-01 Singapore 049145
Legal Advisers to the Arranger and the Trustee (at the establishment of the Programme)	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer (at the establishment and update of the Programme)	:	WongPartnership LLP One George Street #20-01 Singapore 049145
Issuing and Paying Agent, Agent Bank, Transfer Agent and Registrar	:	Citicorp Investment Bank (Singapore) Limited 3 Changi Business Park Crescent #03-00 Changi Business Park Singapore 486026
Trustee for the holders of the Securities	:	British and Malayan Trustees Limited 1 Coleman Street #08-01 The Adelphi Singapore 179803

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Swiber Holdings Limited.
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent, Transfer Agent, Registrar and Agent Bank	:	Citicorp Investment Bank (Singapore) Limited.
Description	:	Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S$1,000,000,000 (or its equivalent in other currencies) or such higher amount as may be increased pursuant to the Programme Agreement.

NOTES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.

Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Note Conditions. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Security or a Permanent Global Security or a Global Certificate. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificate representing Registered Notes that are registered in the name of a nominee of CDP and/or any other agreed clearing system are referred to as "**Global Certificates**".

Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Negative Pledge	:	The Issuer has covenanted with the Trustee that so long as any of the Securities remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined in the Trust Deed) will, create or have outstanding any security on or over their respective present or future assets, save for: (a) liens or rights of set off arising in the ordinary course of its business or by operation of law, in either case, in respect of indebtedness which either (i) has been due for less than 14 days or (ii) is being contested in good faith and by appropriate means; (b) any security existing as at the date of the Trust Deed to secure any indebtedness and disclosed in writing to the Trustee on or prior to the date of the Trust Deed; (c) any security over any assets for the sole purpose of financing or refinancing the acquisition of such assets or the working capital relating to the operations of such assets; (d) pledges of goods and/or related documents of title, arising in the ordinary course of its business, as security for bank borrowings directly relating to the purchase of the goods; and (e) any other security as shall be created with the prior consent of the Trustee or the Securityholders by way of Extraordinary Resolution (as defined in the Trust Deed).

Financial Covenants : The Issuer has covenanted with the Trustee that so long as any of the Securities remains outstanding, it will ensure that:

(a) its Consolidated Tangible Net Worth (as defined in the Trust Deed) shall not at any time be less than US$80,000,000;

(b) the ratio of Consolidated Total Borrowings (as defined in the Trust Deed) to Consolidated Tangible Net Worth shall not at any time be more than 2.5:1;

(c) the Interest Coverage Ratio (as defined in the Trust Deed) shall not at any time be less than 2:1; and

(d) the ratio of Non Sales and Leaseback Borrowings (as defined in the Trust Deed) to Consolidated Tangible Net Worth shall not at any time be more than 2:1.

Non-Disposal of Assets : The Issuer has covenanted with the Trustee that so long as any of the Securities remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under the non-disposal of assets clause in the Trust Deed, is substantial in relation to its assets or those of itself and its subsidiaries taken as a whole or the disposal of which (either alone or when so aggregated) would have a material adverse effect on it. The following disposals shall not be taken into account:

(a) disposals in the ordinary course of business;

(b) any disposal of assets which are obsolete, excess or no longer required for the purpose of its business; and

(c) any disposal which the Trustee shall have agreed shall not be taken into account.

Sale and Leaseback : The Issuer has covenanted with the Trustee that so long as any of the Securities remains outstanding, it will not, and will not permit any of its Principal Subsidiaries to, enter into any sale and leaseback transaction; unless:

(a) the ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth referred to in the Trust Deed based on the latest audited full year or, as the case may be, unaudited three-months consolidated balance sheet or, where the Issuer is not required under the listing guidelines of the SGX-ST to prepare unaudited three-months consolidated balance sheet, unaudited six-months consolidated balance sheet, of the Group immediately preceding the date on which such transaction is entered into, would not be more than 2.5:1, determined on a proforma basis, as if the additional indebtedness attributed to the Capital Lease Obligation (as defined in the Trust Deed) or Attributable Debt (as defined in the Trust Deed), as the case may be, had been incurred at the beginning of the relevant financial period; and

		(b) the transfer of assets in that sale and leaseback transaction is permitted by and in compliance with the non-disposal of assets clause in the Trust Deed.
Events of Default	:	See Condition 10 of the Note Conditions.
Taxation	:	All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, see the section on "*Singapore Taxation*" below.
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "*Subscription, Purchase and Distribution*" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

PERPETUAL SECURITIES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Perpetual Securities may be issued at par or at a discount, or premium, to par.
No Fixed Maturity	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the provisions of the Perpetual Security Conditions.
Distribution Basis	:	Perpetual Securities may bear distribution at fixed or floating rate.

Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will bear a fixed rate of distribution which will be (subject to the right of deferral) payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be subject to reset on such date and bases as may be set out in the relevant Pricing Supplement.
Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Distribution Discretion	:	If so provided on the face of the Perpetual Security, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Perpetual Security Conditions) by giving notice to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Perpetual Security Condition 15) not more than 20 nor less than 10 business days (or such other notice period as may be specified on the Perpetual Security) prior to a scheduled Distribution Payment Date. If a Dividend Pusher is so provided on the face of the Perpetual Security, the Issuer may not elect to defer any distribution if during the period (the "**Reference Period**") ending on the day before that scheduled Distribution Payment Date (such Reference Period to be specified in the applicable Pricing Supplement), either or both of the following have occurred: (i) a discretionary dividend, distribution or other payment has been declared by the Issuer or any of its subsidiaries on or in respect of any of the Junior Obligations (as defined in the Perpetual Security Conditions) of the Issuer or, in relation to Subordinated Perpetual Securities only, the Parity Obligations (as defined in the Perpetual Security Conditions) of the Issuer (except in relation to the Parity Obligations of the Issuer on a pro-rata basis); or (ii) the Issuer or any of its subsidiaries has at its discretion repurchased, redeemed or otherwise acquired any of the Issuer's Junior Obligations or, in relation to Subordinated Perpetual Securities only, the Parity Obligations (other than on a pro-rata basis), in each case, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group and/or as otherwise specified in the applicable Pricing Supplement.

Non-cumulative Deferral and Cumulative Deferral	:	If Cumulative Deferral is not so provided on the face of the Perpetual Security, any distribution deferred pursuant to Perpetual Security Condition 4(IV) is non-cumulative and will not accrue distribution. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (the "**Optional Distributions**") (in whole or in part) by complying with the notice requirements in Perpetual Security Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Perpetual Security Condition 4(IV). Any partial payment of outstanding Optional Distributions by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a pro-rata basis. If Cumulative Deferral is so provided on the face of the Perpetual Security, any distribution deferred pursuant to Perpetual Security Condition 4(IV)(a) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect (in the circumstances set out in Perpetual Security Condition 4(IV)(a)) to further defer any Arrears of Distribution by complying with the notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Perpetual Security Condition 4 except that Perpetual Security Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full. If Additional Distribution is so provided on the face of the Perpetual Security, each amount of Arrears of Distribution shall confer the right to distributions as if it constituted the principal of the Perpetual Securities at the prevailing Distribution Rate (as defined in the Perpetual Security Conditions) and the amount of such distributions (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to Perpetual Security Condition 4 and shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Perpetual Security Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.
Restrictions in the case of Non-Payment	:	If Dividend Stopper is so provided on the face of the Perpetual Security and on any Distribution Payment Date, payment of any distributions scheduled to be made on such date is not made in full by reason of Perpetual Security Condition 4, the Issuer shall not and shall procure that none of its subsidiaries shall: (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of the Issuer's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a pro-rata basis) its Parity Obligations; or

		(ii) redeem, reduce, cancel, buy-back or acquire for any consideration any of the Issuer's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a pro-rata basis) its Parity Obligations, in each case, unless and until (A) (if the Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Cumulative Deferral is not specified as being applicable in the applicable Pricing Supplement) the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.
Form and Denomination of the Perpetual Securities	:	The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Series or Tranche of Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security or a Global Certificate. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or Definitive Perpetual Security (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive bearer securities upon the terms therein. Registered Perpetual Securities will be represented by Certificates, one Certificate being issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series. Certificates representing registered Perpetual Securities that are registered in the name of a nominee of CDP and/or any other agreed clearing system are referred to as "**Global Certificates**".
Custody of the Perpetual Securities	:	Perpetual Securities which are to be listed on the SGX-ST may be cleared through CDP. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.
Status of the Senior Perpetual Securities	:	The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

Status of the Subordinated Perpetual Securities	:	The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference among themselves and with any Parity Obligations of the Issuer.
Ranking of Claims on Winding-Up	:	Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined below) of the Issuer, the rights of the Perpetual Securityholders and Couponholders to payment of principal and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors (as defined in the Perpetual Security Conditions) of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of the shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement or in a supplement to this Information Memorandum.
Set-off in relation to Subordinated Perpetual Securities	:	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer.
Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Security, the Issuer may, on the date(s) stated in the relevant Pricing Supplement, on giving not less than 30 nor more than 60 days' irrevocable notice to the Perpetual Securityholders and the Trustee, redeem all, but not some only, of the Perpetual Securities at their Redemption Amount, together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption.
Redemption for Taxation Reasons	:	If so provided on the face of the Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Early Redemption Amount, (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if: (i) the Issuer receives a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that: (A) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) and Section 13 of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations;

(B) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption and/or concessionary tax rate on interest for "qualifying debt securities" under the ITA; or

(C) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purposes of Section 14(1)(a) of the ITA; or

(ii) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Perpetual Security Condition 7 as a result of any change in, or amendment to, the laws or regulations of Singapore (in the case of a payment by the Issuer) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a decision of a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons	:	If so provided on the face of the Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Early Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Perpetual Securities must not or must no longer be recorded as "equity" of the Issuer as a result of any change in, or amendment to, Singapore Financial Reporting Standards ("**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), which change or amendment becomes effective on or after the issue date of the Perpetual Securities, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect in relation to the Issuer.
Redemption for Tax Deductibility	:	If so provided on the face of the Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Early

Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the issue date of the Perpetual Securities;

(ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the issue date of the Perpetual Securities; or

(iii) any applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the previous generally accepted position which is issued or announced on or after the issue date of the Perpetual Securities,

payments by the Issuer would no longer, or within 90 days of the date of the opinion referred to in Perpetual Security Condition 5(e) would not, be fully deductible by the Issuer for Singapore income tax purposes, provided that no notice of redemption may be given earlier than 90 days prior to the effective date on which payments on the Perpetual Securities would not be fully tax deductible by the Issuer for Singapore income tax.

Limited right to institute proceedings in relation to Perpetual Securities : The right to institute Winding-Up proceedings is limited to circumstances set out in Perpetual Security Condition 9(b). In the case of any distribution or Arrears of Distribution, such payment will not be due if the Issuer has elected to defer that payment pursuant to Perpetual Security Condition 4.

Enforcement Events : If any of the following events occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Perpetual Securities then outstanding or if so directed by an Extraordinary Resolution shall institute proceedings for the Winding-Up of the Issuer and/or prove in the Winding-Up of the Issuer and/or claim in the liquidation of the Issuer for payment of the Perpetual Securities at their principal amount together with any distributions (including any outstanding Arrears of Distribution and any Additional Distribution Amount) accrued to such date:

(i) **Non-Payment:** the Issuer fails to pay the principal of or any distributions (including any Arrears of Distribution (if applicable) and any Additional Distribution Amount (if applicable)) on any of the Perpetual Securities when due and such failure continues for a period of 5 business days or more after the date on which such payment is due; or

		(ii) **Winding-up:** an order is made or an effective resolution is passed for the Winding-Up or dissolution of the Issuer. In this paragraph, "**Winding-Up**" means, with respect to the Issuer, a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership or similar proceedings in respect of the Issuer.
Taxation	:	All payments in respect of any Perpetual Securities by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any taxes or duties of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required. For further details, see the section on "*Singapore Taxation*" below.
Listing	:	Each Series of the Perpetual Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.
Selling Restrictions	:	For a description of certain restriction on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, see the section on "*Subscription, Purchase and Distribution*" below. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.
Governing Law	:	The Programme and any Perpetual Security issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of *the terms and conditions which, subject to completion and amendment and* as *supplemented or varied in accordance with the provisions* of *the relevant Pricing Supplement, will be endorsed on the Notes in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificates representing each Series. Either (i) the full text* of *these terms and conditions together with the relevant provisions* of *the Pricing Supplement or (ii) these terms and conditions* as so *completed, amended, supplemented or varied (and subject to simplification by the deletion* of *non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes* of *one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by a Trust Deed (as amended, varied and supplemented by the Supplemental Trust Deed dated 22 July 2010 and as amended and restated by the Amendment and Restatement Trust Deed dated 21 December 2012, and as further amended, varied or supplemented from time to time, the "**Trust Deed**") dated 20 July 2007 made between (1) Swiber Holdings Limited (the "**Issuer**") and (2) British and Malayan Trustees Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended and supplemented, the "**Deed of Covenant**") dated 21 December 2012, relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement dated 20 July 2007 made between (1) the Issuer, (2) Citicorp Investment Bank (Singapore) Limited, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**"), (3) Citicorp Investment Bank (Singapore) Limited, as agent bank (in such capacity, the "**Agent Bank**"), and (4) the Trustee, as trustee (as amended, varied and supplemented by a Supplemental Agency Agreement dated 22 July 2010 made between the same parties and as amended and restated by an Agency Amendment and Restatement Agreement dated 21 December 2012 made between (1) the Issuer, (2) the Issuing and Paying Agent, (3) the Agent Bank, (4) Citicorp Investment Bank (Singapore) Limited, as transfer agent (in such capacity, the "**Transfer Agent**"), (5) Citicorp Investment Bank (Singapore) Limited, as registrar (the "**Registrar**"), and (6) the Trustee, and as further amended, varied or supplemented from time to time, the "**Agency Agreement**"). The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 7(i)) in these Conditions are not applicable.

(iv) Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

(i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

*For so long as any of the Notes is represented by a Global Security (as defined in the Trust Deed) or, as the case may be, a Global Certificate (as defined in the Trust Deed), and such Global Security or Global Certificate is held by a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and all other agents of the Issuer as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is show on the Register shall be treated by the Issuer, the Trustee, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and all other agents of the Issuer as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.*

(iii) In these Conditions, "**Noteholder**" means the bearer of any Bearer Note (as defined in the Trust Deed) or the person whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person whose name a Registered Note is registered (as the case may be), "**Series**" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(iv) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes: Subject to Condition 2(f) below, one or more Registered Notes may be transferred (in the authorised denominations set out herein) upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Registrar, with the prior approval (in the case of any regulation proposed by the Issuer) of the Trustee, the Transfer Agent and the Registrar and (in the case of any regulation proposed by the Registrar) of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates: Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday or a gazetted public holiday, on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

(e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.

(f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption, or (iii) during the period of 15 days ending on (and including) any Record Date as defined in Condition 7(b).

3. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu,* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

4. Negative Pledge and Financial Covenants

(a) The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, create or have outstanding any security on or over their respective present or future assets, save for:

(i) liens or rights of set off arising in the ordinary course of its business or by operation of law, in either case, in respect of indebtedness which either (i) has been due for less than 14 days or (ii) is being contested in good faith and by appropriate means;

(ii) any security existing as at the date of the Trust Deed to secure any indebtedness and disclosed in writing to the Trustee on or prior to the date of the Trust Deed;

(iii) any security over any assets for the sole purpose of financing or refinancing the acquisition of such assets or the working capital relating to the operations of such assets;

(iv) pledges of goods and/or related documents of title, arising in the ordinary course of its business, as security for bank borrowings directly relating to the purchase of the goods; and

(v) any other security as shall be created with the prior consent of the Trustee or Noteholders by way of Extraordinary Resolution.

(b) The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

(i) its Consolidated Tangible Net Worth shall not at any time be less than US$80,000,000;

(ii) the ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth shall not at any time be more than 2.5:1;

(iii) the Interest Coverage Ratio shall not at any time be less than 2:1; and

(iv) the ratio of Non Sales and Leaseback Borrowings to Consolidated Tangible Net Worth shall not at any time be more than 2:1.

For the purposes of this Condition 4(b):

(aa) "**Consolidated Tangible Net Worth**" means in relation to the Group, the amount (expressed in US dollars), calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(I) the amount paid up or credited as paid up on the issued share capital of the Issuer; and

(II) the amounts standing to the credit of the reserves (including profit and loss account) of the Group on a consolidated basis,

all as shown in the then latest audited full year consolidated balance sheet or, as the case may be, unaudited three-months consolidated balance sheet or, where the Issuer is not required under the listing guidelines of the SGX-ST to prepare unaudited three-months consolidated balance sheet, unaudited six-months consolidated balance sheet, of the Group but after:

(1) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the reserves set out in paragraph (b) above of the Group since the date of such latest audited consolidated balance sheet, unaudited three-months consolidated balance sheet or, as the case may be, unaudited six-months consolidated balance sheet, of the Group;

(2) excluding any sums set aside for future taxation; and

(3) deducting:

(A) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of such latest audited consolidated balance sheet, unaudited three-months consolidated balance sheet or, as the case may be, unaudited six-months consolidated balance sheet, of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;

(B) all goodwill and other intangible assets;

(C) any debit balances on consolidated profit and loss account; and

(D) any amounts arising from a writing-up after the date of the Supplemental Trust Deed dated 22 July 2010 of the book value of any property of the Group (any increases in the book value of property which results from its transfer being deemed for this purpose to have arisen from a writing-up);

(bb) "**Consolidated Total Borrowings**" means in relation to the Group, an amount (expressed in US dollars) (excluding accrued expenses and trade payables) as shown in the then latest audited full year consolidated balance sheet or, as the case may be, unaudited three-months consolidated balance sheet or, where the Issuer is not required under the listing guidelines of the SGX-ST to prepare unaudited three-months consolidated balance sheet, unaudited six-months consolidated balance sheet, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(I) bank overdrafts and all other indebtedness of the Group in respect of any borrowed moneys (excluding indebtedness referred to in paragraphs (IV) and (V) below);

(II) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(III) the liabilities of the Issuer under the Trust Deed or the Notes;

(IV) indebtedness of the Group representing Capital Lease Obligations or Attributable Debt in respect of sale and leaseback transactions; and

(V) indebtedness of the Group representing the deferred purchase price of assets or services (other than goods or services obtained on normal commercial terms in the ordinary course of trading);

where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation, and if and to the extent any of the preceding items (other than Attributable Debt) would appear as a liability upon the consolidated balance sheet of the Group prepared in accordance with generally accepted accounting principles in Singapore where:

"**Attributable Debt**" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with generally accepted accounting principles in Singapore but in any event not exceeding 12 per cent. per annum; provided, however, that if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation";

"**Capital Lease Obligation**" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalised on a balance sheet prepared in accordance with generally accepted accounting principles in Singapore, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty; and

"**Stated Maturity**" means, with respect to any instalment of interest or principal on any indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

The definition of "**Consolidated Total Borrowings**" for the purposes of this Condition 4(b) shall not include indebtedness represented by Attributable Debt or Capital Lease Obligations, in each case, incurred by the Issuer or any of its subsidiaries for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in the business of the Issuer or any of its subsidiaries, in an aggregate amount not exceeding US$100,000,000 at any time outstanding. For the avoidance of doubt, any such amount in excess of US$100,000,000 shall be included in the definition of "Consolidated Total Borrowings" for the purposes of this Condition 4(b); and

(cc) "**Interest Coverage Ratio**" means the ratio of EBITDA to Interest Expense all as shown in the latest audited full year consolidated profit and loss statement or, as the case may be, unaudited three-months consolidated profit and loss statement or, where the Issuer is not required under the listing guidelines of the SGX-ST to prepare unaudited three-months consolidated profit and loss statement, unaudited six-months consolidated profit and loss statement of the Group where:

"**EBITDA**" means, in relation to the relevant period, the aggregate of the net earnings of the Issuer and its subsidiaries on its ordinary activities during such period before taking into account Interest Expense and income tax expense but making adjustments thereto by adding back depreciation charged and amount attributable to amortisation of goodwill and other intangibles to the extent deducted in arriving at such earnings on ordinary activities during such period; and

"**Interest Expense**" means, in relation to the relevant period, the consolidated amount of interest, commission, discounts and other fees or charges incurred paid or payable by the Group in connection with all indebtedness during that period; and

(dd) "**Non Sales and Leaseback Borrowings**" means, in relation to the Group, an amount (expressed in US dollars) (excluding accrued expenses, trade payables, income tax payables, deferred tax liabilities and not taking into account any fair value adjustments of derivative financial instruments utilised by the Group) as shown in the then latest audited full year consolidated balance sheet or, as the case may be, unaudited three-months consolidated balance sheet or, where the Issuer is not required under the listing guidelines of the SGX-ST to prepare unaudited three-months consolidated balance sheet, unaudited six-months consolidated balance sheet, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(I) bank overdrafts and all other indebtedness of the Group in respect of any borrowed moneys (excluding indebtedness referred to in paragraph (IV) below);

(II) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(III) the liabilities of the Issuer under the Trust Deed or the Notes; and

(IV) indebtedness of the Group representing the deferred purchase price of assets or services (other than goods or services obtained on normal commercial terms in the ordinary course of trading);

where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation, and if and to the extent any of the preceding items would appear as a liability upon the consolidated balance sheet of the Group prepared in accordance with generally accepted accounting principles in Singapore.

5. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 5(II)(e)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon. The amount of interest payable per Calculation Amount in respect of any Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) to the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "**Spread**" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof) the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears under the caption "SINGAPORE DOLLAR INTER-BANK OFFERED RATES – 11:00 A.M." and the row headed "SIBOR SGD" on the Reuters Screen SIBP Page (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen SIBP Page (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen SIBP Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(D) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and

(E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" under the column headed "SGD SWAP OFFER" (or such other replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to four decimal places) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})}$$

$$- \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR	=	the rate which appears under the caption "SINGAPORE INTERBANK OFFER RATES (DOLLAR DEPOSITS) 11 A.M." and the row headed "SIBOR USD" on the Reuters Screen SIBO Page of the Reuters Monitor Money Rates Service (or such other page as may replace the Reuters Screen SIBO Page for the purpose of displaying Singapore inter-bank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Spot Rate	=	the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" and the column headed "SPOT" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Premium or Discount	=	the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and
T	=	the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (B) above is not quoted on the relevant Reuters Screen Page (or such other replacement page as aforesaid) or the relevant Reuters Screen Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore inter-bank market;

Discount = the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore inter-bank market; and

T = the number of days in the Interest Period concerned; and

(D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Agent Bank) and as adjusted by the Spread (if any), or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date, and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the

Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) Rate of Interest - Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.rn. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.rn. (Singapore time) on the next following business day:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 5(II)(b)(ii) above *(mutatis mutandis)* and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) Minimum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with Condition 5(II)(b) or Condition 5(II)(c) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

(e) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"business day" means:

(i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore;

(ii) (in the case of Notes denominated in euro) a day in which the TARGET SYSTEM is open for settlement of payment in euro; and

(iii) (in the case of Notes denominated in a currency other than Singapore dollars and euro), a day (other than a Saturday or Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed by the Agent Bank;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the inter-bank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET SYSTEM**" means the Trans-European Automated Deal Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(i)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(i)).

(V) **Calculations**

(a) **Determination of Rate of Interest and Calculation of Interest Amounts**

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) **Notification**

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) **Determination or Calculation by the Trustee**

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) **Agent Bank and Reference Banks**

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

6. **Redemption and Purchase**

(a) **Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) **Purchase at the Option of Issuer**

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuers Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(c) **Purchase at the Option of Noteholders**

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Reference Date or Interest Payment Date (as the case may be) or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(i) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) **Redemption in the case of Minimal Outstanding Amount**: If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders and the Trustee (which notice shall be irrevocable), at their Redemption Amount (together with interest accrued to (but excluding) the date fixed for redemption), if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

(h) **Purchases**

The Issuer or any of its subsidiaries may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) **Early Redemption of Zero Coupon Notes**

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the

Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest in respect of the Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Interest in respect of Registered Notes

(i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in Condition 7(b)(ii).

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or the Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in United States dollars, payments in respect thereof may be made at the specified of any Issuing and Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Issuing and Paying Agents with specified offices outside the United States with the reasonable expectation that such Issuing and Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequences to the Issuer.

(e) Appointment of Agents

The Issuing and Paying Agent, the Agent Bank, the Transfer Agent and the Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Agent Bank, the Transfer Agent and the Registrar and to appoint additional or other Issuing and Paying Agents, Agent Banks, Transfer Agents and Registrars, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Transfer Agent in relation to Registered Notes, having a specified office in Singapore and (iii) a Registrar in relation to Registered Notes, having a specified office in Singapore .

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent, the Transfer Agent, the Registrar and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent, the Transfer Agent, the Registrar and the Trustee, adversely affect the interests of the holders.

(f) Unmatured Coupons and unexchanged Talons

(i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Bearer Note, the Talon forming part of such coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further coupon sheet (and if necessary another Talon for a further coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(i) Delay in Payment

Noteholders will not be entitled to any further interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(b)(ii) arrives after the due date for payment.

(j) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. Taxation

All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Bearer Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Bearer Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

The Notes and Coupons shall become prescribed or void unless presented for payment within five years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer does not pay (i) any principal sum payable on or in respect of any Notes when due or (ii) any interest on or in respect of any Notes within three business days of its due date;

(b) the Issuer does not perform or comply with anyone or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if in the opinion of the Trustee, the event resulting in that default is capable of remedy, it is not in the opinion of the Trustee remedied within 14 days of its occurrence;

(c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 14 days of its occurrence;

(d) (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed money is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any default, event of default or the like (however described) or is not paid when due; or

(ii) the Issuer or any of its Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed money.

However, no Event of Default will occur under this paragraph (d) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned in this paragraph (d) has or have occurred or exceeds S$10,000,000 or its equivalent (as determined by the Trustee);

(e) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of (or of a particular type of) the Issuer or any of its Principal Subsidiaries;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the assets of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;

(g) any security on or over all or any material part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable;

(h) any step is taken by any person with a view to the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee before that step is taken) or any step is taken by any person for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over any material part of the assets of the Issuer or any of its Principal Subsidiaries;

(i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any material part of its business or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any material part of its property or assets (in each case, otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (h) above) or as permitted by Clause 15.29 of the Trust Deed;

(j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 14.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(l) it is or will become unlawful for the Issuer to perform or comply with anyone or more of its obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding is current or pending (other than those of a frivolous or vexatious nature or those which are being contested in good faith) (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer or on the Group taken as a whole;

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and

(p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions:

(1) "**Principal Subsidiaries**" means any subsidiary of the Issuer:

(aa) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 15 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or

(bb) whose profit before tax, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 15 per cent. of the consolidated profit before tax of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(II) if a part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets or, as the case may be, profit before tax as shown by the accounts of such subsidiary (consolidated (if any) in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 15 per cent. of the total assets or, as the case may be, the profit before tax of the Group, as shown by such audited consolidated accounts. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(2) "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

11. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia,* (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may at any time or times without any consent or sanction of the Noteholders or Couponholders concur with the Issuer in making any modification to any of these Conditions or to the Trust Deed (except as mentioned in the Trust Deed) which in the opinion of the Trustee it may be expedient to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders or which in the opinion of the Trustee is of a formal, minor or technical nature, to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg and/or the Depository. Any such modification shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Issuing and Paying Agent, or as the case may be, Registrar as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia,* that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

16. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in the Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or the Depository (subject to the agreement of the Depository) for communication by it to the Noteholders, except that if the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar, and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

17. Governing Law

The Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

18. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce or enjoy the benefit of any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

Issuing and Paying Agent, Agent Bank, Registrar and Transfer Agent
3 Changi Business Park Crescent
#03-00 Changi Business Park
Singapore 486026

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

The following is the text of *the terms and conditions which, subject to completion and amendment and* as *supplemented or varied in accordance with the provisions* of *the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificates representing each Series. Either (i) the full text* of *these terms and conditions together with the relevant provisions* of *the Pricing Supplement or (ii) these terms and conditions* as so *completed, amended, supplemented or varied (and subject to simplification by the deletion* of *non-applicable provisions), shall be endorsed on such Perpetual Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Securities or on the Certificates relating to such Registered Securities. References in the Conditions to "Perpetual Securities" are to the Perpetual Securities* of *one Series only, not to all Perpetual Securities that may be issued under the Programme.*

The Perpetual Securities are constituted by a Trust Deed (as amended, varied and supplemented by the Supplemental Trust Deed dated 22 July 2010 and as amended and restated by the Amendment and Restatement Trust Deed dated 21 December 2012, and as further amended, varied or supplemented from time to time, the "**Trust Deed**") dated 20 July 2007 made between (1) Swiber Holdings Limited (the "**Issuer**") and (2) British and Malayan Trustees Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended and supplemented, the "**Deed of Covenant**") dated 21 December 2012, relating to the Perpetual Securities, executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Perpetual Securities, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement dated 20 July 2007 made between (1) the Issuer, (2) Citicorp Investment Bank (Singapore) Limited, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**"), (3) Citicorp Investment Bank (Singapore) Limited, as agent bank (in such capacity, the "**Agent Bank**"), and (4) the Trustee, as trustee (as amended, varied and supplemented by a Supplemental Agency Agreement dated 22 July 2010 made between the same parties and as amended and restated by an Agency Amendment and Restatement Agreement dated 21 December 2012 made between (1) the Issuer, (2) the Issuing and Paying Agent, (3) the Agent Bank, (4) Citicorp Investment Bank (Singapore) Limited, as transfer agent (in such capacity, the "**Transfer Agent**"), (5) Citicorp Investment Bank (Singapore) Limited, as registrar (the "**Registrar**"), and (6) the Trustee, and as further amended, varied or supplemented from time to time, the "**Agency Agreement**"). The Perpetual Securityholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the "**Perpetual Securities**") are issued in bearer form ("**Bearer Securities**") or in registered form ("**Registered Securities**") in each case in the Denomination Amount shown hereon.

(ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).

(iii) Bearer Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.

(iv) Registered Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Securities by the same holder.

(b) Title

(i) Title to the Bearer Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

*For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate, and such Global Security or Global Certificate is held by a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and all other agents of the Issuer as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, distribution and any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Trustee, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and all other agents of the Issuer as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.*

(iii) In these Conditions, "**Perpetual Securityholder**" means the bearer of any Perpetual Securities in bearer form or the person whose name a Registered Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Security, Coupon or Talon or the person whose name a Registered Security is registered (as the case may be), "**Series**" means a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first distribution payment and "**Tranche**" means Perpetual Securities which are identical in all respects (including as to listing).

(iv) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Perpetual Securities and Transfers of Registered Securities

(a) No Exchange of Perpetual Securities: Registered Securities may not be exchanged for Bearer Securities. Bearer Securities of one Denomination Amount may not be exchanged for Bearer Securities of another Denomination Amount. Bearer Securities may not be exchanged for Registered Securities.

(b) Transfer of Registered Securities: Subject to Condition 2(f) below, one or more Registered Securities may be transferred (in the authorised denominations set out herein) upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Registrar, with the prior approval (in the case of any regulation proposed by the Issuer) of the Trustee, the Transfer Agent and the Registrar and (in the case of any regulation proposed by the Registrar) of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Securities: In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Securities to a person who is already a holder of Registered Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates: Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday or a gazetted public holiday, on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge: Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods: No Perpetual Securityholder may require the transfer of a Registered Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(c), (ii) after any such Perpetual Security has been called for redemption, or (iii) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status

(a) Senior Perpetual Securities: This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Subordinated Perpetual Securities: This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) Status

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference among themselves and with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

(ii) Ranking of claims on Winding-Up

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of the Issuer, the rights of the Perpetual Securityholders and Couponholders to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement or in a supplement to the Information Memorandum.

As used in these Conditions:

"**<u>Junior Obligation</u>**" means any class of the Issuer's share capital and any instrument or securities (including without limitation any preference shares and subordinated perpetual securities) issued or guaranteed by the Issuer that ranks or is expressed to rank, by its terms or by operation of law, junior to the Perpetual Securities;

"**Parity Obligations**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (i) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (ii) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof; and

"**Senior Creditors**" means, with respect to the Issuer, all creditors of the Issuer other than the Trustee (in respect of the principal of and distributions (including Arrears of Distributions and Additional Distribution Amount, if applicable) on and other amounts in respect of the Subordinated Perpetual Securities), the Subordinated Perpetual Securityholders, the holders of the Parity Obligations and the holders of the Junior Obligations.

(iii) Set-off

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

4. Distributions and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

Each Fixed Rate Perpetual Security confers a right to receive distribution on its Calculation Amount (as defined in Condition 4(II)(e)) from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

To the extent it is provided hereon that the Distribution Rate is subject to one or more resets over the time for which the Perpetual Securities are outstanding, the Agent Bank shall, on the date specified hereon as the date for the determination of the relevant reset Distribution Rate, determine and publish such reset Distribution Rate in accordance with Condition 4(III).

(b) Calculations in relation to Fixed Rate Perpetual Securities

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon. The amount of distribution payable per Calculation Amount in respect of any Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the relevant currency.

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each Distribution Payment Date. Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period on the face of the Perpetual Securities (the "**Specified Number of Months**") after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date is herein called a "**Distribution Period**".

Distribution will cease to accrue on each Floating Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event, distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) Rate of Distribution - Floating Rate Perpetual Securities

(i) Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Perpetual Security. The "**Spread**" is the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the "**Rate of Distribution**".

(ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof) the Agent Bank will, at or about the Relevant Time on such Distribution Determination Date, determine the Rate of Distribution for such Distribution Period which shall be the rate which appears under the caption "SINGAPORE DOLLAR INTER-BANK OFFERED RATES – 11:00 A.M." and the row headed "SIBOR SGD" on the Reuters Screen SIBP Page (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen SIBP Page (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen SIBP Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(D) if on any Distribution Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and

(E) if on any Distribution Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount. of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Distribution Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the Average Swap Rate for such Distribution Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" under the column headed "SGD SWAP OFFER" (or such other replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period) and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date, no such rate is quoted on the Reuters Screen Page ABSIRFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen Page ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to four decimal places) for such Distribution Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears under the caption "SINGAPORE INTERBANK OFFER RATES (DOLLAR DEPOSITS) 11 A.M." and the row headed "SIBOR USD" on the Reuters Screen SIBO Page of the Reuters Monitor Money Rates Service (or such other page as may replace the Reuters Screen SIBO Page for the purpose of displaying Singapore inter-bank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned;

Spot Rate = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" and the column headed "SPOT" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned;

Premium or Discount = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Distribution Period concerned which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned; and

T = the number of days in the Distribution Period concerned.

The Rate of Distribution for such Distribution Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(C) if on any Distribution Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (B) above is not quoted on the relevant Reuters Screen Page (or such other replacement page as aforesaid) or the relevant Reuters Screen Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Distribution Period concerned at or about the Relevant Time on that Distribution Determination Date and the Rate of Distribution for such Distribution Period shall be the Average Swap Rate for such Distribution Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Distribution Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Distribution Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR	=	the rate per annum at which United States dollar deposits for a period equal to the duration of the Distribution Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Distribution Determination Date;
Spot Rate	=	the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Distribution Determination Date;
Premium	=	the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Distribution Period concerned in the Singapore inter-bank market;
Discount	=	the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Distribution Period concerned in the Singapore inter-bank market; and
T	=	the number of days in the Distribution Period concerned; and

(D) if on any Distribution Determination Date one only or none of the Reference Banks provides the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and the Rate of Distribution for the relevant Distribution Period shall be the Average Swap Rate (as so determined by the Agent Bank) and as adjusted by the Spread (if any), or if on such Distribution Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date, and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.

(iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

(c) Calculations in relation to Floating Rate Perpetual Securities

In respect of a Floating Rate Perpetual Security, the Agent Bank will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the Distribution Amount (as defined in Condition 4(III)) in respect of each Calculation Amount for the relevant Distribution Period. The amount of distribution payable in respect of any Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the relevant currency.

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(d) Minimum Rate of Distribution

If the applicable Pricing Supplement specifies a Minimum Rate of Distribution for any Distribution Period, then, in the event that the Rate of Distribution in respect of such Distribution Period determined in accordance with Condition 4(II)(b) above is less than such Minimum Rate of Distribution, the Rate of Distribution for such Distribution Period shall be such Minimum Rate of Distribution.

(e) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"business day" means:

(i) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday or Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore;

(ii) (in the case of Perpetual Securities denominated in euro) a day in which the TARGET SYSTEM is open for settlement of payment in euro; and

(iii) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and euro), a day (other than a Saturday or Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Perpetual Security, or if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

"**Distribution Commencement Date**" means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

"**Distribution Determination Date**" means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

"**euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed by the Agent Bank;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Perpetual Securities are denominated;

"**Relevant Financial Centre**" means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

"**Relevant Time**" means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET SYSTEM**" means the Trans-European Automated Deal Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(III) Calculations

(a) Determination and Publication of Distribution Rates, Distribution Amounts

Without prejudice to Condition 4(II)(c), the Agent Bank will, if so provided hereon, as soon as practicable after the Relevant Time on the relevant Distribution Determination Date, or such other time on such date as the Agent Bank may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the distribution amounts (including but not limited to Early Redemption Amounts and reset distribution amounts) (together, the "**Distribution Amounts**") for the relevant Distribution Period and the relevant Distribution Payment Date and to be notified to the Issuing and Paying Agent, the Trustee, the Issuer, the Perpetual Securityholders (if necessary), any other Agent Bank or Reference Bank appointed in respect of the Perpetual Securities that is to make a further calculation upon receipt of such information and, if the Perpetual Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. In the case of Floating Rate Perpetual Securities, if the Perpetual Securities become due and payable under Condition 9, the Rate of Distribution and Distribution Amounts payable in respect of the Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount or Early Redemption Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(IV) Distribution Discretion

(a) Optional Payment

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Payment Notice**") to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 15) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the period (the "**Reference Period**") ending on the day before that scheduled Distribution Payment Date (such Reference Period to be specified in the applicable Pricing Supplement), either or both of the following have occurred:

(i) a discretionary dividend, distribution or other payment has been declared by the Issuer or any of its subsidiaries on or in respect of any of the Junior Obligations of the Issuer or, in relation to Subordinated Perpetual Securities only, the Parity Obligations of the Issuer (except in relation to the Parity Obligations of the Issuer on a pro-rata basis); or

(ii) the Issuer or any of its subsidiaries has at its discretion repurchased, redeemed or otherwise acquired any of the Issuer's Junior Obligations or, in relation to Subordinated Perpetual Securities only, the Parity Obligations (other than on a pro-rata basis),

(in each case, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group (as defined in the Trust Deed), a "**Compulsory Distribution Payment Event**") and/or as otherwise specified in the applicable Pricing Supplement.

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by a director or an authorised signatory of the Issuer confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No Obligation to Pay

Subject to Condition 4(IV)(c) and Condition 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(IV)(a) and any failure to pay such distribution in whole or in part shall not constitute an Enforcement Event pursuant to Condition 9.

(c) Non-Cumulative Deferral and Cumulative Deferral:

(i) If Cumulative Deferral is not set out hereon, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue distribution. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (the "**Optional Distributions**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV). Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a pro-rata basis.

(ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to Condition 4(IV)(a) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect (in the circumstances set out in Condition 4(IV)(a) to further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4 except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall confer the right to distributions as if it constituted the principal of the Perpetual Securities at the prevailing Distribution Rate and the amount of such distributions (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) Distribution and Capital Stopper:

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payment of any distributions scheduled to be made on such date is not made in full by reason of this Condition 4, the Issuer shall not and shall procure that none of its subsidiaries shall:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of the Issuer's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a pro-rata basis) its Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration any of the Issuer's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a pro-rata basis) its Parity Obligations,

in each case, unless and until (A) (if the Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Cumulative Deferral is not specified as being applicable in the applicable Pricing Supplement) the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

(e) Satisfaction of Arrears of Distribution by payment:

The Issuer:

(i) may satisfy any Arrears of Distribution (in whole or in part) at any time together with any Additional Distribution Amount by giving notice of such election to the Perpetual Securityholders (in accordance with Condition 15), the Trustee and the Agents not less than 10 nor more than 20 business days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event shall satisfy all Arrears of Distribution (in whole but not in part) together with any Additional Distribution Amount on the earliest of (1) the date of redemption of the Perpetual Securities in accordance with Condition 5(b), 5(c), 5(d), 5(e) and 5(f); (2) immediately on the occurrence of a breach of Condition 4(IV)(d); and (3) the date such amount becomes due under Condition 9 or on a Winding-Up of the Issuer.

Any partial payment of outstanding Arrears of Distribution or any Additional Distribution Amount by the Issuer shall be shared by the Perpetual Securityholders on a *pro-rata* basis.

(f) No default

Notwithstanding any other provision in these Conditions, the deferral of any distribution in accordance with this Condition 4 shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer.

5. Redemption and Purchase

(a) No Fixed Redemption Date: The Perpetual Securities are Perpetual Securities in respect of which there is no fixed redemption date. The Perpetual Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

(b) Redemption for Taxation Reasons: If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Early Redemption Amount, (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if:

(i) the Issuer receives a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:

(A) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) and Section 13 of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations;

(B) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption and/or concessionary tax rate on interest for "qualifying debt securities" under the ITA; or

(C) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purposes of Section 14(1)(a) of the ITA; or

(ii) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Singapore (in the case of a payment by the Issuer) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a decision of a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a "**Tax Event**"),

Provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee (x) a certificate signed by two directors of the Issuer stating either (A) that the Issuer has received the tax ruling referred to in (i) above or (B) that the circumstances referred to in (ii) above cannot be avoided by the Issuer taking reasonable measures available to it; and (y) an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of either (aa) the tax ruling referred to in (i) above or (bb) such change or amendment referred to in (ii) above (as the case may be), and the Trustee shall be entitled to accept such certificate and opinion without any liability as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

(c) **Redemption at the Option of the Issuer:** If so provided hereon, the Issuer may, on the date(s) stated in the relevant Pricing Supplement, on giving not less than 30 nor more than 60 days' irrevocable notice to the Perpetual Securityholders and the Trustee, redeem all, but not some only, of the Perpetual Securities at their Redemption Amount, together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption.

(d) **Redemption for Accounting Reasons:** If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Early Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Perpetual Securities must not or must no longer be recorded as "equity" of the Issuer as a result of any change in, or amendment to, Singapore Financial Reporting Standards ("**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), which change or amendment becomes effective on or after the Issue Date (an "**Accounting Event**"), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect in relation to the Issuer. Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee (i) a certificate signed by two directors of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect, and the Trustee shall be entitled to accept such certificate and opinion without any liability as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

(e) **Redemption for Tax Deductibility Reasons**: If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Early Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

(ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(iii) any applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the previous generally accepted position which is issued or announced on or after the Issue Date,

payments by the Issuer would no longer, or within 90 days of the date of the opinion referred to in paragraph (y) below would not be fully deductible by the Issuer for Singapore income tax purposes (a "**Tax Deductibility Event**"), provided that no notice of redemption may be given earlier than 90 days prior to the effective date on which payments on the Perpetual Securities would not be fully tax deductible by the Issuer for Singapore income tax. Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee (x) a certificate signed by two directors of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances and (y) an opinion of the Issuer's independent tax or legal advisers of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect, and the Trustee shall be entitled to accept such certificate and opinion without any liability as sufficient evidence of the satisfaction of the conditions precedent set out above in which event it shall be conclusive and binding on the Perpetual Securityholders.

(f) **Redemption in the case of Minimal Outstanding Amount:** If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Early Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

(g) **Purchase**

The Issuer or any of its subsidiaries may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by or on behalf of the Issuer or any of its subsidiaries (i) may be surrendered by the purchaser through the Issuer for cancellation, or (ii) may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto and surrendered therewith). Any Perpetual Securities so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Distribution in respect of Bearer Securities

Payments of principal and distribution in respect of the Bearer Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Distribution in respect of Registered Securities

(i) Payments of principal in respect of Registered Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in Condition 6(b)(ii).

(ii) Distribution in respect of Registered Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of Distribution on each Registered Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or the Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Payments in the United States

Notwithstanding the foregoing, if any Bearer Securities are denominated in United States dollars, payments in respect thereof may be made at the specified of any Issuing and Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Issuing and Paying Agents with specified offices outside the United States with the reasonable expectation that such Issuing and Paying Agents would be able to make payment of the amounts on the Perpetual Securities in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequences to the Issuer.

(e) Appointment of Agents

The Issuing and Paying Agent, the Agent Bank, Transfer Agent and the Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Agent Bank, the Transfer Agent and the Registrar and to appoint additional or other Issuing and Paying Agents, Agent Banks, Transfer Agents and Registrars, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Transfer Agent in relation to Registered Securities, having a specified office in Singapore and (iii) a Registrar in relation to Registered Securities, having a specified office in Singapore .

Notice of any such change or any change of any specified office will promptly be given to the Perpetual Securityholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent, the Transfer Agent, the Registrar and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent, the Transfer Agent, the Registrar and the Trustee, adversely affect the interests of the holders.

(f) Unmatured Coupons and unexchanged Talons

(i) Bearer Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them

(iii) Upon the due date for redemption of any Bearer Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons, and where any Bearer Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Security or Certificate.

(g) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Bearer Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further coupon sheet (and if necessary another Talon for a further coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(h) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

(i) Delay in Payment

Perpetual Securityholders will not be entitled to any further distribution or other payment for any delay after the due date in receiving the amount due on a Perpetual Security if the due date is not a business day, if the Perpetual Securityholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 6(b)(ii) arrives after the due date for payment.

7. Taxation

All payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 15 that, upon further presentation of the Bearer Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**distribution**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

The Perpetual Securities and Coupons shall become prescribed or void unless presented for payment within five years from the appropriate Relevant Date for payment.

9. Enforcement Events

(a) **Non-payment when due**: Notwithstanding any of the provisions below in this Condition 9, the right to institute Winding-Up proceedings is limited to the circumstances set out in Condition 9(b) below. In the case of any distribution or Arrears of Distribution, such payment will not be due if the Issuer has elected to defer that payment pursuant to Condition 4, provided that nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit any rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Trust Deed or the Perpetual Securities.

(b) **Enforcement Events:** If any of the following events ("**Enforcement Events**") occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Perpetual Securities then outstanding or if so directed by an Extraordinary Resolution shall institute proceedings for the Winding-Up of the Issuer and/or prove in the Winding-Up of the Issuer and/or claim in the liquidation of the Issuer for payment of the Perpetual Securities at their principal amount together with any distributions (including any outstanding Arrears of Distribution and any Additional Distribution Amount) accrued to such date:

(i) **Non-Payment:** the Issuer fails to pay the principal of or any distributions (including any Arrears of Distribution (if applicable) and any Additional Distribution Amount (if applicable)) on any of the Perpetual Securities when due and such failure continues for a period of 5 business days or more after the date on which such payment is due; or

(ii) **Winding-up:** an order is made or an effective resolution is passed for the Winding-Up or dissolution of the Issuer.

As used in these Conditions:

"**Winding-Up**" means, with respect to the Issuer, a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership or similar proceedings in respect of the Issuer.

(c) **Extent of Holder's Remedy**: No remedy against the Issuer, other than as referred to under this Condition 9 and Condition 10, shall be available to the Trustee or the holders, whether for the recovery of amounts owing in respect of the Perpetual Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Perpetual Securities or under the Trust Deed.

10. Enforcement of Rights

Subject always to Condition 9, at any time after the Perpetual Securities shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. The Trustee shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding, and (b) it shall have been indemnified to its satisfaction. No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure or neglect shall be continuing.

11. Meeting of Perpetual Securityholders and Modifications

(a) **Meetings of Perpetual Securityholders**: The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed. The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than one tenth of the principal amount of the Perpetual Securities of any Series for the time being outstanding shall, convene a meeting of the Perpetual Securityholders of the Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter* alia, (i) to amend the dates on which principal or distributions (including any Arrears of Distribution and any Additional Distribution Amount) are payable in respect of the Perpetual Securities, (ii) to reduce or cancel the principal amount of, or distributions (including any Arrears of Distribution and any Additional Distribution Amount) on, the Perpetual Securities, (iii) to change the currency of payment of the Perpetual Securities, (iv) to amend the subordination provisions of the Perpetual Securities, or (v) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass an Extraordinary Resolution, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

(b) **Modification of the Trust Deed**: The Trustee may at any time or times without any consent or sanction of the Perpetual Securityholders or Couponholders concur with the Issuer in making any modification to any of these Conditions or to the Trust Deed (except as mentioned in the Trust Deed) which in the opinion of the Trustee it may be expedient to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Perpetual Securityholders or which in the opinion of the Trustee is of a formal, minor or technical nature, to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg and/or the Depository. Any such modification shall be binding on the Perpetual Securityholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer shall cause such modification to be notified to the Perpetual Securityholders as soon as practicable thereafter in accordance with Condition 15.

(c) **Entitlement of the Trustee**: In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

12. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (in the case of Bearer Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Issuing and Paying Agent, or as the case may be, Registrar as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia,* that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further Perpetual Securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to "**Perpetual Securities**" shall be construed accordingly.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

15. Notices

Notices to the holders of Registered Securities shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in the Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Securities in accordance with this Condition 15.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or the Depository (subject to the agreement of the Depository) for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar, and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

16. Governing Law

The Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce or enjoy the benefit of any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

Issuing and Paying Agent, Agent Bank, Registrar and Transfer Agent
3 Changi Business Park Crescent
#03-00 Changi Business Park
Singapore 486026

THE ISSUER

1. SUMMARY

Overview of key business segments

The Group's business activities can be classified into the following segments, namely:

(a) **Swiber Offshore Construction Services**: The Group provides a full suite of offshore EPIC services and delivers integrated and innovative solutions to a wide and diverse range of offshore projects, including turnkey project management, procurement, transportation and installation of offshore structures, subsea completion works and decommissioning services. For this business segment, the Group taps on an experienced team of engineers, project managers and offshore personnel and an extensive fleet of modern construction and support vessels.

(b) **Newcruz Offshore Marine Services**: The Group offers a spread of offshore marine support services that are complementary to its offshore EPIC services, including offshore marine transportation, subsea support services, engineering services, and yard facilities for ship repair, conversion and construction. With the vertical integration of the Group's capabilities, it is able to offer comprehensive solutions to its customers. The Group also provides vessel chartering services under this business segment.

(c) **Kreuz Offshore Subsea Services**: The Group provides subsea services which include activities supporting offshore installation and construction projects, as well as IRM of offshore production and pipeline facilities. The subsea services are mainly performed through air diving and saturation diving operations. Depending on the customers' requirements, the Group may also provide ROV services. Kreuz Subsea Pte Ltd is a Contractor Member of the IMCA. IMCA is the internationally recognised trade association representing offshore, marine, diving, ROV and subsea engineering companies.

(d) **Equatoriale Offshore Development Services**: The Group is moving into providing wind farm installation services and WEC services. The Group is well-positioned to provide engineering and installation services, ocean tide engineering converter, engineering and installation services and ocean thermal energy convertor engineering and installation services.

The Group's Vessels

From owning just 10 vessels in 2006, the Group has expanded to own a fleet of 61 vessels as at the Latest Practicable Date, comprising 47 offshore vessels and 14 construction vessels. The Group intends to expand this fleet as part of its strategy to strengthen its market presence, extend bidding opportunities, and reduce its reliance on third party vessels, thus reducing its charter costs. The Group's capital expenditure for the new vessels is fully funded, or will be fully funded, from sources that include, or will include, third party investors, internally generated funds and bank loans. For further details, please refer to the section "*3. Business Background - The Group's Vessels*" below.

Competitive Strengths

The Group's competitive strengths are as follows:

(a) strong offshore engineering capabilities and a diverse range of offshore construction services supported by state-of-the-art offshore construction fleet;

(b) offshore construction business complemented by its offshore marine services and offshore subsea services;

(c) competitive pricing of offshore construction services, offshore marine services and offshore subsea services;

(d) geographical diversification of operations and strong partnerships or alliances;

(e) extensive industry experience from the management team to offshore engineers and offshore support crews;

(f) solid track record of successfully executed projects with reputable oil and gas companies;

(g) young fleet of sophisticated vessels; and

(h) disciplined approach to tenders.

For further details, please refer to the section "*4. Competitive Strengths*" below.

Growth Strategy

The mission of the Group is to consistently outperform itself by maintaining and achieving an above average return on investment for its stakeholders measured in terms of return on earnings, earnings per share, revenue growth, operating profit and market capitalisation. Key elements of the Group's strategy include the following:

(a) strategic fleet expansion;

(b) focus on the Asia Pacific and Middle East markets and expansion to other regions through strategic alliances;

(c) strategic investments in related or complementary offshore businesses;

(d) continued expansion of offshore capabilities;

(e) investment in new designs and technologies;

(f) exploring new business areas and opportunities such as wind farm installation; and

(g) prudent management of business operations (including maintaining a disciplined approach to tenders) and maximisation of cost efficiencies.

For further details, please refer to the section "*5. Growth Strategy*" below.

Overview of the Group's market expansion through strategic alliances

The Group has successfully forged strategic alliances with a number of leading oil and gas players in Malaysia, Indonesia, Mexico and the Middle East.

Malaysia

The Group was awarded its first major offshore contract worth US$6.1 million in 2002. Some of the key projects performed by the Group in Malaysia over the years include a landmark offshore installation contract worth US$31.0 million with an international oil company, a US$3.4 million contract for the design, engineering and fabrication of a SPM buoy for a Malaysia-based oil company, as well as a US$29.0 million project from a Malaysian company for the offshore installation and engineering of pipelines for an oil company. In August 2009, the Group entered into a Memorandum of Understanding with Alam Maritim Resources Berhad, a Malaysian established offshore marine transportation services provider listed on the main market of Bursa Malaysia, to tap on offshore construction opportunities in the offshore market in Malaysia. Pursuant to the Memorandum of Understanding, the parties will jointly own and operate a pipelay barge, 1MAS-300, as well as exclusively provide offshore installation and construction activities in the territorial waters of Malaysia using the barge. In May 2010, the Group further subscribed for 4,999,950 ordinary shares representing a 50.0 per cent. equity interest in Alam Swiber.

Middle East

In October 2008, the Group announced that its subsidiary, Swiber Offshore Construction Pte. Ltd., had joined forces with a leading Saudi Arabian company, Rawabi, to establish a 50:50 joint venture company, Rawabi Swiber Offshore Construction Company Limited, based in the city of Al-Khobar, Saudi Arabia. Through the joint venture, the Group plans to develop EPIC projects and marine activities in the GCC states of Saudi Arabia, Kuwait, Bahrain, Qatar, UAE and Oman. Operating in Saudi Arabia and the Middle East for over 30 years, Rawabi is a leading industrial player in multiple industries encompassing construction and engineering, oil and gas, petrochemicals, utilities, power and electrical, telecommunications and information technology, freight forwarding, marine, trading and manufacturing. The Group and Rawabi also jointly own and operate a derrick pipelay barge, Aziz, which was delivered in the fourth quarter of 2009. In April 2010, the Group incorporated a new wholly-owned subsidiary in Dubai, SOME, based in Sharjah, UAE. The principal activity of SOME is to provide marine offshore services. In May 2011, the Group set up a branch office in Abu Dhabi to support its operations in the Middle East.

Indonesia

In June 2010, the Group announced a joint venture in Indonesia with a prominent local businessman, Mr Eddy Sariaatmadja. Mr Sariaatmadja, through his investment vehicle, PT Alam Hijau Sentosa, invested in a 51.0 per cent. stake in the Company's Indonesian subsidiary, PT Swiber Offshore (Indonesia), now known as PT Rajawali Swiber Cakrawala ("**PTRSC**"). Subsequent to the investment by PT Alam Hijau Sentosa, the Group's shareholding has been reduced to 49.0 per cent. Through the joint venture, the Group plans to broaden its network in the Indonesian oil and gas industry, and bid for more offshore installation and construction projects in Indonesia. In April 2012, the Company further announced that it had entered into an agreement with PT Abadi Pelita Harapan ("**PT Abadi**") for the sale of 52,000 fully paid up shares, representing 26.0 per cent. of the equity interest in PTRSC (the "**PTRSC Sale Shares**"), to PT Abadi. Following completion of the sale and purchase of the PTRSC Sale Shares, the Company will hold 46,000 fully paid up shares, representing 23.0 per cent. of the equity interest in PTRSC.

Mexico

In March 2012, the Group secured charter contract wins totalling approximately US$36.0 million for vessel chartering services in the Gulf of Mexico as well as another contract totalling approximately US$273.0 million for offshore construction work in the Gulf of Mexico through a local collaboration with Dragados Offshore. In April 2012, the Group announced that Swiber Offshore Construction Pte Ltd, Kreuz Engineering Ltd and Kreuz Subsea Pte Ltd, which are direct and indirect subsidiaries of the Company, have subscribed for a combined 49.0 per cent. equity interest in a company incorporated in Mexico, known as Dragados – Swiber Offshore S.A.P.I DE CV ("**Dragados Swiber**"). The Group subsequently also announced the incorporation of a new wholly-owned subsidiary in Mexico, known as Swiber Offshore Mexico SA DE CV ("**SOM**"). The principal activities of both Dragados Swiber and SOM are to engage in engineering, procurement, construction and installation of subsea pipelines.

2. CORPORATE STRUCTURE

The corporate structure shown on pages 140 and 141 has been presented to show, as at the Latest Practicable Date, the businesses of the Company and which of the Company's subsidiaries, associated companies and joint venture companies are grouped under the respective businesses. It does not reflect the actual legal structure of the Company.

3. BUSINESS BACKGROUND

The Company was incorporated under the laws of Singapore as a private company limited by shares with the name "Swiber Holdings Pte. Ltd." on 12 November 2004. The Company's name was changed to "Swiber Holdings Limited" following its conversion to a public company on 10 October 2006. Its Shares were listed on the Main Board of the SGX-ST on 8 November 2006.

The Group was founded with the incorporation of Swiber Offshore Pte Ltd in Singapore on 30 November 1996 by Mr Raymond Kim Goh, the Executive Chairman of the Company, and his business partners, for the chartering of vessels to customers in the offshore oil and gas industry in Indonesia. In the course of providing offshore marine support services to its customers in the offshore oil and gas industries, the Group was able to identify its customers' needs for offshore construction contractors in their oil and gas exploration, development and production projects. Over the years, the Group has developed its offshore business to offer a comprehensive suite of EPIC services which can be customised for its customers' offshore oil and gas projects.

As at the date of this Information Memorandum, the Group is an established group in the offshore industry offering comprehensive and integrated solutions classified under four main core business units comprising Swiber Offshore Construction Services, Newcruz Offshore Marine Services, Kreuz Offshore Subsea Services and Equatoriale Offshore Development Services.

The Group offers a comprehensive suite of offshore construction services which are customised to cater to the different needs of its customers in the oil and gas industry. Such EPIC services, including the provision of offshore marine support services, are utilised at the exploration, development, production and post-production stages in an offshore oil and gas project.

The Group's offshore marine business complements its offshore construction business. The Group operates a fleet of support and construction vessels (including logistics support) which are chartered to its construction business and its customers throughout various stages of their offshore oil and gas exploration, development and production projects.

The Group owns a shipyard which provides shipbuilding and repair services and also serves as a marine base for its fleet.

The Group's subsea business provides commercial saturation and air diving services, including underwater IRM services, subsea barge support diving services and provision of turnkey subsea solutions from diving support vessels, construction and IRM based projects.

The Group's customers include established companies engaged in the offshore exploration, development and production of oil and gas, and marine contractors engaged in the design and construction of infrastructure for such projects.

The Group is headquartered in Singapore and as at the Latest Practicable Date, the Group has a workforce of approximately 2,473 (including both onshore and offshore personnel), comprising over 45 different nationalities strategically deployed in offices across the Asia Pacific and the Middle East.

The Group's major subsidiaries and associates are located in Singapore, Indonesia, Brunei and India with strategic alliances and joint ventures established in Malaysia, Indonesia, the Middle East and Mexico.

Description of Business Activities

The Group's business activities can be classified into the following segments, namely:

(a) Swiber Offshore Construction Services;
(b) Newcruz Offshore Marine Services;
(c) Kreuz Offshore Subsea Services; and
(d) Equatoriale Offshore Development Services.

(a) Swiber Offshore Construction Services

The Group provides a comprehensive suite of integrated offshore EPIC services which includes turnkey project management, procurement, transportation and installation of fixed offshore platforms, transportation and installation of subsea pipelines, subsea field commissioning, floating production system, FPSO, FSO and CALM buoy, and platform fabrication and decommissioning. Through its team of experienced engineers and an extensive fleet of modern support and construction vessels, the Group delivers integrated and innovative solutions to a wide and diverse range of projects.

The Group's lay barges are capable of installing pipelines with an external diameter of up to 60 inches in water depths varying from five metres up to 200 metres, covering the continental shelf zone oil and gas development market. The Group operates derrick barges with lifting capacities of 500 metric tonnes and 3,800 metric tonnes to cover various installation requirements of the Group's customers in the offshore industry.

The following are highlights of the services provided under this business segment:

Project Management

- Provision of comprehensive project management services.

- Execution of offshore construction projects with an integrated PMT based in the respective project locations in different countries.

- Ability to mobilise experienced personnel for PMTs promptly.

Transportation and Installation of Fixed Offshore Platforms

- Transportation and installation of fixed offshore platforms using derrick barges, including installation by launching or side-lift and upend or 2-block lifts.

- Customised lifting solutions for customers through innovative and unique designs.

- Wide selection of in-house transportation barges of various sizes with the capability to carry jackets and decks of up to 20,000 tonnes.

- Capability for float-over deck installation of up to 20,000 tonnes.

Transportation and Installation of Subsea Pipelines

- Capabilities extend to subsea pipeline installation works in water depths of up to 200 metres, including laying pipelines from the shore to offshore.

- Availability of integrated PMTs to manage these projects reduces the interface risk for customers when executing an offshore project approach works, including the installation of coffer dams, installation of pull winches, pulling of pipes to the beach and burial of pipelines.

Subsea Field Commissioning

- Capabilities extend to all the subsea completion works for a typical pipelay project, including the installation of subsea spools, PLEM, manifolds and hot taps.

- Pre-commissioning works.

Floating Production Systems/CALM Buoys

- Installation of FSOs and FPSOs includes towing of vessels out to location using in-house and/or chartered tugs, installation of mooring systems for vessels which includes piles or anchors, installation and tensioning of chains and hooking up of vessels to mooring systems.

- Provision of subsea completion services for the FPSO/FSO covering the installation of flexible risers.

- PLEM to the turret including installation of midwater arch and gravity anchors.

Platform Fabrication

- Ability to provide customers with turnkey solutions through tie-ups with major fabricators in the area of platform fabrication.

- Availability of integrated PMTs to manage these projects, which reduces the interface risk for customers when executing an offshore project.

Platform De-commissioning

- Includes removal of old platforms using internal or external cutting methods for the piles.

- Lifting of modules with the Group's derrick barges and transporting them to disposal sites.

Key developments and significant offshore construction projects secured by the Group in FY2010 and up to the Latest Practicable Date include:

- January 2010: The Group was awarded a Notice of Award as part of a consortium for EPIC contracts valued at US$188.8 million.

- February 2010: The Group was awarded another Notice of Award as part of a consortium for EPIC contracts valued at US$117.5 million.

- May 2010:

  - The Group secured a Notice of Award to provide engineering, procurement, transportation and installation of several pipelines in South Asia, including platform modifications from a leading oil and gas operator in South Asia worth approximately US$148.0 million.

  - The Group secured a Letter of Award for transportation and installation of heavy structures from a leading oil and gas operator in Southeast Asia worth approximately between US$17.0 million to US$27.0 million, depending on the options provided in the contract.

  - The Group secured a Letter of Award as part of a consortium to provide design, engineering, procurement, fabrication, transportation, installation and commissioning of major platforms in Southeast Asia worth approximately US$618.0 million.

- March 2011:

  - The Group secured a contract from an international major oil company in South East Asia worth approximately US$34.0 million to provide transportation, installation and subsea works.

  - The Group secured a Notice of Award from a leading oil and gas operator in South Asia worth approximately US$125.0 million to provide services in relation to engineering, procurement, transportation and installation of several pipelines in South Asia, including platform modifications.

  - The Group secured contracts worth approximately US$20.0 million in total, mainly for the charter of its offshore construction and support vessels to provide AHTS vessels, flat top barges and a construction barge.

- May 2011: The Group secured contracts worth approximately US$65.0 million from oil majors for projects in Indonesia, Malaysia, Thailand and Vietnam, in relation to execution of offshore construction projects, chartering of offshore construction and support vessels and execution of subsea and related projects.

- August 2011:

  - The Group secured three contracts worth approximately US$82.0 million in aggregate from three oil majors in Southeast Asia to perform pipeline installation services.

  - The Group secured a contract worth approximately US$30.0 million from an oil major to perform platform installation services.

- September 2011:

  - The Group secured a contract worth approximately US$155.0 million from a major oil company in South Asia for an EPIC pipeline project in South Asia.

  - The Company and its subsidiaries secured several contract wins amounting to approximately US$69.0 million including extension options (of which approximately US$37.8 million is attributable to Swiber Offshore Construction Services). The contracts, awarded by leading offshore construction companies and oil majors, involve a whole spectrum of work from pipeline transportation and installation, subsea installation and chartering of marine vessels.

- October 2011: The Group secured two order wins worth approximately US$102.0 million in aggregate for offshore construction projects involving pipeline and subsea installation works in Southeast Asia.

- February 2012: The Group secured a string of contract wins totalling approximately US$216.0 million for offshore construction projects and vessel chartering services in Southeast Asia and South Asia. These contract wins entail offshore construction works that span a wide range of services for engineering, procurement, construction, transportation and installation of offshore wellhead platforms and pipelines.

- March 2012: The Group secured a contract worth approximately US$273.0 million for offshore construction work in the Gulf of Mexico, through a local collaboration with Dragados Offshore. This contract win was awarded by an oil major from the Gulf of Mexico and entails offshore construction works for the procurement, transportation and installation of pipelines in the Gulf of Mexico.

- June 2012:

  - The Group through its Indonesian joint venture company, PTRSC, secured a contract worth approximately US$175.0 million for offshore engineering, procurement, construction and installation works for platforms, pipelines and existing facilities in Indonesia. The successful bid was made jointly with the Group's consortium partner, PT SOME Indonesia.

  - The Group also secured a series of significant awards, which include offshore construction projects and vessel chartering services in the Asia Pacific region, totalling over US$830.0 million. These contract wins include projects for engineering, procurement and installation of pipelines, umbilicals, subsea systems, and transportation and installation of wellhead structures and associated pipelines in the Asia Pacific region. In addition, the Group secured a Letter of Award, through its joint venture company in the Middle East, to charter out a spread of support vessels in the Middle East.

- November 2012: The Group secured contract wins totalling approximately US$143.0 million, comprising an approximately US$100.0 million contract for offshore construction work in Southeast Asia and an approximately US$43.0 million contract for the charter of a construction vessel.

(b) Newcruz Offshore Marine Services

The Group offers a spread of offshore support services that are complementary to its offshore construction business. Services include extensive marine support services, yard facilities with a comprehensive and growing capability for ship repair, conversion and construction and a widening range of engineering design, fabrication and offshore engineering services. This line of business is mainly operated through the Group's wholly-owned subsidiary, Newcruz International.

The following are highlights of the services provided under this business segment:

<u>Marine Support Services</u>

- Vessels transport equipment, materials and supplies to support the oil and gas construction industry (including the transport of pipes, offshore structures, jackets and platforms, and handle anchors for construction barges) move and position drilling rigs and assist in maintaining and safeguarding offshore facilities.
- Fleet expansion plan to capitalise on the business opportunities in the exploration and production market.
- More offshore marine vessels to be built using innovative designs and advanced technology to further strengthen the Group's service capability in the market.

<u>Yard Facilities - Newcruz Shipyard and Marine Base</u>

The Group provides shipbuilding, conversion, repair and maintenance services including design engineering, and operates a 2.4 hectare shipyard located in Singapore, which doubles up as a marine base for the Group's vessels. The yard facilities also allow the Group to design and construct SPM and crane barges.

The following are highlights of this business segment:

- 2.4 hectare shipyard located in Tuas Basin, Singapore (the lease of which has been extended by JTC Corporation to 31 October 2021).
- Shipyard with a 124 metres water frontage comprising a two-storey main building and a single storey workshop with a three-storey office annex.
- Facilities include slipways, wharves and work yards.
- Experienced management team and workforce of approximately 250 people.
- The shipyard primarily serves as a marine base to support the repair and maintenance work for the Group's growing fleet of marine support and construction vessels.
- The site is also utilised as a base for the conversion and construction of vessels.
- The fact that the Group has control over its own marine base insures vessels against any possible downtime while improving logistical efficiency.
- The above factors translate into greater control over project coordination.

<u>Engineering Design, Fabrication and Offshore Engineering Services</u>

- Supply and sale of studies.
- Design of offshore and marine facilities.
- Other related services in the offshore and marine industry in Southeast Asia.

- Strategic partnerships will enable the Group to offer comprehensive engineering design and analysis services to the offshore oil and gas industry in the Asia Pacific region.

- An engineering house in Newcruz International's office in Singapore offers a one-stop solution for the Group's customers. The engineers plan, design and develop the project with the client.

Key developments and significant offshore marine projects secured in FY2010 and up to the Latest Practicable Date include:

- March 2011: The Group secured contracts worth approximately US$7.0 million in total, mainly for the charter of its offshore construction and support vessels.

- September 2011: The Company and its subsidiaries secured several contract wins amounting to approximately US$69.0 million including extension options (of which approximately US$25.0 million is attributable to Newcruz Offshore Marine Services). The contracts, awarded by leading offshore construction companies and oil majors, involve a whole spectrum of work from pipeline transportation and installation, subsea installation and chartering of marine vessel.

- February 2012:

  - As part of the string of contract wins totalling approximately US$216.0 million secured by the Group, the Group will provide vessel chartering services worth approximately US$23.2 million which include the deployment of a campaign work barge in the Asia Pacific region.

  - The Group's joint venture company in the Middle East also secured a contract win amounting to over US$38.0 million for vessel chartering services in the Middle East. This contract was awarded by a major oil producer in the Middle East and the tenure is for a committed period of three years and an additional period of two years.

- March 2012: The Group secured charter contract wins totalling approximately US$36.0 million for vessel chartering services, with the exercise of all options, in the Gulf of Mexico and Southeast Asia. The contracts entail vessel charters for general maintenance supply services as well as transportation and installation of topsides.

- June 2012: As part of the Group's contract wins in the Asia Pacific region totalling over US$830.0 million, the Group, through its joint venture company in the Middle East, secured a Letter of Award from a major oil producer in the Middle East to charter out a spread of support vessels in the Middle East for a committed period of three years and an additional option period of two years.

- November 2012: As part of the contract wins totally approximately US$143.0 million, the Group secured a contract worth approximately US$43.0 million for the charter of a construction vessel to be deployed to Latin America.

(c) Kreuz Offshore Subsea Services

The Group offers offshore subsea services that are complementary to its offshore construction business. The Group's offshore subsea services business is principally involved in the provision of subsea services which include activities supporting offshore installation and construction projects, as well as IRM of offshore production and pipeline facilities.

The Group's offshore subsea services are mainly performed through air diving and saturation diving operations. Air diving allows the diver to dive up to depths of 165 feet whereas saturation diving allows the diver to perform subsea operations at depths of up to 1,000 feet. Depending on the requirements of the Group's customers, the Group may also provide ROV services.

All saturation and air diving equipment supplied for projects by the Group's offshore subsea services are designed, built, certified, maintained and operated in accordance with IMCA guidelines and Codes of Practice for offshore diving operations.

All systems are portable and can be mobilised onto support vessels and construction barges for offshore construction and diving work and are compliant with the requirements and qualifications of the Group's customers.

The following are highlights of the services provided under this business segment:

- Underwater welding and cutting.
- Underwater construction.
- Subsea tie-ins.
- Installation, stabilisation and inspection of pipelines, cables, flexible flow lines, risers, spool pieces, conductor clamps and bolt-tensioning.
- Non-destructive testing.
- ROV survey services.
- Pipelay and jacket installation support.
- Modification of wellheads.
- Underwater damage assessments.
- Subsea pipeline maintenance and leak repairs.
- Underwater ship repair and maintenance services.
- Project management.

Key developments and significant offshore subsea projects secured in FY2010 and up to the Latest Practicable Date include:

- July 2010: The Kreuz Group was listed on the Catalist board of the SGX-ST.
- October 2010: A subsea installation contract worth approximately US$7.6 million was signed by the Kreuz Group with a leading offshore construction company in the oil and gas business located in the Middle East.
- November 2010: A Letter of Intent for a subsea installation contract worth approximately US$6.2 million was signed by the Kreuz Group with a leading offshore construction company in the oil and gas business located in the South Asia region.
- May 2011: The Kreuz Group secured contracts worth approximately US$44.0 million for various subsea works to be performed in Indonesia and Thailand, of which approximately US$12.0 million were from a third-party customer and approximately US$32.0 million were from the Group (but excluding the Kreuz Group).
- August 2011: The Kreuz Group secured subsea installation contracts worth approximately US$25.0 million, with a US$10.0 million option for associated works, from an offshore construction company in the oil and gas business located in the Middle East.

- September 2011: The Company and its subsidiaries secured several contract wins amounting to approximately US$69.0 million including extension options (of which approximately US$6.2 million was attributable to the Kreuz Group). The contracts, awarded by leading offshore construction companies and oil majors, involve a whole spectrum of work from pipeline transportation and installation, subsea installation and chartering of marine vessel.

- November 2011: As part of the contract wins totalling approximately US$102.0 million secured by the Group, the Kreuz Group will provide subsea installation works in Southeast Asia worth approximately US$52.5 million.

- June 2012: The Kreuz Group secured a string of contracts worth approximately US$142.0 million from the Group for subsea installation works, and a third-party client for the provision of ROV services in Southeast Asia.

- July 2012: The Kreuz Group was awarded a contract worth approximately US$13.0 million from a leading offshore company in the oil and gas business to provide subsea installation services in Southeast Asia.

- October 2012: The Kreuz Group transferred the listing of its shares from the Catalist board to the Main Board of the SGX-ST on 8 October 2012.

(d) Equatoriale Offshore Development Services

In addition to the Group's continued focus on the offshore oil and gas sector, the Group is also exploring new offshore work opportunities through its Equatoriale Offshore Development Services. Leveraging on its extensive engineering expertise, offshore EPIC services, and its large suitable vessel fleet, the Group is well-positioned to provide the following services, which are highlights of the services provided under this business segment:

- Offshore wind farm engineering, transportation and installation services;

- WEC engineering and installation services;

- Ocean tide energy convertor engineering and installation services; and

- Ocean thermal energy convertor engineering and installation services.

The Group's Vessels

From owning just 10 vessels in 2006, the Group has expanded to own a fleet of 61 vessels as at the Latest Practicable Date, comprising 47 offshore vessels and 14 construction vessels. The Group intends to expand this fleet as part of its strategy to strengthen its market presence and reduce its reliance on third party vessels, thus reducing its charter costs. The Group's capital expenditure for its new vessels is fully funded from sources that include sale and leaseback arrangements, secured bank loans and vessel disposals.

The table below sets out the Group's vessels as at the Latest Practicable Date.

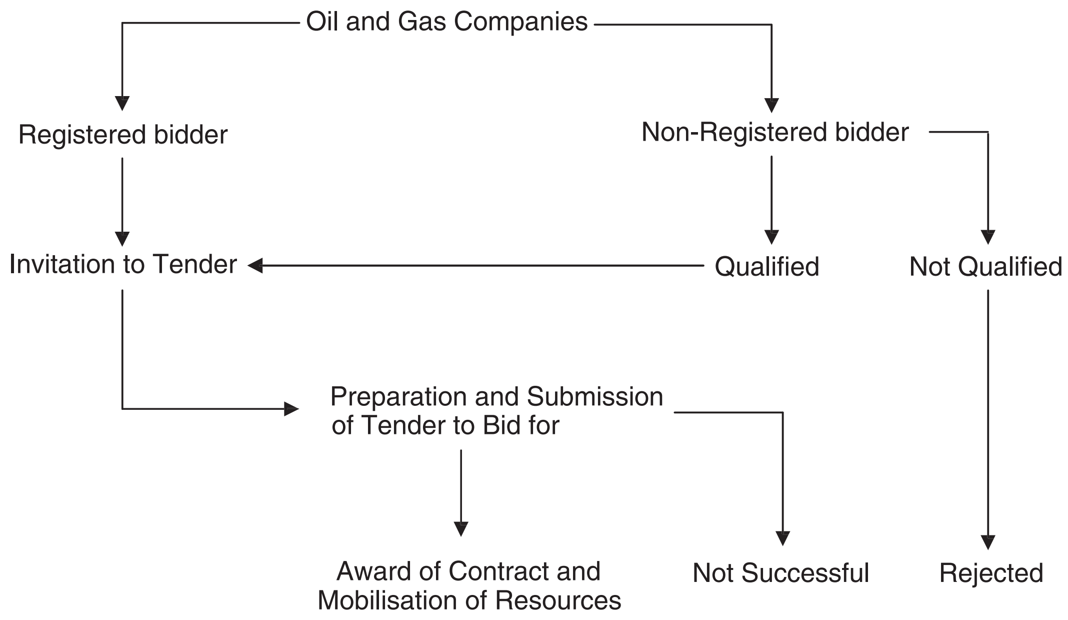
Construction Vessels	**Offshore Support Vessels**	
Pipelay Barge	**AHT / AHTS**	**Utility / Towing Tug**
1 Swiber Conquest*	1 Swiber Explorer*	30 Swiber Raven**
2 1MAS-300**	2 Swiber Navigator*	31 Swiber Charlton**
3 Swiber Concorde**	3 Vallianz Hope**	32 Swiber 99
Derrick Pipelay Barge	4 Swiber Bhanwar**	33 Swiber Carina**
4 Aziz**	5 Swiber Singapore	34 Swiber Pearl
5 Swiber Resolute	6 Swiber Gallant*	35 Swiber Peacock
6 Swiber PJW3000**	7 Swiber Valiant*	**Cargo / Flat Top Barge**
Accommodation Work Barge	8 Swiber Lina	36 Swiber 123**
7 Kreuz Supporter	9 Swiber Anna	37 Swiber 255
8 Swiber Victorious**	10 Swiber Ada*	38 Swiber 282
9 Kreuz Glorious	11 Swiber Torunn*	39 Kreuz 231
Dive Support Work Vessel	12 Swiber Sandefjord*	40 Kreuz 232
10 Swiber Atlantis	13 Swiber Oslo*	41 Kreuz 241
11 Kreuz Installer	14 Swiwar Challenger**	42 Kreuz 281
Submersible cum Launch Barge	15 Swiwar Venturer**	43 Kreuz 282
12 Holmen Arctic**	16 Swiwar Victor**	44 Kreuz 283
13 Holmen Atlantic**	17 Swiwar Surya**	45 Kreuz 284
14 Holmen Pacific**	18 Swiber Trader	46 Newcruz 331
	19 Swiber Else-Marie*	47 Newcruz 332
	20 Swiber Anne-Christine*	
	21 Swiber Mary-Ann*	
	22 Rawabi 1**	
	23 Rawabi 2**	
	24 Rawabi 3**	
	25 Rawabi 4**	
	26 Rawabi 5**	
	27 Rawabi 6**	
	28 Rawabi 7**	
	29 Rawabi 8**	

* *under sale and leaseback arrangements*
** *owned by joint venture companies and associates*

The Group is expected to take delivery of the Swiber Kaizen 4000 (Derrick Crane Barge) in 2013.

Business Process

In general, the process for the Group's offshore construction and offshore support businesses is as follows:



- *Pre-qualification and invitation to tender*

  The Group is required to submit tenders to bid for contracts with offshore oil and gas companies. The Group must be registered as a qualified bidder by satisfying certain criteria set by the offshore oil and gas companies before it can submit such tenders.

  Some of the pre-qualification criteria for offshore construction contractors include an established track record in health, safety and environment management, ISO certification on quality management system, experience and track record in relevant offshore construction projects as well as the necessary engineering capabilities.

  Pre-qualification criteria for offshore marine support services would include the ownership of certain offshore support vessels and/or access to a fleet of vessels to be supplied to the project, as well as experience and track record in the provision of offshore marine support services. However, the specific requirements may vary, depending on the complexity of the project.

  Oil and gas companies with whom the Group has already registered as a qualified bidder tend to invite the Group to submit a proposal (with a tender to bid for a contract) when they require offshore construction contractors or offshore support services in relation to their offshore exploration, development and/or production projects.

- *Preparation and submission of tenders to bid for contracts*

  Development of the bid proposal is done by the bid team. Once finalised, the bid review committee comprising Mr Nitish Gupta, Chief Executive Officer (Offshore Construction Services), Mr Yeo Chee Neng, President and Chief Executive Officer (Offshore Marine Services), Mr Jean Pers, President and Chief Executive Officer (Offshore Development Services), Mr Kurush Contractor, President and Chief Executive Officer (Offshore Subsea Services), Mr Deepak Kingsley, Group General Counsel, and Mr Leonard Tay, Group Chief Financial Officer, will evaluate the bid proposal.

  Upon approval during the evaluation stage, the bid proposal is then sent to the Executive Committee comprising Mr Raymond Kim Goh, Executive Chairman, Mr Francis Wong Chin Sing, Group President and Group Chief Executive Officer, Mr Jean Pers, Mr Yeo Chee Neng, Mr Nitish Gupta and Mr Kurush Contractor for final approval before submission to the relevant oil and gas companies.

- *Award of contracts and mobilisation of resources*

  Once a contract is awarded to the Group, the resources required for the project (including vessels, project managers, engineers and crew members) will be allocated accordingly. If the Group's vessels are not available for deployment, it will make the relevant arrangements to obtain the necessary vessels from third parties. In general, the mobilisation of vessels commences from the time when a vessel departs for the project site (for offshore marine support contracts) and from the time when it begins to prepare a vessel for the relevant project (for offshore construction contracts).

  The offshore construction contracts generally range from three months to 24 months in duration. The Group may be contracted for all or part of the EPIC components in an offshore exploration, development or production project.

  The charter contracts for the Group's vessels are for varying periods of time and may extend to more than one year.

4. COMPETITIVE STRENGTHS

The Group's competitive strengths are as follows:

(a) Strong offshore engineering capabilities and a diverse range of offshore construction services supported by state-of-the-art offshore construction fleet

As an offshore service provider, the Group has developed its engineering capabilities in accordance with the needs of its customers in the offshore oil and gas industry. Unlike conventional offshore marine logistics providers, the Group's offshore engineers have the experience and the ability to assist customers in the planning and execution of a project from its commencement to completion. The Group's experience and ability to work closely with customers on offshore construction projects also gives it an edge in retaining its existing customers and in attracting new customers. In addition, the Group owns and operates one of the largest and youngest fleets of vessels in the Asia Pacific region.

The Group provides a wide range of offshore construction services to its customers, which include: (i) the engineering design and installation of offshore pipelines, (ii) the engineering design and/or installation of mooring systems for FSOs or FPSOs, (iii) the engineering design, fabrication and/or installation of SPM buoys and (iv) the transportation, launch and/or installation of components (such as topsides or jackets) in an offshore production platform at offshore production sites.

(b) Offshore construction business complemented by its offshore marine services and offshore subsea services

The Group's offshore construction services are complemented by its offshore marine services and offshore subsea services. Since offshore construction projects typically require a variety of offshore support vessels, the Group's offshore marine support business assists its offshore construction customers by supplying them from its existing extensive fleet of construction and support vessels. With 61 vessels as at the Latest Practicable Date, the Group owns and operates one of the largest and youngest fleets in the Asia Pacific region. The Group also utilises its offshore subsea services for offshore construction projects. Such complementary operations provide its customers with a cost-effective one-stop solution for their offshore projects.

The Group's ability to integrate offshore construction services with the supply of offshore support vessels also reduces the risk to its customers of potential disruptions in a project arising from the delay and/or breakdown in coordination between offshore construction operations and the chartering of offshore support vessels.

(c) Competitive pricing of offshore construction, offshore marine services and offshore subsea services

Cost management is a key focus of all offshore oil and gas operations. The Group's ability to provide offshore construction services together with offshore support vessels enables it to manage its costs more efficiently than other providers of offshore construction services. The Group's experience in the offshore oil and gas industry also means that it is able to streamline its business processes. Such factors contribute to greater cost efficiencies which translate into the competitive pricing of its services.

A critical factor in offshore construction operation is the mobilisation of personnel, field development equipment and components across vast distances. These equipment and components are mostly bulky items (weighing several thousand tons) making mobilisation a time-consuming and costly activity. Hence, with a strong local presence in the Southeast Asia region, the Group is in a more favourable position than its competitors without a presence in the region when competing for projects.

(d) Geographical diversification of operations and strong partnerships or alliances

Over the years, the Group has expanded its operations to Indonesia, Malaysia, Brunei, Thailand, Myanmar, Vietnam, India, the Middle East and Mexico. Due to the geographical diversification of the Group's operations, it has generally been able to mitigate the effects of seasonality on its business operations by allocating its resources to specific geographic areas in accordance with the weather conditions.

(e) Extensive industry experience from the management team to offshore engineers and offshore support crews

The Group has assembled a core management team with extensive working experience in areas of project management, capital financing and engineering for offshore construction projects. The senior management team consists of key members with a cumulative experience of more than 25 years in the oil and gas industry. The Group's management team is led by Mr Francis Wong Chin Sing, Executive Director, Group President and Group Chief Executive Officer, who has a wealth of experience in the offshore industry and has been instrumental in the growth of the Group's business.

For more information on the profile and experience of the Group's management team, please see the section "*11. Management – Key Management Team*".

The Group's business operations require personnel who are highly skilled and who have the relevant expertise and knowledge of the industry. Over the years, the Group has recruited and trained engineers and support personnel who are familiar with the complexities of offshore construction projects. The Group also has vessel crew who are skilled in the operation of the vessels and equipment and port captains who understand the needs of the customers. Due to the nature of the offshore operations, the Group recruits personnel from Southeast Asia with the relevant language skills and knowledge of the local markets. The Group is thus able to tap into a wider pool of skilled human resources at competitive rates.

(f) Solid track record of successfully executed projects

Since its incorporation, the Group has built up an established reputation within the offshore industry pegged to quality and safety. The Group has successfully executed and completed construction projects for a broad range of customers in the marine and oil and gas sectors in Brunei, India, Malaysia, Indonesia, Myanmar and Vietnam.

(g) Young fleet of sophisticated vessels

The Group owns and operates modern and well equipped vessels. This constitutes one of the Group's critical success factors that imparts improved efficiencies and timely project delivery. The vessels owned by the Group typically have an operating life of up to 30 years. Compared to older vessels, younger vessels usually tend to incur lower operating and maintenance costs, to have higher market value, higher attractiveness to lenders, and present higher reliability and lower safety risks.

(h) Disciplined approach to tender

The Group has developed a disciplined approach when submitting tenders to bid for contracts with offshore oil and gas companies. All bids are reviewed by the bid review committee and the Executive Committee before submission. Bids are prepared leveraging on the Group's extensive industry experience, and factoring an allowance for contingency risks. In addition, the Group may decide to submit a bid in association with one or more companies through either a joint venture or a consortium in order to mitigate risks. The Group also endeavours to balance its backlog by project type, customer and geography in order to maximize utilisation of its assets and diversify exposure to potential risks.

5. GROWTH STRATEGY

The mission of the Group is to consistently outperform itself by maintaining and achieving an above average return on investment for its stakeholders measured in terms of return on earnings, earnings per share, revenue growth, operating profit and market capitalisation. Key elements of the Group's strategy include the following:

(a) Strategic fleet expansion

The Group intends to enhance its offshore construction capabilities by expanding its fleet to approximately 62 vessels by FY2013 to include additional construction vessels commonly required for offshore construction operations, such as crane barges and pipelay barges, to meet market demand, as well as to allow more efficient project co-ordination, and higher cost competitiveness. Subject to market conditions, the Group will continue to invest in newer and more technologically sophisticated construction and support vessels with its internal funds and/or bank borrowings. If necessary, the Group may also rely on sale and leaseback, debt and/or equity financing in the capital markets to fund the expansion of its fleet.

(b) Focus on the Asia Pacific and Middle East markets and expansion to other regions through strategic alliances

Brunei

The Group established a branch office in Brunei in April 2007. In February 2007, the Group announced its landmark US$146.6 million contract with Brunei Shell under which the Group was engaged to perform offshore work for two major projects including pipeline replacement and Mampak development. This contract was subsequently extended and is worth approximately US$200.0 million. The completion of the Mampak platform installation work was announced by the Group in July 2008. As part of its growth strategy for Brunei, the Group intends to use its branch office as a springboard to tap on business opportunities in the country and the region, facilitate its operations in Brunei and, in the long run, establish and strengthen the Group's presence in Brunei. In December 2009, the Group's long running customer, Brunei Shell, extended its current contract to provide transportation and installation of offshore structures and pipelines until 2014.

India

India has been identified as a key growth market for the Group based on the potential of the offshore energy sector there. With significant amounts of oil and natural gas resources, India's production of oil and natural gas has grown rapidly in the last two decades. In outlining its growth strategy for this market, the Group has begun to develop its offshore construction operations in India by working closely with some of its customers who may already have commenced and/or are planning to commence oil and gas exploration, production and development activities in India. The Group will continue to supply offshore support vessels to customers with projects located in India, as this will help the Group to better understand the conditions of offshore oil and gas operations in India.

Capitalising on the buoyant oil and gas industry in India, the Group has achieved swift progress in the Indian market since 2006. In the first quarter of 2007, the Group established a marketing office in Mumbai to act as a platform from which the Group can tap on business opportunities in the region.

From 2007 to the Latest Practicable Date, the Group, both by itself and together with its consortium partners, has secured various contracts ranging from US$7.0 million to US$618.0 million.

Middle East

Oil and natural gas in the Middle East is produced from both onshore and offshore fields. The Group is actively seeking business opportunities in the offshore oil and gas industry in the Middle East.

In October 2008, the Group announced that its subsidiary, Swiber Offshore Construction Pte. Ltd., had joined forces with a leading Saudi Arabian company, Rawabi, to establish a 50:50 joint venture company, Rawabi Swiber Offshore Construction Company Limited, based in the city of Al-Khobar, Saudi Arabia. Through the joint venture, the Group plans to develop offshore construction projects and marine activities in the GCC states of Saudi Arabia, Kuwait, Bahrain, Qatar, UAE and Oman. Operating in Saudi Arabia and the Middle East for over 30 years, Rawabi is a leading industrial player in multiple industries encompassing construction and engineering, oil and gas, petrochemicals, utilities, power and electrical, telecommunications and information technology, freight forwarding, marine, trading and manufacturing. The Group and Rawabi also jointly own and operate a derrick pipelay barge, Aziz, which was delivered in the fourth quarter of 2009. In April 2010, the Group incorporated a new wholly-owned subsidiary in Dubai, SOME, based in Sharjah, UAE. The principal activity of SOME is to provide marine offshore services. In May 2011, the Group set up a branch office in Abu Dhabi that supports the operation in the Middle East. In February 2012, the Group announced that its joint venture company in the Middle East secured a contract win amounting to over US$38.0 million for vessel chartering services in the Middle East. In June 2012, the Group announced that it had, through its joint venture company in the Middle East, secured a Letter of Award from a major oil producer in the Middle East to charter out a spread of support vessels in the Middle East for a committed period of three years and an additional option period of two years.

Indonesia

In June 2010, the Group announced a joint venture in Indonesia with a prominent local businessman, Mr Eddy Sariaatmadja. Mr Sariaatmadja, through his investment vehicle, PT Alam Hijau Sentosa, invested in a 51.0 per cent. stake in the Company's Indonesian subsidiary, PT Swiber Offshore (Indonesia) (now known as PTRSC). Subsequent to the investment by PT Alam Hijau Sentosa, the Group's shareholding has been reduced to 49.0 per cent. Through the joint venture, the Group plans to broaden its network in the Indonesian oil and gas industry, and bid for more offshore installation and construction projects in Indonesia. In April 2012, the Company further announced that it had entered into an agreement with PT Abadi for the sale of the PTRSC Sale Shares to PT Abadi. Following completion of the sale and purchase of the PTRSC Sale Shares, the Company will hold 46,000 fully paid up shares, representing 23.0 per cent. of the equity interest in PTRSC.

Malaysia

The Group was awarded its first major offshore contract worth US$6.1 million in 2002. Some of the key projects performed by the Group in Malaysia over the years include a landmark offshore installation contract worth US$31.0 million with an international oil company, a US$3.4 million contract for the design, engineering and fabrication of a SPM buoy for a Malaysia-based oil company, as well as a US$29.0 million project from a Malaysian company for the offshore installation and engineering of pipelines for an oil company. In August 2009, the Group entered into a Memorandum of Understanding with Alam Maritim Resources Berhad, a Malaysian established offshore marine transportation services provider listed on the main market of Bursa Malaysia, to tap on offshore construction opportunities in the offshore market in Malaysia. Pursuant to the Memorandum of Understanding, the parties will jointly own and operate a pipelay barge, 1MAS-300, as well as exclusively provide offshore installation and construction activities in the territorial waters of Malaysia using the barge. In May 2010, the Group further subscribed for 4,999,950 ordinary shares representing a 50.0 per cent. equity interest in Alam Swiber.

Mexico

In March 2012, the Group secured charter contract wins totalling approximately US$36.0 million for vessel chartering services in the Gulf of Mexico and Southeast Asia, as well as another contract totalling approximately US$273.0 million for offshore construction work in the Gulf of Mexico through a local collaboration with Dragados Offshore. In April 2012, the Group announced that Swiber Offshore Construction Pte Ltd, Kreuz Engineering Ltd and Kreuz Subsea Pte Ltd, which are direct and indirect subsidiaries of the Company, have subscribed for a combined 49.0 per cent. equity interest in Dragados Swiber. The Group subsequently also announced the incorporation of SOM, a new wholly-owned subsidiary in Mexico. The principal activities of both Dragados Swiber and SOM are to engage in engineering, procurement, construction and installation of subsea pipelines.

(c) Strategic investments in related or complementary offshore businesses

In the course of expanding the Group's offshore operations, the Group will consider acquiring or making strategic investments in related or complementary offshore businesses, subject to the availability of favourable financing resources. It may also enter into joint ventures with suitable partners or invite strategic partners to invest in the Group for the purposes of expanding its offshore operations in existing markets, gaining access into new markets or acquiring new technologies. The Group will seek the approval of its shareholders and the relevant authorities in compliance with the applicable laws and regulations of Singapore (and any other relevant jurisdictions, if applicable) when the appropriate opportunities arise in respect of such acquisitions, strategic investments and/or joint ventures.

(d) Continued expansion of offshore capabilities

Offshore Construction Services

In addition to the Group's continued focus on shallow water and subsea opportunities in Asia Pacific, South Asia and the Middle East, the Group is also exploring opportunities in offshore wind energy. With its existing engineering expertise, extensive fleet and a track record of successful and complex offshore oil and gas operations, the Group is well-positioned to provide offshore installation work for offshore wind farms with no additional capital expenditure. According to the IHS Emerging Energy Research's report, "Global Offshore Wind Energy Markets and Strategies: 2010–2025", offshore wind continues to be a key growth motor for global wind power markets, particularly in Europe where offshore wind will contribute 43.0 per cent. of annual wind additions by 2025 and, globally, a total of over 102 gigawatts of offshore wind capacity will be added between 2010 and 2025, resulting in an annual investment of over US$37.0 billion by 2025 – representing a six-fold increase in investment over the 15-year period.

Offshore Marine Services

The Group will continue to provide support to the Group's fleet of offshore vessels and construction barges, and fabrication services to support projects in connection with offshore construction services and to reduce reliance on third party vessels and the need to go to third party yards. Whenever slots are available, the Group will seize spot opportunities to repair third party vessels.

Offshore Subsea Services

The subsea services market is an area that the Group has identified as a key growth driver for the Group. The Group will continue to build up its subsea capabilities to target subsea opportunities, secure more contracts in this area and utilise its diving services to eliminate dependence on sub-contractors.

(e) Investment in new designs and technologies

The Group also intends to invest in new vessels with cutting-edge designs and technologies better suited for offshore oil and gas activities in Asia Pacific and the Middle East. By investing in such designs and technologies, the Group will be able to cater to its customers' needs more effectively and efficiently by providing innovative solutions to meet the demands and requirements of each project.

(f) Exploring new business areas and opportunities such as wind farm installation

The Group is exploring to move into new areas such as offshore wind farm installation by extending its existing fleet, services and expertise in the offshore oil and gas industry to wind energy companies. Coupled with its existing capabilities, fleet of vessels and backed by an established track record of completed offshore operations in the offshore oil and gas industry, the Group believes that it is well-positioned to provide offshore installation work for wind farms.

(g) Prudent management of business operations and maximisation of cost efficiencies

The Group intends to continue to remain prudent in managing its operations and to maintain its disciplined approach when submitting tenders to bid for contracts with offshore oil and gas companies. The Group further intends to continue to maximise cost efficiencies to provide value added solutions to its customers.

6. ORDER BOOK

As of 14 November 2012, the Group's order book stands at approximately US$1.4 billion. Barring unforeseen circumstances, the Group's order book is expected to contribute to its results over the next two years. The Group is well positioned to bid for major contracts and will continue to focus on winning new contracts.

7. AWARDS

The awards that the Company has received recently are set out below:

- The Company was featured on Forbes Asia's "Best under a Billion" list in September 2008, an honour given to the top 200 Asia-Pacific companies with consistent growth in both sales and profits over three years.

- The Company was ranked fifth among DP International Group's Top 10 Fastest Growing Internationalising Companies in Singapore International 100 in 2008.

- The Company was ranked fourth among DP International Group's Top 10 Fastest Growing Internationalising Companies in Singapore for 2010 and ranked in DP International Group's Fastest Growing 50 List in Singapore for 2010.

- The Company was ranked as one of Singapore's "Top 100 Brands" in Brand Finance's Annual Report of "Singapore's Intangible Assets and Brands" with AA- Brand Rating consecutively for 2010 and 2011. The Company's brand value rose from US$52.0 million in 2010 to US$79.0 million in 2011.

- The Company emerged a winner in the Securities Investors Association (Singapore)'s Singapore Corporate Governance Award in the Small Cap category in 2012. The award honours and recognises public listed companies which have demonstrated exemplary corporate governance and transparency pro-actively throughout the year.

8. MAJOR CUSTOMERS

The Group provides its services to customers (who are generally major oil and gas companies) directly or through its intermediate customers or joint ventures.

Due to the nature of the Group's project-based business, the revenue contribution from its customers varies from year to year, depending on the size and scope of the project. The Group may not undertake similar projects in terms of size and scope with the same customers in the subsequent years.

9. QUALITY, HEALTH, SAFETY AND ENVIRONMENT

The Group considers the quality of its products and processes and the protection of its employees, assets and the environment to be important factors in the conduct of its operations. The Group is committed to executing all of its projects to be "best in class" by providing quality service to its clients and continuously improving its QHSE performance through the application of its QHSE Management System whilst complying with applicable legal and industry standards.

Cause No Harm

The Group's QHSE Management System is a fully integrated management system founded on Behavioural Based Safety philosophy called "Cause No Harm". The essence behind the "Cause No Harm" philosophy is that the Group must cause no harm to its employees, other people, its equipment whether owned or leased, and the planet as a whole. It must always conduct its business ethically and with integrity. The Group is committed to nurturing this as a core value and inculcates the "Cause No Harm" philosophy throughout all its operations and by doing so, the Group believes it has built the foundation for executing its projects to the highest possible standards.

As evidence of the Group's commitment to its "Cause No Harm" philosophy, it has formed a QHSE department to monitor and ensure compliance with all applicable QHSE standards, codes and industry best practices. The QHSE department is headed by Dr Ganesh Shastri, Director - HSE, who has over 15 years of experience in the field of occupational health, safety, security and environment within the offshore drilling and construction industries.

The Group operates based on TQM systems, which are founded on ISO 9001:2000 standards. Through its TQM systems, the Group is able to manage projects more efficiently and effectively, as well as monitor, measure, and improve its performance on a continuous basis. As a testament to the Group's commitment toward quality assurance, Swiber Offshore Construction Pte. Ltd. is certified to ISO 9001, Occupational Health & Safety Advisory Services 18001 and ISO 14001. Newcruz Offshore Marine Pte Ltd complies with the ISM Code for its offshore fleet and Newcruz Shipbuilding & Engineering Pte Ltd is certified to ISO 9001. In addition, the Group is a member of the IMCA for its Subsea & Marine divisions.

10. RECENT DEVELOPMENTS

On 6 December 2012, the Company made an announcement in respect of the following matters:

(a) Disposal of Subsidiary

Swiber PJW 4000 Pte. Ltd. ("**SPJW4**"), a wholly-owned subsidiary of the Company, had transferred its entire equity interest comprising 10 shares in the capital of the PJW 4000 LLC ("**PJW4**"), a wholly-owned subsidiary of SPJW4, to Holmen Heavylift Offshore Pte. Ltd. ("**HHO**"), an associate company for a total cash consideration of US$10.00. Following the disposal, PJW4 became the direct wholly-owned subsidiary of HHO and the name of PJW4 has been changed to Holmen Pacific LLC.

(b) Internal Restructuring

The Company had transferred its entire equity interest comprising 10 ordinary shares in the capital of SPJW4 to Equatoriale International Pte. Ltd. ("**EIPL**"), a wholly-owned subsidiary of the Company, for a total cash consideration of US$10.00. Following the share transfer, SPJW4 became the direct wholly-owned subsidiary of EIPL and the name of SPJW4 has been changed to Equatoriale Engineering Pte Ltd.

The above transactions were funded through internal resources and are not expected to have any material financial impact on the consolidated net tangible assets per Share and consolidated earnings per Share of the Company and the Group for FY2012.

11. MANAGEMENT

Directors

The Directors are entrusted with the responsibility for the overall management of the Group. The Directors are assisted by a team of experienced and qualified executive officers, each responsible for different functions. The particulars of the Directors as at the Latest Practicable Date are set out below.

Name	Position
Raymond Kim Goh	Executive Chairman
Francis Wong Chin Sing	Executive Director, Group President and Group Chief Executive Officer
Jean Pers	Executive Director
Nitish Gupta	Executive Director
Yeo Chee Neng	Non-Executive Director
Yeo Jeu Nam	Lead Independent Non-Executive Director
Chia Fook Eng	Independent Non-Executive Director
Oon Thian Seng	Independent Non-Executive Director

The business address of the Directors is 12 International Business Park, Swiber@IBP #04-01, Singapore 609920.

Executive Directors

Mr Raymond Kim Goh
Executive Chairman

Mr Raymond Kim Goh founded the Group in 1996 and has been the key figure in leading the Group's overall business, operations and marketing activities in the region. As the Executive Chairman, Mr Goh sets the long-term growth strategy and spearheads the expansion of the Group. These include growth initiatives to expand the Group's resources, develop new markets and invest in new vessel designs and technology. Mr Goh is currently also the Non-Executive Chairman of Vallianz Holdings Limited and Kreuz Group. At the same time, he serves as a patron for Punggol North Citizen's Consultative Committee.

Mr Francis Wong Chin Sing
Executive Director, Group President and Group Chief Executive Officer

Mr Francis Wong joined the Group in 2005 and was appointed to the Board of Directors in the same year. As the Group President and the Group Chief Executive Officer, Mr Wong plays a key role in charting the Group's corporate and strategic directions and steering its operations. Mr Wong has been critical in putting in place strong financial controls for the Group to support its rapid expansion geographically and into new business operations. In support of the Group's investments, he also sits on the Board of Directors of Kreuz Group. Active in his professional field, Mr Wong is a fellow certified practicing accountant of CPA Australia and a fellow member of the Institute of Chartered Secretaries and Administrators. He is also a chartered accountant certified by the Malaysian Institute of Accountants and the New Zealand Institute of Chartered Accountants.

Mr Jean Pers
Executive Director

Mr Jean Pers joined the Group in 2002 to develop the offshore EPIC business. Bringing with him over 30 years of engineering and operational experience in the offshore EPIC business, mainly in the North Sea, he was appointed to the Board of Directors in 2005. Mr Pers is currently the President and Chief Executive Officer of Equatoriale Offshore Development Services. He had an illustrious career in the industry, previously heading the marine department at PT Istana Karang Laut Indonesia and was the advisor to Voies Navigables de France, the Navigation Authority, that controls most of the French navigable rivers and canals. Since 1988, Mr Pers has been a member of CNEDIES Centre National des Experts, an organisation that provides expertise to analyse the causes of industrial accidents.

Mr Nitish Gupta
Executive Director

Mr Nitish Gupta joined the Group in 2006 as the Executive Vice President of Swiber Offshore Construction Services and was appointed Chief Executive Officer of the unit in 2008. He was appointed to the Board of Directors in March 2009. Having worked for a number of established offshore oil and gas construction companies since 1992, Mr Gupta has extensive industry experience in India, Southeast Asia and the Middle East. Mr Gupta graduated from Delhi College of Engineering, Delhi University in India with a Bachelor's degree in Civil Engineering (Honours).

Mr Yeo Chee Neng
Non-Executive Director

Mr Yeo Chee Neng joined the Group in 2003 and was appointed to the Board of Directors in November 2004. With more than 15 years of industry experience under his belt, Mr Yeo is currently the President and Chief Executive Officer of Newcruz Offshore Marine Services and is responsible for the management and development of the Group's offshore marine support business operations. He is also an Alternate Director to Mr Francis Wong for Kreuz Group. Mr Yeo graduated from the National University of Singapore in 1993 with a Bachelor of Engineering degree. He later obtained a diploma in Marketing from the Singapore Institute of Management in 1995. With effect from 1 December 2012, Mr Yeo has been re-designated as Non-Executive Director of the Issuer.

Independent Non-Executive Directors

Mr Yeo Jeu Nam
Lead Independent Director

Mr Yeo Jeu Nam, who has more than 30 years of consultancy experience, was appointed to the Board of Directors in 2006. Mr Yeo is also an Independent Director of EDMI Limited as well as a Non-Executive Independent Director of Vallianz Holdings Limited and Frencken Group Limited. Mr Yeo is the Founder and Managing Director of Radiance Consulting Pte Ltd. Before starting his own consultancy, he was a Senior Consulting Partner with Ernst & Young Consultants Pte Ltd where he headed the Strategy and Transformation practice as well as the HR Consulting practice for more than 12 years. He was also previously a Director at PwC Consulting where he headed their Public Sector Consulting practice.

Mr Chia Fook Eng
Independent Director

Mr Chia Fook Eng was appointed as an Independent Director to the Board of Directors in 2009. Prior to his appointment, Mr Chia served as an Advisor to the Board of Directors on matters relating to the Group's onshore construction and fabrication and ship repair businesses. Mr Chia comes from a strong marine engineering background, bringing with him almost 40 years of management experience in the marine and the oil and gas industry, working for established engineering and construction companies in Singapore and the region.

Mr Oon Thian Seng
Independent Director

Mr Oon Thian Seng is an advocate and solicitor, and is one of the founding partners of Oon & Bazul LLP, Singapore and the founding partner of T.S. Oon & Partners, Malaysia. He was appointed to the Board of Directors in 2006. Mr Oon holds a Bachelor of Laws (Honours) degree from the University of Warwick and a Master of Laws from the London School of Economics, University of London in England. He was admitted to the Bar of England and Wales in 1991 and as an Advocate and Solicitor of the Supreme Court of Singapore in 1993, and the High Court of Malaya in 2001. He was admitted as a fellow of the Singapore Institute of Arbitrators in 2010.

Key Management Team

The day-to-day operations of the Group are entrusted to the members of the key management team. The particulars of the members of the key management team are as follows:

Swiber Corporate Services Team

Name	Position
Francis Wong Chin Sing	Executive Director, Group President and Group Chief Executive Officer
Leonard Tay Gim Sin	Vice President and Group Chief Financial Officer
Deepak Kingsley	Vice President and General Counsel
John Swinden	Chairman – Advisory Board, Business Development
Dr Ganesh Shastri	Director - HSE

Swiber Offshore Construction Services

Name	Position
Nitish Gupta	Chief Executive Officer
Sanjay Anand	Chief Operating Officer
Rajeshkumar V Panchal	Vice President – T&I Projects and Operations
Stephen Church	Vice President – Fleet Management and Yard Services
Joseph Chen Hin Tin	Vice President – Brunei

Newcruz Offshore Marine Services

Name	Position
Yeo Chee Neng	President and Chief Executive Officer
Roy Yap Chin Kheong	Chief Operating Officer

Kreuz Offshore Subsea Services

Name	Position
Kurush Contractor	President and Chief Executive Officer
Sheldon Hutton	Vice President – Installation Cyrus Cama Vice President – Operations

Equatoriale Offshore Development Services

Name	Position
Jean Pers	President and Chief Executive Officer

Information on the business and working experience of the members of the key management team is set forth below:

Swiber Corporate Services Team

Mr Francis Wong Chin Sing, Executive Director, Group President and Group Chief Executive Officer

Mr Francis Wong joined the Group in 2005 and was appointed to the Board of Directors in the same year. As the Group President and Chief Executive Officer, Mr Wong plays a key role in charting the Group's corporate and strategic directions and steering its operations. With his strong financial background, Mr Wong has been critical in putting in place strong financial controls for the Group to support its rapid expansion geographically and into new business operations. In support of the Group's investments, he also sits on the Board of Directors of Kreuz Group. Active in his professional field, Mr Wong is a fellow certified practicing accountant of CPA Australia and a fellow member of the Institute of Chartered Secretaries and Administrators. He is also a chartered accountant certified by the Malaysian Institute of Accountants and the New Zealand Institute of Chartered Accountants.

Mr Leonard Tay Gim Sin, Vice President and Group Chief Financial Officer

Mr Leonard Tay, who was an Independent Director and Audit Committee Chairman on the Board of Directors since 2006, took on the role of Vice President and Group Chief Financial Officer in 2009. He is deeply involved in the strategic planning and management of the Group's financial directives and fiscal policies. Mr Tay has over a decade of financial management experience under his belt. Mr Tay is a member of the Institute of Certified Public Accountants of Singapore, CPA Australia, and the Singapore Institute of Directors.

Mr Deepak Kingsley, Vice President and General Counsel

Mr Deepak Kingsley joined the Group in 2008 as the General Counsel. In the role, Mr Kingsley oversees the Group's legal affairs and advises the Executive Chairman and the management on legal matters. Prior to joining the Group, Mr Kingsley was heading the Legal Department of Nippon Steel Engineering Co Ltd covering Southeast Asia. Mr Kingsley has over 20 years of legal experience and has headed legal departments and been counsel to other large construction and engineering companies. Mr Kingsley is a qualified Advocate in India and a Solicitor in Hong Kong. Mr Kingsley holds a Bachelor of Laws degree and a Bachelor of Commerce degree from University of Madras.

John F. Swinden, Chairman – Advisory Board, Business Development

Mr. John F. Swinden joined the Group in July 2011 as Chairman to Advisory Board, Business Development. Mr. Swinden has close to 40 years of leadership and industry experience prior to joining the Group. He had previously co-founded Cal Dive International, which is now known as Helix, and served in senior key positions at J. Ray McDermot, Oceaneering International Inc. and Horizon Offshore Contractors. He was also President and a co-founder of Maritime Offshore, a marine construction company that is based in Houston, Texas. Mr. Swinden attended St. Mary's College in England and the British Naval Diving School.

Dr Ganesh Shastri, Director - HSE

Dr. Ganesh Shastri joined the Group in 2007 as a HSE Training Manager and was appointed as HSE Director in 2010. As the leading force behind the Group's Health, Safety & Environment initiatives, Dr. Ganesh was heavily involved in developing the Group's current HSE management system and has also been instrumental in improving the HSE culture within the Group, driving home the message of "Cause No Harm". Furthermore, the Group's successful Behavioural Based Safety Initiative (BBSI) was the brainchild of Dr. Ganesh. He has had over 15 years of experience in HSE in offshore drilling and construction industries. Dr. Ganesh holds a Bachelor Degree in Ayurvedic Medicine and Surgery from Pune University, Diploma in Industrial Safety from NACOLAM and is currently undergoing his Master of Science in Environment and Ecology at the Indian Institute of Ecology and Environment.

Swiber Offshore Construction Services

Mr Nitish Gupta, Chief Executive Officer

Mr Nitish Gupta joined the Group in 2006 as the Executive Vice President of Swiber Offshore Construction Services and was appointed Chief Executive Officer of the unit in 2008. He was appointed to the Board of Directors in March 2009. Having worked for a number of established offshore oil and gas construction companies since 1992, Mr Gupta has extensive industry experience in India, Southeast Asia and the Middle East. Mr Gupta graduated from Delhi College of Engineering, Delhi University in India with a Bachelor's degree in Civil Engineering (Honours).

Mr Sanjay Anand, Chief Operating Officer

Mr Sanjay Anand joined the Group in September 2010 as Vice President for Projects and Project Services. Mr Anand is responsible for the overall management of the following project functions: Project Management, Project Controls including Cost Control, Planning and Document Control, Procurement, Subcontract, and Contract Administration. Mr Anand brings to the Group over 29 years' overall experience in project management, design engineering, onshore/offshore construction, cost engineering, contract administration, proposals and estimating. Mr Anand graduated from Delhi College of Engineering, Delhi University in India with a Bachelor's degree in Civil Engineering in 1981.

Mr Rajeshkumar V Panchal, Vice President – T&I Projects and Operations

Mr Panchal joined the Group in 2008. Mr Panchal has been working in the offshore oil and gas industry for the last 14 years. He began as a senior field engineer in January 1996 with J. Ray McDermott S.A., working on a variety of subsea projects in India, Middle East and Asia. He joined Daraban Holdings Limited in Toronto, Canada, between January 2001 and December 2002 where he was a senior project engineer involved in the construction of industrial buildings in the Toronto and Buffalo area. In February 2003, he re-joined J. Ray McDermott S.A. as a senior project operations engineer and was promoted to the post of division chief engineer. Between October 2005 and September 2008, Mr Panchal worked with Global Industries Offshore LLC as a project manager on various subsea projects. Mr Panchal graduated with a Bachelors of Engineering degree and has a Master of Technology in Civil Engineering degree with specialisation in Offshore Engineering. He is a member of the Institute of Engineers, India, the Indian Society of Technical Education and the Indian Society for Non-Destructive Testing, India.

Mr Stephen Church, Vice President – Fleet Management and Yard Services

Mr Stephen Church joined the Group in March 2007 and has risen through the ranks to become Vice President for Fleet Management and Yard Services. He has over 30 years of industry experience, covering all facets of the offshore construction field, including subsea pipe laying, riser setting, jacket and deck installation, rig moves, heavy lifts, single buoy moorings installation and maintenance, topside maintenance and hook-up. Mr Church is a graduate of University of Otago, New Zealand with a Bachelor's degree of Commerce (Major in Accounting).

Mr Joseph Chen Hin Tin, **Vice President – Brunei**

Mr Joseph Chen joined the Group in 2007 to spearhead operations in Brunei Darussalam and drive the Group's expansion, strategic alliances and activities in the Asia Pacific. With over 30 years of management experience, he has held various senior administration and business management positions in the oil and gas related construction industry in Brunei. He holds a Master of Business Administration degree, University of Southern Cross, Australia (Best Graduate) and a Business Diploma in Industrial Administration, School of Accountancy and Business Studies, United Kingdom.

Newcruz Offshore Marine Services

Mr Yeo Chee Neng, President & Chief Executive Officer

Mr Yeo Chee Neng joined the Group in 2003 and was appointed to the Board of Directors in November 2004. With more than 15 years of industry experience under his belt, Mr Yeo is currently the President and Chief Executive Officer of Newcruz Offshore Marine Services and is responsible for the management and development of the Group's offshore marine support business operations. He is also an Alternate Director to Mr Francis Wong for Kreuz Group. Mr Yeo graduated from the National University of Singapore in 1993 with a Bachelor of Engineering degree. He later obtained a diploma in Marketing from the Singapore Institute of Management in 1995.

Mr Roy Yap Chin Kheong, **Chief Operating Officer**

Mr Roy Yap began his career with the Group in November 2007 and has risen through the ranks to become the Chief Operating Officer of the offshore marine services division of the Group. Mr Yap is responsible for managing and leading the offshore marine support-related operations of the Group. Prior to joining the Group, he had led operations and HSE units of other marine and offshore services companies, where he had successfully implemented operations and safety systems. A graduate in nautical studies, Mr Yap is also a qualified Internal Quality Auditor, Company Security Officer, and ISM Internal Auditor.

Kreuz Offshore Subsea Services

Mr Kurush Contractor, President & Chief Executive Officer

Backed by more than 25 years of experience in the offshore industry, Mr Kurush Contractor joined the Group in August 2008. He currently serves as the President and Chief Executive Officer of Kreuz Offshore Subsea Services and has been in charge of the establishment, organisation and strategic growth of the Group's offshore subsea business operations. Mr Contractor is also currently an Executive Director and Chief Executive Officer of Kreuz Group. He has strong hands-on experience, being a qualified commercial deep sea diver certified by the Health and Safety Executive of United Kingdom, and has received various technical qualifications for saturation diving, non-destructive testing, diving medicine and supervisor training.

Mr Cyrus Cama, **Vice President – Operations**

Mr Cyrus Cama has been in the subsea construction industry since 1991 and joined as the Vice President for Operations of offshore subsea division of the Group in June 2008 where he is responsible for leading the offshore subsea operations. He worked as diver, project coordinator and project manager for various subsea projects in India, Middle East, Southeast Asia and Europe carried out by companies such as Rockwater Limited, Coflexip Stena Offshore Inc, Global Industries Limited, Stolt Comex Seaway and Subtec Middle East Ltd.

Mr Sheldon Hutton, **Vice President – Installation**

Mr Sheldon Hutton joined the Group in June 2008 and is responsible for the offshore subsea installation projects. For over 30 years, he has played a vital role in major project completions for Hyundai, Shell, Exxon, British Petroleum, Petro Canada and Global Industries amongst many others. Mr Hutton is instrumental in developing and pioneering methods for providing cost effective successful completions of various kinds of subsea construction and installation, enabling oil companies and producers to get online faster and safely.

Equatoriale Offshore Development Services

Mr Jean Pers, President and Chief Executive Officer

Mr Jean Pers joined the Group in 2002 to develop the offshore EPIC business. Bringing with him over 30 years of engineering and operational experience in the offshore EPIC business, mainly in the North Sea, he was appointed to the Board of Directors in 2005. Mr Pers is currently the President and Chief Executive Officer of Equatoriale Offshore Development Services. He has an illustrious career in the industry, previously heading the marine department at PT Istana Karang Laut Indonesia and being the advisor to Voies Navigables de France, the Navigation Authority, that controls most of the French navigable rivers and canals. Since 1988, Mr Pers has been a member of CNEDIES Centre National des Experts, an organisation that provides expertise to analyse the causes of industrial accidents.

12. FINANCIAL REVIEW

*The following tables present the Group's consolidated financial information as at and for the years ended 31 December 2010 and 2011, for the nine months ended 30 September 2011 ("**9M2011**") and for the nine months ended 30 September 2012 ("**9M2012**"). The selected consolidated financial data for FY2010 and FY2011 in the tables below are derived from the historical financial statements of the Group. The Group's financial statements for FY2010 were audited by Deloitte & Touche LLP while the Group's financial statements for FY2011 have been audited by PricewaterhouseCoopers LLP. The audited financial statements of the Group have been drawn up in accordance with the Singapore Financial Reporting Standards.*

The financial statements for 9M2012 and 9M2011 have been derived from the Issuer's unaudited financial statements announcement for 9M2012. The Issuer has prepared the unaudited financial statements on the same basis as its audited financial statements.

CONSOLIDATED INCOME STATEMENT

For FY2010, FY2011, 9M2011 and 9M2012

	2010 US$'000 (Audited)	2011 US$'000 (Audited)	9M2011 US$'000 (Unaudited)	9M2012 US$'000 (Unaudited)
Revenue	465,743	654,487	468,943	689,304
Cost of sales	(360,128)	(541,541)	(395,048)	(580,908)
Gross profit	105,615	112,946	73,895	108,396
Other operating income	40,730	35,713	30,200	11,732
Administrative expenses	(44,279)	(58,523)	(37,255)	(40,239)
Other operating expenses	(39,022)	(787)	(2,970)	(7,957)
Finance costs	(20,702)	(22,433)	(15,733)	(24,140)
Share of profits of associates and joint ventures	3,812	2,489	1,588	11,491
Profit before tax	46,154	69,405	40,705	59,283
Income tax expense	(6,758)	(27,227)	(9,377)	(13,293)
Profit for the year / period	39,396	42,178	40,328	45,990
Attributable to:				
Owners of the company	37,269	32,067	30,600	31,089
Non-controlling interests	2,127	10,111	9,728	14,815
Earnings per share for profit attributable to equity holders of the Issuer (US cents)	7.4	6.3	6.1	5.1

BALANCE SHEET

As at 31 December 2010, 2011 and 30 September 2012

	31 December 2010 US$'000 (Audited)	31 December 2011 US$'000 (Audited)	30 September 2012 US$'000 (Unaudited)
<u>ASSETS</u>			
Current assets:			
Cash and bank balances	137,847	116,458	150,214
Trade receivables	109,271	276,660	511,299
Construction work-in-progress	143,715	4,768	1,048
Inventories	20,224	91,696	74,098
Other assets and receivables	103,821	118,832	268,005
Assets held for sale	1,334	–	–
Total current assets	516,212	608,414	1,004,664
Non-current assets:			
Property, plant and equipment	316,893	552,736	664,021
Goodwill	309	309	309
Associates	57,190	110,447	98,721
Joint ventures	18,504	20,238	18,576
Other assets and receivables	75,666	82,808	56,178
Derivative financial instruments	5,783	–	11,531
Deferred tax assets	1,414	–	648
Total non-current assets	475,759	766,538	849,984
Total assets	991,971	1,374,952	1,854,648

	31 December 2010 US$'000 (Audited)	31 December 2011 US$'000 (Audited)	30 September 2012 US$'000 (Unaudited)
<u>**LIABILITIES AND EQUITY**</u>			
Current liabilities:			
Trade payables	68,646	154,782	96,278
Other payables	82,137	98,106	215,149
Bank loans	83,018	105,757	151,665
Bonds	76,418	128,445	169,872
Convertible loan notes	–	102,570	101,361
Finance leases	1,899	4,384	6,562
Income tax payable	8,671	8,608	15,642
Total current liabilities	320,789	602,652	756,530
Non-current liabilities:			
Bank loans	48,195	76,625	107,092
Bonds	146,249	151,330	294,915
Convertible loan notes	113,813	–	–
Finance leases	3,407	7,840	2,489
Derivative financial instruments	38	3,908	–
Deferred tax liabilities	3,208	9,005	9,022
Total non-current liabilities	314,910	248,708	413,518
Capital reserves and non-controlling interest:			
Share capital	158,006	158,006	208,246
Treasury shares	(2,507)	(2,507)	(1,643)
Perpetual capital securities	–	–	62,828
Hedging reserve	(1,704)	(1,991)	(5,299)
Translation reserve	508	538	1,120
Equity reserve	(8,206)	(8,206)	(7,420)
Employees' share option reserve	–	4,009	4,033
Retained earnings	179,569	209,314	236,374
Equity attributable to owners of the company	325,666	359,163	498,239
Non-controlling interests	30,606	164,429	186,361
Total equity	356,272	523,592	684,600
Total liabilities and equity	991,971	1,374,952	1,854,648

9M2012 compared to 9M2011

Revenue

The Group's revenue increased by US$220.4 million or 47.0 per cent., to US$689.3 million in 9M2012 compared to US$468.9 million for 9M2011. The strong revenue for the Group was driven by progressive revenue recognition from the offshore construction contracts awarded to the Group in South Asia, Southeast Asia and Latin America.

Gross profit and gross profit margin

With higher revenue earned, costs of sales increased by US$185.9 million or 47.0 per cent., from US$395.0 million in 9M2011 to US$580.9 million in 9M2012. Costs of sales comprises mainly of charter hire, sub-contractor cost, material cost, salaries and labour related costs and consumables.

The Group's overall profit margin remained in the range of 15.0 per cent. to 16.0 per cent. between 9M2011 and 9M2012.

Profit after tax and net profit margin

Net profit rose 14.0 per cent. to US$46.0 million in 9M2012 from US$40.3 million in 9M2011 largely due to a surge in share of profit from associates and joint ventures from US$1.6 million in 9M2011 to US$11.5 million in 9M2012. This was offset by higher administrative expenses, finance costs, operating expenses and lower operating income.

FY2011 compared to FY2010

Revenue

The Group's revenue increased by US$188.8 million or 40.5 per cent. to US$654.5 milion in FY2011 compared to US$465.7 million in FY2010. The strong growth in revenue for the Group was driven by progressive revenue recognition from the various contracts awarded to the Group in FY2010 and FY2011 as works progressed, concentrated in the Southeast Asia and South Asia regions.

Gross profit and gross profit margin

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

Profit after tax and net profit margin

The Group's profit after tax for FY2011 increased by US$2.8 million or 7.1 per cent., from US$39.4 million in FY2010 to US$42.2 million in FY2011. The increase in net profit was mainly due to higher revenue and lower other operating expenses. This was offset by higher administrative expenses in line with business expansion, a decrease in gain on asset disposal, higher finance costs, as well as lower share of profit from associates and joint ventures.

FY2010 compared to FY2009

Revenue

The Group posted revenue of US$465.7 million in FY2010, which was 18.4 per cent. higher as compared to FY2009. The increase in revenue was due mainly to the Group recognising contributions arising from the contracts awarded to the Group since the fourth quarter in FY2009, concentrated in the South East Asia and South Asia region.

Gross profit and gross profit margin

With higher revenue earned, cost of sales increased by US$23.0 million or 6.8 per cent., from US$337.1 million in FY2009 to US$360.1 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 8.4 per cent. from 14.3 per cent. in FY2009 to 22.7 per cent. in FY2010. The improvement was due mainly to higher efficiency in deployment of assets and project cost measurement.

Profit after tax and net profit margin

The Group's profit after tax increased by approximately US$400,000.00 or 1.0 per cent., from US$39.0 million in FY2009 to US$39.4 million in FY2010.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors or existing holders of the Securities should carefully consider, amongst other things, all the information set forth in this Information Memorandum including the risk factors set out below. Any of the following risks could adversely affect the Issuer and/or the Group's business, financial condition, results of operations or prospects and, as a result, investors could lose all or part of their investment. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the businesses of the Issuer or the Group, or any decision to purchase, own or dispose of the Securities. Additional risks and uncertainties which the Issuer or the Group are currently unaware of may also impair their businesses, financial condition, performance or prospects. If any of the following risk factors develop into actual events, the business, assets, financial condition, performance or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Securities may be adversely affected.

LIMITATIONS OF THIS INFORMATION MEMORANDUM

This Information Memorandum does not purport to nor does it contain all information that a prospective investor or existing holder in the Securities may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any of the Dealer(s) or the Arranger that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries, associated companies or joint venture companies, any of the Dealer(s) or the Arranger or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, its subsidiaries, associated companies (if any) and joint venture companies (if any), the relevent Conditions and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

RISKS RELATING TO THE GROUP

The Group is dependent on the offshore oil and gas industry, which is volatile and sensitive to changes in oil and gas prices and production volumes and other factors beyond the control of the Group.

The Group's offshore EPIC services and offshore marine support services are currently provided to customers in the offshore oil and gas industry. Conditions in the offshore oil and gas industry, in particular the level of activity in oil and gas exploration, development and production in the Asia Pacific region, the Middle East and the Gulf of Mexico, which are the primary regions where the Group operates, have a direct impact on the demand for the Group's services and financial performance and operating results. The level of activity in the offshore oil and gas industry is affected principally by the actual and projected prices of oil and gas and by other general economic factors, as well as by the expectations of the Group's customers of changes in oil and gas prices and the related changes in their capital spending.

The Group's business is therefore dependent on, among other things, capital expenditure by its customers on the offshore exploration, development and production of oil and gas. Such capital expenditure tends to be affected by factors such as the number and locations of oil and gas fields, the ability to economically justify placing discoveries of oil and gas reserves in production, the need to clear all structures from the production site once the oil and gas reserves have been depleted as well as weather conditions. Oil and gas prices are also subject to substantial fluctuation. Lower oil and gas prices tend to reduce the amount of oil and gas that can be produced economically. When this occurs, major oil and gas companies generally reduce their spending budgets for offshore exploration, development and production.

The Group's customers are also affected by the laws, regulations, policies, directives and regulations relating to energy, investment, taxation and such other laws promulgated by the governments of countries from which they will need to obtain licences to engage in the exploration, development and production of oil and gas. The demand for the Group's services and the potential for growth of its business will be affected if its customers cannot obtain the necessary licences to engage in exploration, development and production activities in the relevant areas.

These are factors beyond the control of the Group. As a result, the timing, nature and degree of changes in industry conditions are unpredictable. In addition, there can be no assurance that oil and gas companies will be able to obtain the financing necessary to develop new prospects in the Group's primary operating regions, which would also result in reduced demand for the Group's vessels and services. There can be no assurance that the activity levels of offshore exploration, development and production activity will remain at their current levels or continue to increase. Any prolonged period of low exploration, development and production activity would likely have an adverse effect on the Group's business, financial condition and results of operations.

The Group is affected by the over-supply of vessels in the industry and fluctuations in charter rates for vessels.

There are a number of factors that affect the supply of and demand for vessels in the offshore oil and gas market. Demand is affected by the level of activity in the offshore oil and gas sector, in terms of current production and field development and exploration. See "*Risks Relating to the Group – The Group is dependent on the offshore oil and gas industry, which is volatile and sensitive to changes in oil and gas prices and production volumes and other factors beyond the control of the Group*". In addition, demand for certain offshore vessels, such as accommodation barges and utility vessels, is affected by the availability and cost of substitute services, including helicopters and mobile accommodation facilities.

The supply of offshore support vessels in the industry is determined by the independent assessment of demand for and supply of vessels by offshore support operators. An over-estimation of demand may result in an excess supply of vessels. This will result in lower charter rates and depress the values of the Group's offshore support vessels, which will adversely affect its financial performance and financial position. In addition, the charter rates of vessels are affected by conditions such as trade, environmental and weather conditions as well as political situations in the countries where the operations of the Group's customers are located.

If there are any adverse developments in the markets where the Group operates, such that there is a significant increase in the supply of vessels and a corresponding reduction in charter rates, the demand for the Group's vessels and the revenue from its offshore marine support business would decline. This would adversely affect the Group's operations and financial position.

The Group's business may be adversely affected by the loss of the services of its key management personnel.

The Executive Directors have been instrumental in formulating the Group's business strategies and spearheading the growth of its business operations. The Group's success to date has been largely attributable to the efforts of the Executive Directors, who are responsible for implementing the Group's business strategies.

The loss of the services of the Group's key executives without suitable and timely replacements may lead to the loss or deterioration of important business relations which would have an adverse impact on the Group's business operations and the future prospects of the Group.

The Group may not be able to attract and retain suitable employees.

The continued growth of the Group's business in future depends upon its ability to attract and retain suitable employees. The Group is likely to require additional operations, financial and administrative staff to support the growth of its operations in future. The competition for such employees is likely to be intense and the Group's failure to attract and retain suitable employees could have an adverse effect on its business, results of operation and financial condition.

The Group may be adversely affected if it is unable to maintain its existing licences, permits or approvals.

The Group is required to have certain permits and approvals to conduct its operations. In future, the Group may be required to renew such permits or obtain new permits and approvals. There is no assurance that the Group will be able to renew or obtain such permits or approvals in the timeframe anticipated by the Group, or at all. Any failure to renew, maintain or obtain the required permits or approvals or the revocation or suspension of the licences, permits or approvals of any of the companies in the Group or the imposition of any penalties, whether as a result of any infringement of any regulatory requirements or otherwise, may result in the interruption of or delay to the operations of the Group and may have an adverse impact on the Group's business and results of operations.

Failure to secure new projects or termination or reduction of the scope of existing projects will affect the profitability of the Group.

The Group's business is generally undertaken on a project basis as main contractor or through main contractors as sub-contractors to its end-customers who are generally major oil and gas companies. There can be no assurance that its customers will continue to engage its services for future projects. If the Group fails to secure new projects from these customers, or if these customers terminate or reduce the scope of existing projects, the Group's revenue will decline. Termination, reduction or modification by any customer of a contract for the Group's services could also result in a loss of expected revenues.

Demand for the Group's services would also depend on its customers' ability to secure new projects and capital spending. If the Group's customers are unable to secure new projects and/or their secured projects are delayed or prematurely terminated due to factors such as poor market conditions or lack of funds on the part of the main contractors of the projects, the Group's business and financial performance may be adversely affected.

The Group may face claims by its customers for delays in the completion of projects.

The Group's contracts with its customers generally have fixed and pre-agreed contractual terms including provision for payment of liquidated damages in the event of any delays in the completion of the project work scope. Delays in the completion of a project work scope could occur due to several factors, including but not limited to events such as inadequate planning and performance, incorrect and deficient work sites information, shortages of offshore skilled personnel and equipment, accidents, delays in the deliveries of supplies, work stoppages, and adverse weather conditions. In the event of any delay in the completion of the project work scope, the Group may face claims from its customers for liquidated damages of up to 10.0 per cent. of the contract value which may be progressively imposed. If the Group is required to pay damages to its customers in respect of such claims and/or incur additional overheads as a result, the Group's business, results of operations and financial position may be adversely affected.

The Group is affected by competition in its offshore EPIC and offshore marine support businesses and the Group expects to face increased competition in the future.

The market segments and regions in which the Group operates are highly competitive. If oil prices rise and activity levels in the offshore oil and gas industry increase, the Group may face increased competition from existing competitors and new entrants into the market in future. Contracts for services in the offshore oil and gas industry are generally awarded by tender. Pricing is a primary factor in determining whom the contract is awarded to. Factors such as experience, reputation, availability and capability of equipment and safety record are also relevant. Some of the Group's competitors may bid for contracts at reduced prices (with low profit margins) in order to gain experience or market share, or to cover the fixed costs of their fleets and the expense of idling vessels. If the Group's competitors offer services at a lower cost or engage in aggressive pricing in order to increase their market share and the Group is not able to match their lower costs or aggressive pricing, it may not be able to secure contracts, and its revenue may be affected. If the Group is required to reduce the pricing of its offshore EPIC services and offshore marine support services (without any corresponding reduction in costs) in order to retain its existing customers and attract new customers, its profitability will be adversely affected. This will have an adverse effect on the Group's business, financial performance and financial condition.

The Group expects to face increased competition and it cannot give assurance that it will be able to continue competing successfully with existing competitors and/or new entrants into the market. Some of its established competitors have bigger fleets, longer operating histories and greater financial, technical, marketing and other resources and could therefore be in a better position to expand their business and market share.

The Group's ability to compete in international markets may also be adversely affected by regulations in the countries where it operates which require, among other things, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of supplies from local vendors that favour or require local ownership.

If the Group fails to compete successfully with existing competitors and new entrants into the market, the business, financial condition and results of operations of the Group will be adversely affected.

The Group may not be able to complete its offshore EPIC contracts within its original estimates of cost.

The Group's offshore EPIC contracts are generally performed on a fixed-price basis, which is determined based on factors such as the complexity of a project as well the estimated cost and profit, when it prepares tenders to bid for contracts. The profit from such contracts tends to vary from the estimated amount due to unforeseeable changes in offshore job conditions as well as material and third party consultation costs. The Group may sometimes have to bear the risk of delays arising from weather conditions. If the Group cannot complete its offshore EPIC contracts within its original estimates of cost, the Group may not achieve the targeted profit margin from certain projects and may incur losses on certain projects, which would adversely affect the results of its operations and financial position.

The Group is exposed to risks arising from the sale and leaseback arrangements for certain of its vessels.

As at the Latest Practicable Date, the Group has 12 vessels under sale and leaseback arrangements under lease for a period of eight to 10 years. These vessels which are subject to the sale and leaseback arrangements are being utilised towards carrying out the Group's offshore EPIC contracts.

In the event that the leaseback contracts for the vessels expire before the Group is able to complete its offshore EPIC contracts, the Group will have to secure new lease contracts. Depending on the market conditions prevailing at that time in point, there is no assurance that the Group will be able to enter into new lease contracts on commercially similar terms, or at all. Any significant delay in securing new lease contracts will hamper the Group's ability to complete its offshore EPIC contracts within the contracted timeframe, thereby adversely affecting the profitability of the Group.

Conversely, in the event of a downturn in the offshore oil and gas industry, the Group faces the risk of not being able to secure contracts for the entire lease period of these vessels. In such circumstances, the Group will not be able to recover the costs of leasing these vessels and in the event of a prolonged period where the vessels are under-utilised or not utilised at all, the results of operations and financial condition of the Group will be adversely affected.

The Group is exposed to credit risks and risks arising from credit terms extended to its customers.

The Group is exposed to credit risks due to the inherent uncertainties in its customers' business environment. These include political, social, legal, economic and foreign exchange risks, as well as those arising from unanticipated events or circumstances. There is no assurance in relation to the timeliness of its customers' payments and whether they will be able to fulfil their payment obligations. If the Group's customers face cash flow problems and are unable to settle or promptly settle trade debts due to it, its financial position may be adversely affected.

For offshore EPIC services, revenue is recognised based on the work which the Group has completed and billings are made at certain agreed stages of completion stated in the contracts. In the course of an offshore EPIC project, delays in completion of the various stages in a project may arise from unforeseen circumstances or unanticipated difficulties. Such project delays may affect the ability of the Group's customers to fulfil their payment obligations to the Group promptly.

The Group is also subject to payment delays and/or defaults by customers who are granted credit terms. In general, the Group extends a credit term of 30 days to its customers. There can be no assurance that the Group's customers will make payment to the Group when such payment is due. Should the Group's customers not be financially able to meet their payment obligations to the Group in a timely fashion or at all, the financial performance of the Group may be adversely affected.

The Group may incur substantial capital expenditures in order to expand its fleet and maintain its vessels, and the Group may face difficulties financing these capital expenditures.

The Group has expanded its fleet from 10 vessels in 2006 to 61 vessels as at the Latest Practicable Date. The growth strategy of the Group includes the continued expansion of its fleet through the acquisition of new vessels which will require significant capital expenditures. In addition, capital expenditures are required in order to maintain the operational quality of the Group's vessels. These expenditures increase with the age of the vessels and include costs of repairs, surveys, drydocking vessels and modifying vessels in order to maintain or increase the operating capacity of the fleet of the Group.

The Group's vessels are drydocked periodically for repairs and maintenance. Vessels may also need to be drydocked in the event of accidents or other unforeseen damage. The capital expenditures of the Group for repairs and maintenance may increase as a result of a variety of factors, including:

- increases in the cost of labour, materials and spare parts;
- changes in customer requirements;
- increases in the size of the fleet of the Group or the cost of replacement vessels;
- changes in technical developments for chartered vessels;
- defects and deficiencies of the Group's vessels;
- changes in governmental regulations and maritime self-regulatory organisation standards relating to safety, security or the environment; and
- changes in competitive standard. Such increases in capital expenditures for repairs and maintenance may, in turn, restrict the types of activities in which the Group's vessels may engage and may force the Group to take its vessels out of service for longer periods of time or more often than planned in order to perform necessary repairs or modify the vessels to conform with new regulations or other requirements. There can be no assurance that the Group's vessels will not require extensive repairs, which would result in significant expense and extended periods of downtime. Such an occurrence would have a material adverse effect on the Group's financial condition and results of operations. In addition, given such capital expenditures, the Group cannot guarantee that, as its vessels age, the Group will be able to operate its vessels profitably during the remainder of their useful lives. Should the Group choose to sell certain vessels, the Group cannot be certain that the price at which such vessels are sold will not be less than their book value.

Although the Group has previously financed its vessel acquisitions through cash flow from operations, sales and leaseback and bank borrowings, the Group may require additional financing to acquire additional vessels. If cash flow from the Group's operations is insufficient to fund its ongoing activities and to implement its fleet expansion strategy, the Group may be required to obtain additional debt or equity financing. The Group cannot guarantee that it would be able to obtain such future financing as may be required, or that the Group would be able to obtain subsequent financing on terms that are as attractive as its previous financing, or at all. In addition, the terms of any other indebtedness incurred by the Group may restrict its ability to incur additional debt. Failure to obtain financing on a timely basis, or at all, may cause the Group to forfeit or forgo various business opportunities, including the Group's fleet expansion plan. Failure to obtain financing on attractive terms may result in increased financing costs and could adversely affect the Group's earnings and financial position.

Any delay in the delivery of additional vessels or the repair of existing vessels may have an adverse effect on the business, results of operations and financial condition of the Group.

Between the Latest Practicable Date and 31 December 2013, the Group expects to take delivery of one vessel. The Group has developed its business strategies on the assumption that the vessel will be delivered on time and that the vessel will perform in the manner indicated by its design specifications. A significant delay in the delivery of the vessel or a significant performance deficiency would have a material adverse effect on the business, results of operations and financial condition of the Group. Delivery delays can occur as a result of problems with shipbuilders, such as insolvency or force majeure events that are beyond the control of the Group or that of the shipbuilders. These events and the losses associated with them, to the extent that they are not adequately covered by contractual remedies or insurance, could adversely affect the financial results of the Group.

The Group's existing vessels are taken out of service at regular intervals so that routine inspections and maintenance can be conducted. Should the vessels require more extensive repairs than those which are expected, there could be delays in bringing them back into service. Such delays could have a material adverse effect on the business, results of operations and financial condition of the Group.

The Group's future growth may be limited by the capabilities of its vessels.

The Group's future growth may be limited by the capacity of its vessels in terms of engine horsepower, the physical dimensions of barges, the type of equipment on board the vessels and the ability of the vessels to perform certain tasks. In the event that the capabilities of the Group's vessels are not able to meet the requirements of its existing and potential offshore marine support customers, some of them may charter vessels from the Group's competitors. For the Group's offshore EPIC business, the lack of capabilities of its vessels may result in the Group not being able to secure certain contracts for offshore EPIC projects. These events may cause the Group to lose some customers, which would have an adverse effect on its future growth.

The Group is subject to substantial hazards and risks inherent in its offshore EPIC and offshore marine support operations.

The Group cannot always obtain insurance for its operating risks and it is not practical to insure against all risks in all geographic areas. Any uninsured liabilities resulting from its operations may adversely affect its business and results of operations.

The Group's offshore EPIC operations may accidentally disrupt existing offshore pipelines, offshore platforms and other offshore structures. Any of these could cause damage to or destruction of vessels, property or equipment, personal injury or loss of life, suspension of production operations, or environmental damage. The failure of offshore pipelines or structural components during or after the provision of the Group's services could also result in similar injuries or damages. Any of these events could result in interruption of the Group's business or significant liability for the Group.

The operations of the Group's offshore support vessels are exposed to inherent risks of marine disasters such as oil spills, collisions resulting in damage to and/or loss of vessels as well as equipment and offshore structures which are carried onboard the Group's vessels, property loss, interruptions to operations caused by adverse weather conditions and mechanical failures. In the event of an oil spill or damaged or lost equipment and offshore structures, the Group may incur liability for containment, cleanup and salvage costs and other damages. The Group may also be liable for damages sustained in collisions and wreck removal charges arising from the operations of its offshore support vessels. The Group's vessels may be involved in accidents, resulting in damage to or loss of vessels, equipment or offshore structures for which it may be exposed to claims from third parties. Any of such events will result in a reduction in revenue or increased costs.

Although the Group's protection and indemnity insurance insures it against the risks of oil spills, damage to and/or loss of vessels as well as equipment and offshore structures which are carried onboard its vessels sustained in collisions, there can be no assurance that all risks can be adequately insured against all potential liabilities or that any insured sum will be paid. In the event of damages or losses in excess of the Group's insurance coverage, the Group may be required to make material compensation payments. This will cause the Group's results of operations and financial position to be adversely affected.

The Group's vessels are subject to accidents, mishaps and natural disasters.

The Group's vessels operate in oilfields and may suffer substantial damage arising from collisions. If the Group's crew is found to be responsible for or have negligently contributed to the collisions, it may be liable for damages. The Group may also face additional claims and liabilities arising from oil spills, cargo losses, containment, clean-up and salvage costs, and other damages that may arise as a result. In addition, it may be liable for substantial fines and penalties imposed by the authorities of the relevant jurisdictions. Any of such events will disrupt the Group's business and lead to a reduction in revenue and profits and to increased costs of operations.

The Group's vessels are also subject to weather and environmental conditions. Adverse changes in weather and environmental conditions, such as the occurrence of typhoons, tsunami and earthquakes in the areas where the Group operates may cause damage to its vessels.

Damage to the Group's vessels caused by collisions or natural disasters will result in downtime of its vessels as its vessels will have to be sent for extensive servicing or repairs instead of being utilised for its operations. The Group's operations may experience disruption if there is a significant downtime in any of its vessels when it is operating at or close to maximum capacity. This may have an adverse impact on its revenue and profits and its financial position.

The Group's vessels are exposed to attacks by pirates.

The Group's vessels are exposed to possible attacks by pirates. If such attacks occur and its vessels are captured, destroyed or damaged, its financial position will be adversely affected.

The Group has taken out hull and machinery policies in respect of certain vessels in its fleet that cover damage and/or loss (which are generally up to the hull values of the relevant vessels) to such vessels arising out of pirate attacks. In the event that the Group's vessels are attacked, destroyed or stolen by pirates, resulting in damage and/or loss to its vessels in excess of the insurance coverage, the results of its operations and its financial position will be adversely affected.

The Group's vessels may be subject to arrest arising from events affecting its customers.

The Group's vessels are chartered by customers operating in various countries and are governed by the applicable laws of these jurisdictions. The Group's customers may encounter events such as disputes with the relevant authorities in these countries or any other events in respect of which the assets of its customers may be subject to seizure and arrest in these countries. As the Group's customers are in possession of and have control over its vessels which have been chartered to them, any action taken against its customers may expose its vessels to arrest or other impounding actions. Unless the Group takes timely actions to intervene in these proceedings, any loss of use of its vessels may have an adverse impact on its financial position.

The Group's charter contracts may be terminated upon the occurrence of certain events.

The Group's charter contracts are for varying periods of time and may extend to more than one year. Such charter contracts may however be terminated upon the occurrence of certain events, such as non-performance, events of force majeure, loss or seizure of the vessel, unavailability of the vessel due to various reasons such as confiscation or requisition by the government of the state under which the vessel is registered, cessation or abandonment of drilling operations by the charterer or upon notice of termination being given by the charterer for any reason whatsoever.

The charter rates which are payable under the charter contracts may also be reduced or suspended due to various reasons such as work stoppage by the officers or crew members of the vessel, breakdown of machinery, breakdown of hull or other accidents to the vessel or any other reasons which render the vessel unavailable for deployment for specified periods of time.

The termination of existing charter contracts or reduction/suspension of contracted charter rates will reduce the Group's revenue and have an adverse impact on the results of its operation. The Group's revenue and profitability would also be adversely affected if it is not able to re-deploy its offshore support vessels for a period of time upon termination of existing charter contracts, if there are protracted negotiations over the terms of the charter contracts, or the charter contracts are renewed on less favourable terms.

The outbreak of an infectious disease or any other serious public health concerns in the countries in which the Group operates could adversely affect the business, financial condition, results of operations and prospects of the Group.

The outbreak of infectious diseases such as the Severe Acute Respiratory Syndrome in the countries in which the Group operates, if uncontrolled, could have an adverse effect on the overall business sentiments and environment in these countries, which may adversely affect the Group's operations and financial performance. In addition, in the event of an outbreak of epidemic in these countries, if any of the Group's employees are infected with such diseases, the Group's business, financial condition, results of operations and prospects may be adversely affected.

The Group may experience limited availability of funds.

The Group may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group. Factors that could affect the Group's ability to procure financing include market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. In addition, further consolidation in the banking industry in Singapore and/or elsewhere in Asia may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to one company or sector.

RISKS RELATING TO LAWS AND REGULATIONS

The Group is subject to various international conventions governing the shipping industry.

The Group is subject to various conventions under the IMO. Compliance with such conventions adds to the cost of operations. From time to time, the IMO may adopt new conventions which the Group's vessels need to comply with. If such conventions become more stringent in the future and/or additional compliance procedures are introduced, the Group's cost of operations may increase. If it is unable to comply with such conventions, its vessels may not be allowed to operate. This will have an adverse effect on its business, financial performance and financial condition.

The Group is subject to appraisal and certification standards issued by independent certification authorities.

Pursuant to the ISM Code, companies which have complied with the requirements of the ISM Code are issued with a Document of Compliance (by the relevant government authority of the jurisdictions in which their vessels are registered) in respect of each vessel that has complied with the requirements of the ISM Code. The Group's vessels are also subject to assessment by independent certification organisations for compliance with the requirements of international conventions for the prevention of pollution from ships.

The relevant authorities and certification organisations have the right to conduct inspections of the Group's vessels to ensure that it continues to comply with the relevant standards. Any material failure to comply with the standards or any changes in the standards which are implemented from time to time, may cause the Group's certifications to be withdrawn. The Group's customers in the offshore oil and gas industry typically require the vessels which it provides to bear such certifications. If the certifications are withdrawn, the Group would not be able to meet the requirements of its customers. This will adversely affect its business, financial performance and financial condition.

The Group is subject to the laws and regulations of the jurisdictions in which its vessels are registered and the countries in which its vessels operate.

The Group's vessels are registered in various jurisdictions (including but not limited to Singapore, Panama, Marshall Islands, Malaysia and Indonesia). Some of these jurisdictions have laws and regulations which its vessels are required to comply with and may require the Group to apply for licences or operate under laws and regulations that may impose onerous conditions on the conduct of its operations.

If the Group is unable to comply with the relevant laws and regulations, its vessels may not be allowed to operate and its business would be adversely affected. The need to comply with new laws and regulations introduced by the jurisdictions in which the vessels are registered may increase its cost of operations. This will have an adverse effect on the Group's business, financial performance and financial condition.

The Group is affected by changes in the tax law in Singapore which is applicable to income from the Group's vessels registered under the Singapore flag.

Pursuant to Section 13A of the ITA, income derived from the operation of the Group's Singapore-flagged vessels in international waters is exempted from income tax in Singapore. Any changes in the current tax law in Singapore applicable to the taxation of shipping income may adversely affect the amount of income tax payable by the Group and may have an adverse impact on its financial results.

The Group is subject to changes in the tax rules or interpretations by the local tax authorities in the jurisdictions that the Group operates in.

The Group's operations in, amongst others, Singapore, India, Malaysia, Brunei, Myanmar, Indonesia and Mexico are subject to the laws, regulations and policies of the various jurisdictions, including routine and special audits by the local tax authorities. Changes in the tax rules or interpretations by the local tax authorities in relation to the Group's operations (which may or may not have retrospective effect) may have a significant impact on the Group's tax exposure. While the Group may seek tax advice opinions from time to time in relation to its operations, there is no assurance that a tax position adopted (with or without a tax opinion) will not be successfully challenged by the tax authorities in Singapore, India, Malaysia or other jurisdictions in which the Group may operate in. In such an event, the Group may be exposed to tax liabilities such as underpaid tax as well as penalties, which may adversely affect the Group's results of operations and financial position.

The Group is subject to various international and local environmental protection laws and regulations.

The Group's vessels and its operations are subject to various international and local environmental protection laws and regulations. Such laws and regulations are becoming increasingly complex and stringent and compliance may become increasingly difficult and costly.

Some of these laws and regulations may expose the Group to liability for the conduct of or conditions caused by others, or for its own acts, even if such acts had complied with all applicable laws at the time of performance. For instance, the Group may be required to pay significant fines and penalties for non-compliance. Some environmental laws impose joint and several "strict liability" for cleaning up spills and releases of oil and hazardous substances, regardless of whether the Group was negligent or at fault.

Environmental protection laws and regulations may also have the effect of curtailing offshore exploration, development and production activities by the Group's customers. This would reduce the demand for the Group's services, which would have an adverse impact on its business, financial performance and financial condition.

The Group is affected by the MSO 1952 in Malaysia.

The maritime business in Malaysia is generally governed by the MSO 1952. The cabotage policy implemented on 1 January 1980 reserves the national trade in domestic waters to Malaysian owned companies and Malaysian-flagged ships. Companies intending to engage in domestic shipping between ports in Malaysia or vessels intending to enter domestic waters in Malaysia must obtain licences from the Domestic Shipping Licensing Board of Malaysia. Domestic shipping refers to the use of a ship (a) to provide services (other than fishing) in the territorial waters of Malaysia or the exclusive economic zone of Malaysia or (b) for the shipment of goods or the carriage of passengers (i) from any port or place in Malaysia to another port or place in Malaysia or (ii) from any port or place in Malaysia to any place in the exclusive economic zone of Malaysia or *vice versa*.

For the purposes of the Group's offshore marine support business, its vessels would, on a case-by-case basis, obtain licences from the Domestic Shipping Licensing Board of Malaysia if they need to enter domestic waters in Malaysia.

New laws and regulations may also be introduced in the future which may require the Group to obtain licences or comply with onerous conditions. If the Group is unable to comply with such laws and regulations, it may be required to divest part or all of its shareholdings in Alam Swiber and its subsidiaries in Malaysia (if any). It may also be forced to cease all or part of its operations. This would adversely affect the results of its operations, financial performance and financial position.

RISKS RELATING TO THE COUNTRIES IN WHICH THE GROUP OPERATES

The Group operates in countries which may be affected by political risks.

Some of the countries in which the Group operates have been affected by political upheavals, internal strife, civil commotions and terrorist attacks. These situations may recur and any recurrence of these political and social conditions in countries where the Group currently or may in the future operate, will affect the Group's ability to provide its services to its customers in certain countries. The Group's vessels may also be subject to seizure and arrest as a result of the political and social conditions, or arising from government actions against the Group or its customers. Such conditions will affect the ability of the Group's offshore support vessels to call on the ports of such countries and its ability to provide offshore EPIC services to customers with operations in such countries.

Mandatory government actions or restrictions on vessels calling on the ports of countries in which the Group or its customers operate, foreign exchange controls, investment restrictions, national procurement policies which favour indigenous companies, or such other government actions, will affect the Group's ability to provide its services to its customers and may also affect the ability of its customers to meet their payment obligations to the Group. Insurance premiums for the Group's operations and vessels will increase in the face of increased political risks in the countries where the Group or its customers operate. If such risks develop into actual events, the Group's operations and profitability will be adversely affected.

The Group is exposed to risks inherent in its international operations.

Most of the Group's revenue is derived from operations outside Singapore. The scope and extent of the Group's operations outside of Singapore means the Group is exposed to the risks inherent in doing business abroad. These risks include:

- currency exchange rate fluctuations, devaluations, and restrictions on currency repatriation;
- unfavourable taxes, tax increases, and retroactive tax claims;
- the disruption of operations from labour and political disturbances;
- insurrection or war that may disrupt or limit markets;
- expropriation or seizure of the Group's property;
- nullification, modification or renegotiation of existing contracts;
- regional economic downturns; and
- import/export quotas and other forms of public and governmental regulation.

The Group cannot predict the nature of foreign governmental regulations applicable to its operations that may be enacted in the future. In many cases, its direct or indirect customer will be a foreign government, which can increase its exposure to these risks in specific countries where it might otherwise have the equipment and technical ability to compete. These factors could have a material adverse effect on the Group's financial condition and results of operation.

RISKS RELATING TO SECURITIES ISSUED UNDER THE PROGRAMME

The Securities may not be a suitable investment for all investors.

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this document;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities;
- understand thoroughly the terms of the Securities; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities may be complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Limited liquidity of the Securities issued under the Programme.

There can be no assurance regarding the future development of the market for the Securities issued under the Programme, the ability of such Securityholders, or the price at which such Securityholders may be able, to sell their Securities.

Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

Modification, waivers and substitution.

The relevant Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders, including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The relevant Conditions also provide that the Trustee may, at any time or times without any consent or sanction of the Securityholders, concur with the Issuer in making any modification to any of the relevant Conditions or to the Trust Deed (except as mentioned in the Trust Deed) which in the opinion of the Trustee it may be expedient to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Securityholders or which in the opinion of the Trustee is of a formal, minor or technical nature, to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg and/or CDP. Any such modification shall be binding on the Securityholders.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to investment laws and regulations, review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) it is permitted to invest in the Securities, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or the pledge of any of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

The forward-looking information in this Information Memorandum may prove inaccurate.

This Information Memorandum contains forward-looking statements. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside of the Issuer's control.

Securityholders may be subject to Singapore taxation.

The Securities to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2013 are intended to be "qualifying debt securities" for the purposes of the ITA subject to the fulfillment of certain conditions more particularly described in the section "*Singapore Taxation*". However, there is no assurance that such Securities will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time. In addition, the tax concessions for qualifying debt securities may not be available if the IRAS does not regard the Perpetual Securities as debt securities for Singapore income tax purposes.

The Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**") has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain qualifications and conditions, income tax exemption is granted on interest, discount income (not including discount income from secondary trading), "prepayment fee", "redemption premium" and "break cost" (as such terms are defined in the ITA) derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2013;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

With respect to any tranche of Securities issued with an original maturity of at least 10 years and which are "qualifying debt securities", there is no assurance that holders of such Securities would enjoy any tax exemption under the QDS Plus Scheme as it is currently unclear how the above requirements would be applicable in the context of certain events occurring within 10 years from the date of issue of such Securities.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security must rely on the procedures of the relevant Clearing System(s).

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities and Global Certificates will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or lodged with CDP. Except in certain limited circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities. The relevant Clearing System(s) will maintain records of their direct account holders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to or to the order of the common depositary for Euroclear and Clearstream, Luxembourg or to CDP, as the case may be, for distribution to their account holders. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Securityholders of beneficial interests in the Global Securities and Global Certificates will not have a direct right under the Global Securities and Global Certificates to take enforcement action against the Issuer in the event of a default or, as the case may be, in the event of the occurrence of an enforcement event under the Securities but will have to rely upon the Trustee to enforce their rights under the Trust Deed.

RISKS RELATING TO THE PERPETUAL SECURITIES

Perpetual Securities may be issued for which investors have no right to require redemption.

The Issuer may issue Perpetual Securities under the Programme. The Perpetual Securities are perpetual and have no fixed final maturity date. The Issuer is under no obligation to redeem the Perpetual Securities at any time, and the Perpetual Securities may only be disposed of by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Perpetual Securities.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects to defer distribution payments under the Perpetual Security Conditions.

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion and subject to certain conditions, elect to defer any scheduled distribution on the Perpetual Securities for any period of time. The Issuer is subject to certain restrictions in relation to the payment of dividends on its Junior Obligations and (in relation to Subordinated Perpetual Securities only) its Parity Obligations (except on a pro-rata basis) and the redemption and repurchase of its Junior Obligations and (in relation to Subordinated Perpetual Securities only) its Parity Obligations (except on a pro-rata basis) in the event that it does not pay a distribution in whole or in part. The Issuer is not subject to any limits as to the number of times distributions can be deferred pursuant to the Perpetual Security Conditions, subject to compliance with certain restrictions. Although, if so provided in the relevant Pricing Supplement, the Issuer may, at its sole discretion and at any time, elect to pay an Optional Distribution, being an optional amount up to the amount of distribution which is unpaid, there is no assurance that the Issuer will do so and the Issuer may defer the amount of distribution which is unpaid for an indefinite period of time by delivering the relevant deferral notices in accordance with the Perpetual Security Conditions. Any such deferral of distribution shall not constitute a default for any purposes unless, in the case of a deferral, such payment is required in accordance with Perpetual Security Condition 4(IV) (*Distribution Discretion*).

Any deferral of distribution will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the distribution deferral provision of the Perpetual Securities, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals, and may be more sensitive generally to adverse changes in the Group's financial condition.

There are limited remedies for non-payment under the Perpetual Securities.

Any scheduled distribution will not be due if the Issuer elects not to pay that distribution in whole or in part pursuant to the Perpetual Security Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any Perpetual Securityholders for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up in respect of any of the Issuer's payment obligations arising from the Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations.

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the Winding-Up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a Winding-Up of the Issuer, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any distributions (including any Arrears of Distribution and any Additional Distribution Amount accrued).

The Issuer may raise other capital which affects the price of the Perpetual Securities.

The Issuer may raise additional capital through the issue of other securities or other means. Subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended by the Issuer without the consent of the Securityholders), there is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Perpetual Securityholders on a winding-up or may increase the likelihood of a non-payment of distributions under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of Perpetual Securityholders to sell their Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear.

It is not clear whether any particular tranche of the Perpetual Securities (the "**Relevant Tranche of the Perpetual Securities**") will be regarded as debt securities by the IRAS for the purposes of the ITA, or whether the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will be regarded by the IRAS as interest payable on indebtedness, and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section "*Singapore Taxation*") would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities are not regarded as debt securities for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option at date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events.

The Perpetual Security Conditions provide that the Perpetual Securities may, if specified in the relevant Pricing Supplement, be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement or upon the occurrence of certain other events at their Early Redemption Amount together with any and all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. Please see Perpetual Security Condition 5 (*Redemption and Purchase*).

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders, which may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the Perpetual Securityholder. Additionally, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

RISKS RELATED TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Securities issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Securities issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Securities which is already issued). If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Securities are trading at a discount, investors may not be able as receive a favourable price for their Securities, and in some circumstances investors may not be able to sell their Securities at all or at their fair market value. Although an application has been made for the Securities issued under the Programme to be admitted to listing on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Securities will be so admitted or that an active trading market will develop. In addition, global debt markets have experienced volatility in prices of securities similar to the Securities issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Securities.

Fluctuation of market value of Securities issued under the Programme.

Trading prices of the Securities are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries and/or associated companies (if any) and/or joint venture companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or associated companies (if any) and/or joint venture companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or associated companies (if any) and/or joint venture companies (if any) operate or have business dealings, could have a material adverse effect on the Singapore economy and the operating results and/or the financial condition of the Issuer, its subsidiaries, associated companies (if any) and joint venture companies (if any).

Changes in market interest rates may adversely affect the value of Fixed Rate Notes and Perpetual Securities.

Investment in Fixed Rate Notes and Perpetual Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes and Perpetual Securities.

Interest Rate Risk.

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Securities, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Securities may rise. The Securityholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk.

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns.

The Group is exposed to risks associated with international capital markets.

Global financial turmoil has led to volatility in international capital markets which may adversely affect the market price of any Series of Securities.

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of any Series of Securities.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest or, as the case may be, distributions on the Securities in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Securities, (ii) the Investor's Currency-equivalent value of the principal payable on the Securities and (iii) the Investor's Currency-equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest, distribution or principal than expected, or no interest or, as the case may be, distribution or no principal.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for the purpose of financing the general working capital and capital expenditure requirements of the Group and for refinancing the existing borrowings of the Group.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the relevant Clearing System currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Arranger, any Dealer, the Trustee or the Agents takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Arranger, any Dealer, the Trustee, the Agents or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Securities held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant paying agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

CDP

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the "**CDP System**") maintained by CDP. CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a global security or global certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the CDP System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the CDP System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the CDP

System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement. CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest, distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Book-Entry Ownership

Bearer Securities

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Securities. The Issuer may also apply to have Bearer Securities accepted for clearance through CDP. In respect of Bearer Securities, a temporary Global Security and/or a permanent Global Security in bearer form without coupons may be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg or CDP or or any other clearing system (as "**Alternative Clearing System**") as agreed between the Issuer and the relevant Dealer(s). Transfers of interests in such temporary Global Securities or permanent Global Securities will be made in accordance with the normal Euromarket debt securities operating procedures of CDP, Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System.

Registered Securities

The Issuer may make applications to CDP, Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Securities to be represented by a Global Certificate. Each Global Certificate deposited with a common depositary for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg and/or with CDP will, where applicable, have an ISIN and/or a Common Code.

All Registered Securities will initially be in the form of a Global Certificate. Definitive Certificates will only be available, in the case of Securities initially represented by a Global Certificate, in amounts specified in the relevant Pricing Supplement.

Transfers of Registered Securities

Transfers of interests in Global Certificates within CDP, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

In the case of Registered Securities to be cleared through CDP, Euroclear or Clearstream, Luxembourg, transfers may be made at any time by a holder of an interest in a Global Certificate in accordance with the relevant rules and regulations of the applicable clearing systems.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant financial sector incentive tax incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Securities are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Arranger nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is given on the assumption that the IRAS regards each tranche of the Perpetual Securities as "debt securities" for the purposes of the ITA and that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the Qualifying Debt Securities Scheme are satisfied.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20 per cent.. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent.. The rate of 15 per cent. may be reduced by applicable tax treaties.

Notwithstanding the above, with effect from 29 December 2009, the said deeming provisions of Section 12(6) of the ITA would not apply to payments for any arrangement, management, service or guarantee relating to any loan or indebtedness, where: (i) the arrangement, management or service is performed outside Singapore; or (ii) the guarantee is provided, for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who:

(i) is not an individual, is not incorporated, formed or registered in Singapore; and

(ii) (A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or

(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but (a) the arrangement, management or service is not performed through; or (b) the giving of the guarantee is not effectively connected with, that business carried on in Singapore or that permanent establishment.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms "**break cost**", "**prepayment fee**" and "**redemption premium**" are defined in the ITA as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

From the time of establishment of the Programme to 6 June 2010, Citicorp Investment Bank (Singapore) Limited has been the arranger of the Programme and has been throughout such time a Financial Sector Incentive (Bond Market) Company ("**FSI-BM Company**") (as defined in the ITA). From 7 June 2010, DBS Bank Ltd. has been appointed as arranger of the Programme, and is also a FSI-BM Company.

On the basis that the Programme as a whole is arranged by FSI-BM Companies, any tranche of the Securities which are debt securities issued under the Programme during the period from the date of this Information Memorandum to 31 December 2013 ("**Relevant Securities**") would be "qualifying debt securities" for the purposes of the ITA, to which the following treatments shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, of a return on debt securities for the Relevant Securities to the Comptroller and the MAS within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Securities derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operations through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities to the Comptroller and the MAS for the Relevant Securities within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require), Specified Income from the Relevant Securities derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent.; and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and the MAS a return on debt securities for the Relevant Securities within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require,

Specified Income derived from the Relevant Securities is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as "qualifying debt securities"; and

(B) even though a particular tranche of Relevant Securities are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Securities, 50 per cent. or more of the issue of such Relevant Securities is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Securities held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

The Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**") has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission by the issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities to the Comptroller and the MAS within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2013;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses, capital allowances and donations which are attributable to exempt income are to be treated.

However, even if a particular tranche of Relevant Securities are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Securities, 50 per cent. or more of the issue of such Relevant Securities is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from such Relevant Securities derived by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who are adopting Singapore Financial Reporting Standard 39 - Financial Instruments: Recognition and Measurement ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal. Please see the section below on "*Adoption of FRS 39 Treatment for Singapore Income Tax Purposes*".

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA .

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

According to the FRS 39 Circular, for financial assets on revenue account classified as:

(a) "fair value through profit or loss", gains or losses recognised in the profit and loss account will be taxed or allowed as a deduction even though they are unrealised;

(b) "available-for-sale", only the cumulative gains or losses (which had been recognised in equity) that are transferred to the profit and loss account upon derecognition will be taxed or allowed as a deduction;

(c) "held-to-maturity" and loans, the interest income based on the amount shown in the accounts, which is calculated under the effective interest method under FRS 39, will be taxed.

The FRS 39 Circular refers to the definition of the effective interest method under FRS 39 and states that the "effective interest method" is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period and the "effective interest rate" is the rate that exactly discounts estimated future cash payments of receipts through the expected life of the financial instruments. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

However, for debt securities which are on capital account, the FRS 39 Circular indicates that interest income reflected in the profit and loss account under FRS 39 will be adjusted to that based on the coupon/contractual rate.

In this regard, Section 34A of the ITA provides that where interest from debt securities is chargeable to tax under Section 10(1)(d) of the ITA (i.e. as passive income rather than as income from a trade or business), such interest will be computed based on the contractual interest rate and not the effective interest rate. In this section, "contractual interest rate" in relation to any financial instrument means the interest rate specified in the financial instrument. A gain from discounts or premiums on debt securities, being a gain chargeable to tax under Section 10(1)(d) of the ITA, shall be deemed to accrue only on the maturity or redemption of the debt securities and to be equal to the difference between the amount received on the maturity or redemption of the debt securities and the amount for which the debt securities were first issued.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealer(s) under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Hong Kong

Each Dealer has represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes or publishes any prospectus, circular, advertisement or any other document (including the Information Memorandum) or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The Board of Directors of the Issuer and their business experience are set out on pages 101 to 103 of this Information Memorandum.

2. No Director is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. The Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer.

4. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

DIRECTORS' SHAREHOLDINGS

Directors' shareholdings of each Director of the Issuer (as recorded in the Register of Directors' Shareholdings) as at the Latest Practicable Date:

	Shareholdings as at the Latest Practicable Date[1]			
	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Directors				
Raymond Kim Goh	42,800,000	7.04	–	–
Francis Wong Chin Sing	13,333,333	2.19	–	–
Jean Pers	35,200,000	5.79	–	–
Nitish Gupta	5,000,000	0.82	–	–
Yeo Chee Neng	35,100,000	5.77	–	–
Yeo Jeu Nam	30,000	0.005	–	–
Chia Fook Eng	15,000	0.002	–	–
Oon Thian Seng	30,000	0.005	–	–

Note:

(1) Total number of Shares issued (excluding treasury shares) as at the Latest Practicable Date is 607,457,666.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Issuer (as recorded in the Register of Substantial Shareholders) as at the Latest Practicable Date:

	Shareholdings as at the Latest Practicable Date[1]			
	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Substantial Shareholders				
Raymond Kim Goh	42,800,000	7.04	–	–
Yeo Chee Neng	35,100,000	5.77	–	–
Jean Pers	35,200,000	5.79	–	–
Pang Yoke Min	–	–	54,745,000[2]	9.01

Notes:

(1) Total number of Shares issued (excluding treasury shares) as at the Latest Practicable Date is 607,457,666.

(2) Registered in the name of Citibank Nominees Singapore Pte Ltd.

SHARE CAPITAL

5. As at the Latest Practicable Date, there are 609,421,000 Shares in the Issuer. The rights and privileges attached to the Shares are stated in the Articles of Association of the Issuer. Of the 609,421,000 Shares, 1,963,334 are held as "treasury shares".

BORROWINGS

6. Save as disclosed in Appendix IV, the Group had as at 30 September 2012 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

7. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, the Issuer will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

8. There has been no significant change in the accounting policies of the Issuer since its audited financial accounts for the year ended 31 December 2011.

LITIGATION

9. There are no legal or arbitration proceedings pending or threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Group.

MATERIAL ADVERSE CHANGE

10. Save as disclosed in this Information Memorandum, there has been no material adverse change in the financial condition or business of the Issuer or the Group since 30 September 2012.

DOCUMENTS AVAILABLE FOR INSPECTION

11. Copies of the following documents may be inspected at the office of the Issuer at 12 International Business Park, Swiber@IBP #04-01, Singapore 609920 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Memorandum and Articles of Association of the Issuer;

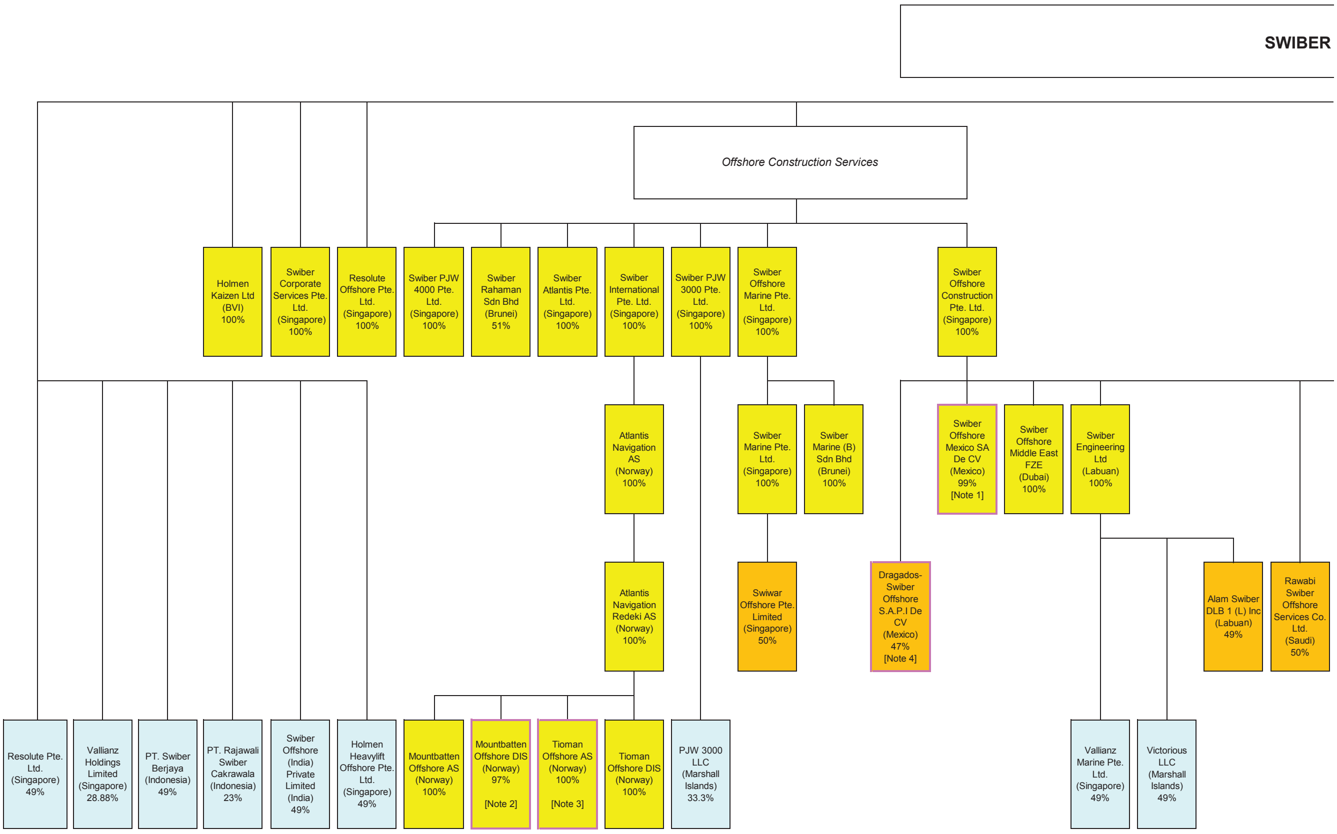
    (b) the Amendment and Restatement Trust Deed; and

    (c) the audited accounts of the Issuer and its subsidiaries for the financial years ended 31 December 2010 and 31 December 2011 respectively and the unaudited financial statements and dividends announcement of the Issuer and its subsidiaries for the nine months ended 30 September 2012.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

12. The functions, rights and obligations of the Trustee are set out in the Amendment and Restatement Trust Deed.

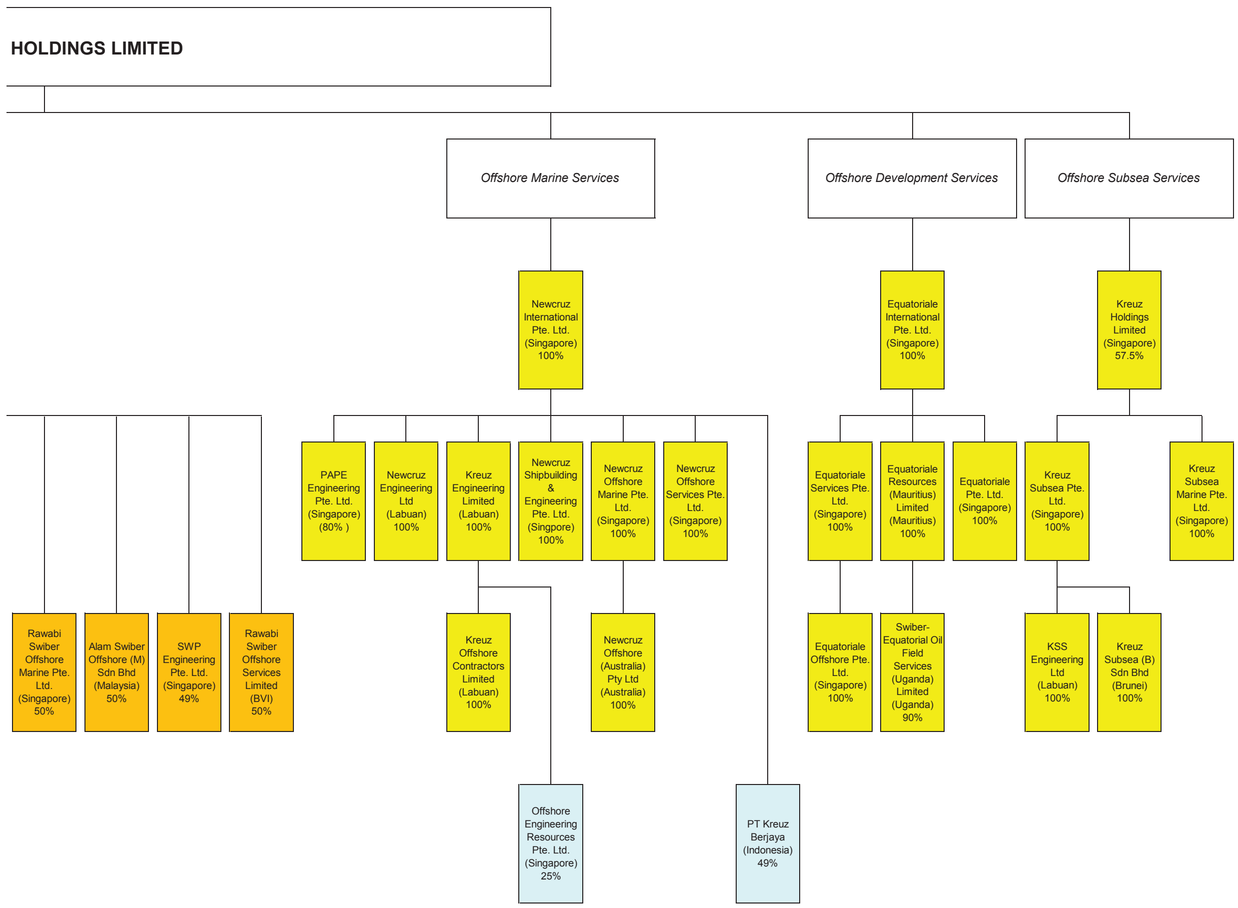
CORPORATE



Subsidiary
Joint Ventures
Associates

Note 1 Kreuz Engineering Limited also has direct interest of 1% in the entity
Note 2 Mountbatten Offshore AS also has direct interest of 3% in the entity
Note 3 Tioman Offshore DIS also has direct interest of 3% in the entity
Note 4 Kreuz Engineering Limited and Kreuz Subsea Pte Ltd also have direct interest of 1% each in the entity

STRUCTURE



HOLDINGS LIMITED
Offshore Marine Services
Offshore Development Services
Offshore Subsea Services
Newcruz International Pte. Ltd. (Singapore) 100%
Equatoriale International Pte. Ltd. (Singapore) 100%
Kreuz Holdings Limited (Singapore) 57.5%
PAPE Engineering Pte. Ltd. (Singapore) (80%)
Newcruz Engineering Ltd (Labuan) 100%
Kreuz Engineering Limited (Labuan) 100%
Newcruz Shipbuilding & Engineering Pte. Ltd. (Singpore) 100%
Newcruz Offshore Marine Pte. Ltd. (Singapore) 100%
Newcruz Offshore Services Pte. Ltd. (Singapore) 100%
Equatoriale Services Pte. Ltd. (Singapore) 100%
Equatoriale Resources (Mauritius) Limited (Mauritius) 100%
Equatoriale Pte. Ltd. (Singapore) 100%
Kreuz Subsea Pte. Ltd. (Singapore) 100%
Kreuz Subsea Marine Pte. Ltd. (Singapore) 100%
Rawabi Swiber Offshore Marine Pte. Ltd. (Singapore) 50%
Alam Swiber Offshore (M) Sdn Bhd (Malaysia) 50%
SWP Engineering Pte. Ltd. (Singapore) 49%
Rawabi Swiber Offshore Services Limited (BVI) 50%
Kreuz Offshore Contractors Limited (Labuan) 100%
Newcruz Offshore (Australia) Pty Ltd (Australia) 100%
Equatoriale Offshore Pte. Ltd. (Singapore) 100%
Swiber-Equatorial Oil Field Services (Uganda) Limited (Uganda) 90%
KSS Engineering Ltd (Labuan) 100%
Kreuz Subsea (B) Sdn Bhd (Brunei) 100%
Offshore Engineering Resources Pte. Ltd. (Singapore) 25%
PT Kreuz Berjaya (Indonesia) 49%

AUDITED ACCOUNTS OF SWIBER HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

The information in this Appendix II has been reproduced from the annual report of Swiber Holdings Limited and its subsidiaries for the financial year ended 31 December 2010 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are to those as reproduced from the annual report for the financial year ended 31 December 2010.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SWIBER HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Swiber Holdings Limited and its subsidiaries (the "group") which comprise the statements of financial position of the group and of the company as at December 31, 2010, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 64 to 135.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2010 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

April 8, 2011

SWIBER HOLDINGS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
December 31, 2010

	Note	Group 2010 US$'000	Group 2009 US$'000	Company 2010 US$'000	Company 2009 US$'000
ASSETS					
Current assets					
Cash and bank balances	7	137,847	83,158	20,085	13,664
Trade receivables	8	109,271	141,802	-	-
Engineering work-in-progress in excess of progress billings	9	143,715	202,751	-	-
Inventories	10	20,224	4,415	-	-
Other receivables	11	103,821	42,289	39,947	11,487
Amount due from subsidiaries	12	-	-	394,733	275,689
Assets held for sale	13	1,334	132,673	-	-
Total current assets		516,212	607,088	454,765	300,840
Non-current assets					
Property, plant and equipment	14	316,893	231,893	985	1,364
Goodwill	15	309	-	-	-
Subsidiaries	16	-	-	249,962	131,328
Associates	17	57,190	17,879	7,173	-
Joint ventures	18	18,504	32,480	-	19,967
Other receivables	11	75,666	45,733	17,594	3,685
Derivative financial instruments	19	5,783	1,705	5,783	1,705
Deferred tax assets	20	1,414	26	-	-
Total non-current assets		475,759	329,716	281,497	158,049
Total assets		991,971	936,804	736,262	458,889

	Note	Group		Company	
		2010	2009	2010	2009
		US$'000	US$'000	US$'000	US$'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	21	83,018	24,011	-	-
Bonds	22	76,418	71,147	76,418	71,147
Trade payables	24	68,646	82,947	-	-
Other payables	25	82,137	201,234	16,842	7,614
Current portion of finance leases	26	1,899	899	181	94
Amount due to subsidiaries	12	-	-	215,599	41,578
Income tax payable		8,671	7,557	5,945	450
Total current liabilities		320,789	387,795	314,985	120,883
Non-current liabilities					
Bank loans	21	48,195	63,507	-	-
Bonds	22	146,249	72,047	146,249	72,047
Convertible loan notes	23	113,813	104,500	113,813	104,500
Finance leases	26	3,407	1,995	413	342
Derivative financial instruments	19	38	61	-	-
Deferred tax liabilities	20	3,208	3,563	72	-
Total non-current liabilities		314,910	245,673	260,547	176,889
Capital, reserves and non-controlling interests					
Share capital	28	158,006	158,006	158,006	158,006
Treasury shares	29	(2,507)	(2,507)	(2,507)	(2,507)
Hedging reserve	30	(1,704)	1,644	(1,704)	1,705
Translation reserve	30	508	493	-	337
Equity reserve	30	(8,206)	-	-	-
Retained earnings		179,569	139,947	6,935	3,576
Equity attributable to owners of the company		325,666	297,583	160,730	161,117
Non-controlling interests		30,606	5,753	-	-
Total equity		356,272	303,336	160,730	161,117
Total liabilities and equity		991,971	936,804	736,262	458,889

See accompanying notes to financial statements.

SWIBER HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
Year ended December 31, 2010

	Note	Group 2010 US$'000	Group 2009 US$'000
Revenue	31	465,743	393,430
Cost of sales		(360,128)	(337,124)
Gross profit		105,615	56,306
Other operating income	32	40,730	35,218
Administrative expenses		(44,279)	(31,015)
Other operating expenses		(39,022)	(7,956)
Share of profits of associates and joint ventures	17, 18	3,812	4,839
Finance costs	33	(20,702)	(13,579)
Profit before tax		46,154	43,813
Income tax expense	34	(6,758)	(4,828)
Profit for the year	35	39,396	38,985
Attributable to:			
Owners of the company		37,269	34,677
Non-controlling interests		2,127	4,308
		39,396	38,985
Earnings per share (in US cents):			
Basic	36	7.37	7.39
Diluted	36	7.37	7.39

See accompanying notes to financial statements.

SWIBER HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended December 31, 2010

	Group	
	2010	2009
	US$'000	US$'000
Profit for the year	39,396	38,985
Other comprehensive income:		
(Loss) gain on cash flow hedges	(3,348)	6,511
Exchange differences on translation of foreign operations	1,627	928
Other comprehensive income for the year, net of tax	37,675	46,424
Total comprehensive income attributable to:		
Owners of the company	35,631	41,932
Non-controlling interests	2,044	4,492
Total	37,675	46,424

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2010

Group	Share capital US$'000	Treasury shares US$'000	Hedging reserve US$'000	Translation reserve US$'000	Equity 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 January 1, 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 (Note 28)	49,801	-	-	-	-	-	49,801	-	49,801
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	40	40
Balance at December 31, 2009	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
Dilution in equity interest of subsidiary	-	-	-	-	(8,044)	-	(8,044)	23,350	15,306
Acquisition of subsidiary (Note 40)	-	-	-	-	-	-	-	58	58
Change of interest in subsidiary	-	-	-	-	(162)	-	(162)	162	-
Disposal of subsidiary (Note 39)	-	-	-	(1,695)	-	2,353	658	(761)	(103)
Balance at December 31, 2010	158,006	(2,507)	(1,704)	508	(8,206)	179,569	325,666	30,606	356,272

	Share capital US$'000	Treasury shares US$'000	Hedging reserve US$'000	Translation reserve US$'000	Retained earnings US$'000	Total US$'000
Company						
Balance at January 1, 2009	108,205	(2,507)	(4,867)	-	2,864	103,695
Total comprehensive income for the year	-	-	6,572	337	712	7,621
Issued of share capital, net of expenses (Note 28)	49,801	-	-	-	-	49,801
Balance at December 31, 2009	158,006	(2,507)	1,705	337	3,576	161,117
Total comprehensive income for the year	-	-	(3,409)	(337)	3,359	(387)
Balance at December 31, 2010	158,006	(2,507)	(1,704)	-	6,935	160,730

See accompanying notes to financial statements.

SWIBER HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2010

	Group	
	2010	2009
	US$'000	US$'000
Operating activities		
Profit before income tax	46,154	43,813
Adjustments for:		
Allowance for doubtful debts	10,090	297
Bad debts written off	48	326
Depreciation of property, plant and equipment	14,480	15,152
Property, plant and equipment written off	15	-
Interest income	(1,856)	(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 loss	11,676	-
Gain on disposal of property, plant and equipment	(5,177)	(143)
Gain on disposal of assets held for sale	(26,576)	(32,969)
(Gain) loss on disposal of joint venture/associates	(1,908)	222
Loss on disposal of subsidiaries	43	-
Provision for employee benefits	-	(49)
Share of profit of associates and joint ventures	(3,812)	(4,839)
Operating cash flows before movements in working capital	73,230	42,087
Trade receivables	18,745	(79,905)
Engineering work-in-progress in excess of progress billings	13,998	(67,580)
Inventories	(15,809)	490
Other receivables	(59,929)	(7,739)
Other assets	-	31
Trade payables	10,773	(9,525)
Other payables	(132,350)	87,917
Cash used in operations	(91,342)	(34,224)
Income taxes paid	(7,552)	(330)
Interest expense paid	(16,580)	(10,742)
Net cash used in operating activities	(115,474)	(45,296)

	Note	Group 2010 US$'000	2009 US$'000
Investing activities			
Interest income received		1,856	549
Dividend received from associates/joint ventures	17, 18	5,811	2,701
Proceeds on disposal of property, plant and equipment		32,101	43,673
Proceeds on disposal of assets held for sale		316,942	169,332
Proceeds from disposal of subsidiaries		(3,678)	-
Proceeds from disposal of associates		-	3,900
Purchases of property, plant and equipment (Note A)		(126,733)	(83,922)
Purchases of assets held for sale		(157,693)	(136,228)
Acquisition of subsidiary		355	-
Investment in associate		(135)	(18,378)
Investment in a joint venture		(5,109)	(20,271)
Advances to third party		(15,015)	(3,925)
Net cash from (used in) investing activities		48,702	(42,569)
Financing activities			
Pledged deposits		(7,348)	(9)
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		264,775	321,876
Repayments of bank loans		(219,603)	(360,565)
Contribution from non-controlling interest of subsidiary		15,345	-
Net cash from financing activities		114,145	95,909
Net increase in cash and cash equivalents		47,373	8,044
Cash and cash equivalents at the beginning of the year		76,567	68,087
Effects of exchange rate changes on the balance of cash held in foreign currencies		(32)	436
Cash and cash equivalents at the end of the year	7	123,908	76,567

Cash and cash equivalents consists of:		
Cash at bank	121,794	76,424
Fixed deposits	15,986	6,667
Cash on hand	67	67
	137,847	83,158
Less: Pledged cash placed with banks	(13,939)	(6,591)
Total	123,908	76,567

Notes to the consolidated statement of cash flows

A. During the financial year, the group acquired property, plant and equipment with an aggregate cost of US$130,063,000 (2009 : US$84,572,000) of which US$3,330,000 (2009 : US$650,000) were acquired under finance lease arrangements. Cash payments of US$126,733,000 (2009 : US$83,922,000) were made to purchase property, plant and equipment, inclusive of capitalised borrowing costs.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

1 GENERAL

The company (Registration No. 200414721N) is incorporated in Singapore with its principal place of business and registered office at 12 International Business Park, #04-01 CyberHub @ IBP, Singapore 609920. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States dollars, which is the company's functional currency and presentation currency of the group.

The principal activity of the company is that of investment holding and provision of corporate services.

The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 16, 17 and 18 respectively.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended December 31, 2010 were authorised for issue by the Board of Directors on April 8, 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and the company's accounting policies except for the adoption of FRS 103(2009) - *Business Combinations* and FRS 27 (2009) - *Consolidated and Separate Financial Statements* as discussed below. However, the adoption has no material effect on the amounts reported for the current or prior years.

FRS 103 (2009) - *Business Combinations*

FRS 103 (2009) has been adopted in the current year and is applied prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The main impact of the adoption of FRS 103 (2009) Business Combinations on the group has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;

- where the business combination in effect settles a pre-existing relationship between the group and the acquiree, to require the recognition of a settlement gain or loss; and

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in consolidated profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The change in accounting policy has no impact on the earnings per share as reported in the statement of comprehensive income.

FRS 27 (2009) - *Consolidated and Separate Financial Statements*

FRS 27 (2009) has been adopted for periods beginning on or after January 1, 2010 and has been applied retrospectively (subject to specified exceptions) in accordance with the relevant transitional provisions. The revised Standard has affected the group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control.

In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under FRS 27 (2009), all such increases or decreases are dealt within equity reserve, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the group were issued but not effective:

- FRS 24 (Revised) *Related Party Disclosures*

Consequential amendments were also made to various standards as a result of these new revised standards. The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the group in the period of their initial adoption except for the following:

FRS 24 (Revised) *Related Party Disclosures*

FRS 24 (Revised) Related Party Disclosures is effective for annual periods beginning on or after January 1, 2011. The revised standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity.

In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. The interest of non-controlling shareholders may be initially measured at the date of the original business combination either at fair value or at the non-controlling interests' proportionate share of fair value of the acquiree's identifiable net assets. The choice measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent change in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Except for those companies under restructuring in prior years accounted for in accordance with the principles of merger accounting, the acquisition of subsidiaries is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments.

Financial assets

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVPTL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 4.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedge accounting

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 19 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The group designates certain hedging instruments, which include derivatives in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 19 contains details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in other comprehensive income are also detailed in the statement of comprehensive income.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

ENGINEERING AND SHIPBUILDING CONTRACTS - Where the outcome of an engineering and shipbuilding contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of that contract costs incurred for work performed to date relating to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of an engineering and shipbuilding contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

SALE AND LEASEBACK - If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is immediately recognised as income.

If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value is recognised immediately.

ASSETS HELD FOR SALE - Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold property	-	Over the term of the lease which is 99 years
Vessels	-	15 to 18 years, net of residual value (2009 : 15 to 20 years)
Transportation equipment	-	3 to 8 years
Furniture and office equipment	-	3 to 5 years
Motor vehicles	-	10 years
Drydocking	-	3 years
Cranes and machineries	-	20 years

The estimated useful lives, residual value and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

In 2010, the group revised the estimated residual values and useful lives of vessels with effect from January 1, 2010. The revisions were accounted prospectively as a change in accounting estimates. There is no material impact on the depreciation charges of the group for the current financial year or future financial years arising from the change.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Depreciation on property, plant and equipment under construction-in-progress, which includes costs for vessels under construction, commences when these assets are ready for its intended use.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS – At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

ASSOCIATES - An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised, unless the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the profit or loss.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

INTERESTS IN JOINT VENTURES - A joint venture is a contractual arrangement whereby the group and other party undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of the joint venture are incorporated in these financial statements using the equity method of accounting (as described above).

PROVISIONS - Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable.

Charter hire income

Charter hire income from vessels, derived from the offshore marine support business, is recognised on a straight-line basis over the term of the charter agreement.

Rendering of service

Engineering, shipbuilding and repair work income from short-term contracts is recognised as and when service is rendered.

Revenue from engineering and shipbuilding long-term contracts are recognised in accordance with the group's accounting policy on engineering and shipbuilding contracts (see above).

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflect the tax consequence that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position of the company are presented in United States dollars, which is the functional currency of the company and presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the group's translation reserve.

On disposal of a foreign operations (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit and loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not classified to profit and loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 2, the management is of the opinion that the critical judgements involved that will have significant effect on the amounts recognised in the financial statements are as follows:

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Recoverability of receivables and allowance for doubtful receivables

Determining whether the trade and other receivables and engineering work-in-progress in excess of progress billings are recoverable is a matter of management's estimate.

The group makes allowances for doubtful debts based on assessment of the recoverability of trade receivables where events or changes in circumstances indicate that the balances may not be collectible. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history of each customer and ongoing dealings with these parties.

The receivables below represent management's best estimate based on past history, ongoing dealings and projected outcome.

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Trade receivables				
Counter parties A and B	12,473	12,473	-	-
Less: Allowances for doubtful debts	(8,865)	-	-	-
	3,608	12,473	-	-
Counter party C	2,554	2,554	-	-
Less: Allowances for doubtful debts	(638)	-	-	-
	1,916	2,554	-	-

Counter parties A and B are third parties and the trade receivables originated in 2009. Management is of the opinion that the debts are recoverable as the parent company of counter parties A and B has proposed to make certain arrangements with the group to recover the receivables via future joint business venture into the domestic market of counter parties A and B. Management believes that the arrangement is feasible as the parent company of counter parties A and B has awarded a charter contract to the group in March 2011.

Counter parties C is a third party and the trade receivables originated in 2008 where the group acted as a sub-contractor. Management is of the opinion that the remaining debts are recoverable as the group has a revenue assignment agreement between the main contractor and the end customer, which provides the group strong legal recourse to recover the outstanding balance directly from the end customer, if necessary.

If the financial conditions of the counterparties were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Management considered the recoverability of the remaining trade and other receivables and engineering work-in-progress in excess of progress billings of the group and are confident that the carrying amount of the trade and other receivables will be recovered and adjustment will be made in the periods when there is objective evidence of impairment resulting from future loss events.

The carrying amounts of trade and other receivables, and engineering work-in-progress in excess of progress billings of the group at the end of the reporting period are disclosed in Notes 8, 9 and 11.

Amount due from engineering and shipbuilding contracts and revenue recognition

As discussed in Note 2, revenue and costs are recognised by reference to the stage of completion of the contract activity, as measured by the proportion that contract costs incurred for work performed to date relating to the estimated total contract costs. The costs of uncompleted contracts are computed based on the estimates of total contract costs less costs incurred for the respective contracts.

Significant judgment is required in estimating the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation for the variation works that are recoverable from customers. In making this judgment, the company evaluates by relying on past experience.

Management has performed the cost studies, taking into account the costs to date and costs to complete on each contract. Management has also reviewed the status of such contracts and is satisfied that the cost estimates to complete, the total contract costs and the profitability are realistic.

Based on the above studies, management is of the opinion that revenue and related costs, and amounts due from engineering and shipbuilding contracts are reasonable.

Impairment of investment in associate and joint venture

Determining whether the investments in associates and joint ventures are impaired requires management to make impairment assessment based on estimates. It involves the consideration of the performance of the associate and joint venture and the market conditions in which the associate and joint venture operate in. This affects the group's share of net assets of the associate and joint venture. Management has evaluated the recoverability of the investments based on such estimates and is confident that no allowance for impairment is necessary.

If the performance of the associate and joint venture and/or market conditions were to deteriorate which will affect the group's share of net assets of the associate and joint venture, impairment may be required. The carrying amounts of the investment associate and joint venture at the end of the reporting period are disclosed in Notes 17 and 18 respectively.

Impairment of asset under construction in progress

Determining whether the asset under construction in progress amounting to US$145,313,000 (2009 : US$72,112,000) is impaired requires an estimation of the value in use of the asset. The value in use calculation requires the company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the asset based on such estimates and is confident that no allowance for impairment is necessary.

Useful lives and residual values of property, plant and equipment

As described in Note 2, the management reviews the estimated useful lives and residual values of the depreciable assets. The estimated useful lives reflects management's estimate of the period that the group intends to derive future economic benefits from the use of the depreciable asset.

Depreciation is provided to write off the cost of property, plant and equipment, adjusted for residual value, over their estimated useful lives, using the straight-line method. The carrying amounts of property, plant and equipment are disclosed in Note 14.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The financial instruments as at the end of the reporting period are as follows:

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Derivative instruments in designated hedge accounting relationships	5,783	1,705	5,783	1,705
Loans and receivables (including cash and cash equivalents)	369,438	280,994	472,164	303,993

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Financial liabilities				
Fair value through profit or loss	113,813	104,500	113,813	104,500
Derivative instruments in designated hedge accounting relationships	38	61	-	-
Amortised cost	507,217	517,787	455,702	192,822

(b) Financial risk management policies and objectives

The group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk, cash flow interest rate risk, and fair value risk.

The group uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including cross currency and interest rate swaps to mitigate the risk of rising interest rates.

The group does not hold or issue derivative financial instruments for speculative purposes.

Foreign exchange risk management

The group transacts business in various foreign currencies, including the Singapore dollar, Malaysian ringgit, Euro, Brunei dollar and Indian rupee and therefore is exposed to foreign exchange risk.

The group has foreign subsidiaries whose net assets are exposed to currency translation risk. Management does not regard its currency translation exposure to be significant.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2010	2009	2010	2009	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
United States dollars	13,136	5,352	7,714	21,688	-	-	-	-
Singapore dollars	45,267	44,578	31,058	10,346	1,155	839	20,612	3,278
Brunei dollars	3,819	2,889	3,157	856	-	-	-	-
Malaysian ringgit	652	1,612	35	659	-	-	-	-
Euro	1,156	156	5,969	-	-	-	-	-
India rupees	743	1,465	754	775	-	-	-	-

The company has a number of investments in Singapore and foreign subsidiaries, whose net assets are exposed to currency translation risk. The group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Further details on the forward exchange derivative hedging instruments are found in Note 19 to the financial statements.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the group's profit or loss.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss will increase (decrease) by:

	United States dollar impact		Singapore dollar impact		Malaysian ringgit impact	
	2010	2009	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
Profit or loss	(542)	1,634	(1,421)	(3,423)	(62)	(95)
Company						
Profit or loss	-	-	(1,946)	244	-	-

Similarly, if the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit or loss will increase (decrease) by the opposite effect.

This is mainly attributable to the group's exposure to outstanding cash and bank balances, receivables and payable balances at year end.

The group and company's sensitivity to US dollar has decreased during the year attributable mainly to the increase in the cash and bank balance at end of financial year as compared with the preceding financial year. The group's sensitivity to Singapore dollar exchange rate is mainly due to the increase in Singapore dollar denominated net assets at end of financial year as compared to the preceding financial year.

Interest rate risk management

The group has exposure to interest rate risk through the impact of floating interest rate on cash equivalents and borrowings. The group entered into swap arrangements to manage the interest rate exposure. The group obtained financing through bank loans and the details of the group's interest rate exposure is disclosed in Note 21.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's profit for the year ended December 31, 2010 would decrease/increase by US$532,000 (2009 : decrease/increase by US$411,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

The group's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate debt instruments, which has been partially mitigated by the interest rate swaps.

The company's profit and loss and equity are not affected by changes in interest rates as it does not hold any bank borrowings other than the bonds and convertible notes, which are fixed interest rate instruments.

Credit risk management

The group's principal financial assets are bank balances and cash, trade and other receivables and engineering work-in-progress in excess of progress billings.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The group's credit risk is primarily attributable to its trade and other receivables and engineering work-in-progress in excess of progress billings. The amounts presented in the statements of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, except as disclosed in Notes 8 and 11.

The maximum amount the group could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$117,511,000 (2009 : US$92,300,000). Based on expectations at the end of the reporting period, the group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The group minimises liquidity risk by keeping committed credit lines available. Undrawn facilities are disclosed in Note 21 and commitments for the purchase of property, plant and equipment are disclosed in Note 37.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
2010						
Non-interest bearing	-	145,234	-	-	-	145,234
Finance lease liability (fixed rate)	3.5	2,119	3,612	168	(593)	5,306
Variable interest rate instruments	2.6	112,674	32,459	825	(1,010)	144,948
Fixed interest rate instruments	5.5	92,404	276,756	-	(43,618)	325,542
		352,431	312,827	993	(45,221)	621,030
2009						
Non-interest bearing	-	284,181	-	-	-	284,181
Finance lease liability (fixed rate)	3.7	1,028	2,030	273	(437)	2,894
Variable interest rate instruments	2.4	23,860	60,439	4,517	(6,577)	82,239
Fixed interest rate instruments	5.6	79,244	203,488	-	(29,759)	252,973
		388,313	265,957	4,790	(36,773)	622,287

The maximum amount the group could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$117,511,000 (2009 : US$92,300,000). The earliest period that the guarantee could be called is within 1 year (2009 : 1 year) from the end of the reporting period. As mentioned in Note 4 above, the group considers that it is more likely than not that no amount will be payable under the arrangement.

Company	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
2010						
Non-interest bearing	-	229,139	-	-	-	229,139
Finance lease liability (fixed rate)	3.5	210	480	24	(120)	594
Variable interest rate instruments	5.2	39,465	-	-	(505)	38,960
Fixed interest rate instruments	5.6	39,465	303,154	-	(41,797)	300,822
		308,279	303,634	24	(42,422)	569,515
2009						
Non-interest bearing	-	49,193	-	-	-	49,193
Finance lease liability (fixed rate)	3.5	111	352	83	(110)	436
Fixed interest rate instruments	4.7	76,873	200,144	-	(29,324)	247,693
		126,177	200,496	83	(29,434)	297,322

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

Group	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
2010						
Non-interest bearing	-	316,218	-	-	-	316,218
Fixed interest rate instruments	2.5	20,095	10,260	24,250	(1,385)	53,220
		336,313	10,260	24,250	(1,385)	369,438

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000	US$'000
2009						
Non-interest bearing	-	254,552	-	-	-	254,552
Fixed interest rate instruments	2.7	6,970	3,717	20,288	(4,533)	26,442
		261,522	3,717	20,288	(4,533)	280,994

Company

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
2010						
Non-interest bearing	-	453,700	-	-	-	453,700
Fixed interest rate instruments	3.5	4,280	10,260	4,400	(476)	18,464
		457,980	10,260	4,400	(476)	472,164
2009						
Non-interest bearing	-	300,068	-	-	-	300,068
Fixed interest rate instruments	3.5	304	3,717	-	(96)	3,925
		300,372	3,717	-	(96)	303,993

Derivative financial instruments

The group's derivative financial instruments comprise of cross currency interest rate swaps, which are net settled within 2 to 5 years (Note 19).

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, engineering work-in-progress in excess of progress billings and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of the other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The management considers that carrying values approximates the fair values of other classes of financial assets and liabilities.

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
	US$'000	US$'000	US$'000	US$'000
Group and Company				
Financial Liabilities				
Bonds	222,667	198,774	143,194	139,564

The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments measured at fair value

	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
Group				
2010				
Financial Assets				
Fair value through other comprehensive income:				
Derivative financial instruments	5,783	-	5,783	-
Financial Liabilities				
Fair value through other comprehensive income:				
Derivative financial instruments	38	-	38	-
Fair value through profit or loss:				
Convertible loan notes	113,813	113,813	-	-
Total	113,851	113,813	38	-
2009				
Financial Assets				
Fair value through other comprehensive income:				
Derivative financial instruments	1,705	-	1,705	-
Financial Liabilities				
Fair value through other comprehensive income:				
Derivative financial instruments	61	-	61	-
Fair value through profit or loss:				
Convertible loan notes	104,500	104,500	-	-
Total	104,561	104,500	61	-
Company				
2010				
Financial Assets				
Fair value through other comprehensive income:				
Derivative financial instruments	5,783	-	5,783	-
Financial Liabilities				
Fair value through profit or loss:				
Convertible loan notes	113,813	113,813	-	-

	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
Company				
2009				
Financial Assets				
Fair value through other comprehensive income:				
Derivative financial instruments	1,705	-	1,705	-
Financial Liabilities				
Fair value through profit or loss:				
Convertible loan notes	104,500	104,500	-	-

(c) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance and to ensure that all externally imposed capital requirements are complied with.

The capital structure of the group consists of equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings, bonds and convertible loan notes.

To achieve its capital risk management's objectives, the group may issue new shares, obtain new borrowings or enter into sale and leaseback transactions for its vessels to reduce borrowings.

During the year, the group has increased its borrowings via further utilisation of its Multicurrency Medium Term Notes program and therefore the group's debt-to-equity ratio has increased accordingly.

The group's overall strategy remains unchanged from 2009. In addition, the group also specifically monitors the financial ratios of its debt covenants stated in the agreements in respect of convertible notes issued by the company and borrowings with the financial institutions providing the facilities to the group. The group is in compliance with all externally imposed capital requirements for the financial year ended December 31, 2010 and 2009.

5 RELATED COMPANY TRANSACTIONS

Some of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between the company and its subsidiaries, which are related companies of the company, have been eliminated on consolidation and are not disclosed in this note.

6 OTHER RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the group entered into the following transactions with related parties:

	Group	
	2010	2009
	US$'000	US$'000
Revenue		
Associates		
Charter hire revenue	454	5,660
Offshore marine engineering services	1,700	-
Others	1,491	-
Total	3,645	5,660
Joint Ventures		
Charter hire revenue	18,203	-
Offshore marine engineering services	21,957	-
Offshore subsea services	8,546	-
Rental of equipment	1,306	-
Supply of labour	4,701	-
Others	770	450
Total	55,483	450
Purchase		
Associates		
Charter hire expenses	17,313	-
Offshore marine engineering services	1,680	-
Supply of labour	1,083	-
Total	20,076	-
Joint Ventures		
Charter hire expenses	5,360	-
Offshore marine engineering	528	2,042
Manpower supply	800	-
Others	477	85
Total	7,165	2,127

Compensation of directors and key management personnel

The remuneration of directors and key management during the year was as follows:

	Group	
	2010	2009
	US$'000	US$'000
Short-term benefits	10,259	6,895
Post-employment benefits	33	55
	10,292	6,950

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

7 CASH AND BANK BALANCES

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Cash at bank	121,794	76,424	20,085	13,663
Fixed deposits	2,047	76	-	-
Cash on hand	67	67	-	1
Cash and cash equivalents	123,908	76,567	20,085	13,664
Pledged cash placed with banks	13,939	6,591	-	-
Cash and bank balances	137,847	83,158	20,085	13,664

Cash and bank balances comprise cash held by the group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest at an average rate of 0.17% (2009 : 0.24%) per annum and for a tenure of approximately 15 days (2009 : 15 days). Cash amounting to US$13,939,000 (2009 : US$6,591,000) is pledged by the group as collateral for bankers' guarantee.

The group and company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Denominated in:				
United States dollars	1,215	4,595	-	-
Singapore dollars	23,677	6,482	18,373	765
Brunei dollars	2,167	709	-	-
Malaysian ringgit	-	659	-	-
India rupees	178	145	-	-

8 TRADE RECEIVABLES

	Group 2010 US$'000	Group 2009 US$'000
Trade receivables	110,319	104,983
Allowance for doubtful debts	(10,506)	(4,480)
	99,813	100,503
Amount due from associates	2	620
Amount due from joint ventures	9,456	40,679
	109,271	141,802

An allowance has been made for estimated irrecoverable amounts from third parties of US$10,506,000 (2009 : US$4,480,000). This allowance has been determined by reference to past default experience.

The average credit period on trade receivables is 30 days (2009 : 30 days). No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 1% (2009 : 1%) per month on the outstanding balance.

A single third party customer and a group of companies under the control of two third party individuals account for 20.2% and 25% of the group's total receivable respectively representing significant concentration of credit risk.

In determining the recoverability of a trade receivable the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

The group's trade receivables due from related parties are interest-free and repayable on demand.

The table below is an analysis of trade receivables as at the end of the reporting period:

	Group 2010 US$'000	Group 2009 US$'000
Not past due and not impaired	76,214	95,578
Past due but not impaired (i)	26,574	36,376
	102,788	131,954
Impaired receivables - collectively assessed (ii) (iii)	16,989	14,328
Less: Allowance for impairment	(10,506)	(4,480)
	6,483	9,848
Total trade receivables, net	109,271	141,802

	Group 2010 US$'000	Group 2009 US$'000
(i) Aging of receivables that are past due but not impaired		
< 1 month	5,375	1,228
1 month to 2 months	137	10,905
> 2 months	21,062	24,243
	26,574	36,376

(ii) These amounts are stated before any deduction for impairment losses

(iii) These receivables are not secured by any collateral or credit enhancements

Movement in the allowance for doubtful debts

	Group 2010 US$'000	Group 2009 US$'000
As at beginning of the year	4,480	4,249
Amount recovered during the year	(343)	-
Disposal of subsidiary	(3,768)	-
Charge for the year (Note 35)	10,090	297
Translation difference	47	(66)
As at end of the year	10,506	4,480

The group trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group 2010 US$'000	Group 2009 US$'000
Denominated in:		
United States dollars	2,023	16,839
Singapore dollars	41	4
India rupees	-	187

9 ENGINEERING WORK-IN-PROGRESS IN EXCESS OF PROGRESS BILLINGS

	Group	
	2010	2009
	US$'000	US$'000
Contract costs incurred plus recognised profits (less recognised losses to date)	235,452	264,532
Less: Progress billings	(91,737)	(61,781)
	143,715	202,751

10 INVENTORIES

	Group	
	2010	2009
	US$'000	US$'000
Consumables	20,224	4,415

11 OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Deposits	2,443	1,315	612	536
Prepayments	57,167	31,719	195	188
Amount due from outside parties	96,316	43,972	38,636	3,685
Amount due from associates (Note 17)	12,457	5,000	7,457	-
Amount due from joint ventures (Note 18)	11,104	6,016	10,641	10,763
	179,487	88,022	57,541	15,172
Less: Non-current portion	(75,666)	(45,733)	(17,594)	(3,685)
	103,821	42,289	39,947	11,487

Non-current portion of the group's other receivables includes:

(a) prepayment amount of US$36,876,000 (2009 : US$26,258,000) which is amortised over the lease term of the underlying vessels;

(b) advances to third parties of US$33,790,000 (2009 : US$14,475,000) which bears fixed interest rate at 3.5% (2009 : 3.5%) per annum and will be repayable within eight to ten years;

(c) an amount due from an associate US$5,000,000 (2009 : US$5,000,000) which bears fixed interest rate at 3.5% (2009 : 3.5%) per annum and will be repayable within eight to ten years.

Non-current portion of the company's other receivables includes an amount due from outside parties of US$17,594,000 (2009 : US$3,685,000) which bears fixed interest rate at 3.5% (2009 : 3.5%) per annum and will be repayable within eight to ten years.

In determining the recoverability of other receivables, the group considers any change in the credit quality of the other receivable from the date credit was initially granted up to the end of the reporting period. The majority of credit risk for other receivables relates to a few customers. Management has assessed the credit worthiness of those customers and accordingly, they believe that there is no provision required for doubtful debts.

The group and company's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Denominated in:				
United States dollars	4,476	254	-	-
Singapore dollars	7,340	3,860	2,239	2,513
Brunei dollars	990	147	-	-
Euro	5,969	-	-	-
Malaysia ringgit	35	-	-	-
India rupees	576	443	-	-

12 AMOUNT DUE FROM (TO) SUBSIDIARIES

The amount due from (to) subsidiaries represents advances made to subsidiaries and expenses paid on behalf by subsidiaries. The amounts are unsecured, interest-free and repayable on demand. The amount due from (to) subsidiaries are substantially denominated in the functional currencies of the company.

13 ASSETS HELD FOR SALE

	Group	
	2010	2009
	US$'000	US$'000
Properties	1,334	-
Vessels	-	132,673
	1,334	132,673

Prior to the year ended December 31, 2010, the management resolved to dispose certain properties of the group. These properties were accounted for under properties, plant and equipment. Subsequent to the year ended December 31, 2010, the options to purchase agreements have been signed by the buyers of the properties. The disposal of properties is expected to be completed within twelve months and have been classified as assets held for sale.

In 2009, the management resolved to dispose certain vessels under construction which were initially planned for its offshore marine support operations. This disposal was completed in 2010.

14 PROPERTY, PLANT AND EQUIPMENT

	Construction-in-progress	Vessels	Drydocking	Cranes and machineries	Leasehold property	Transportation equipment	Motor vehicles	Furniture and office equipment	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
Cost:									
At January 1, 2009	130,940	125,213	1,842	8,068	6,888	129	1,434	19,003	293,517
Additions	44,506	25,649	4,005	272	37	-	367	9,736	84,572
Disposals	-	(42,379)	(219)	(1,317)	-	-	-	(772)	(44,687)
Transfer	(103,334)	103,334	-	-	-	-	-	-	-
Exchange differences	-	(124)	-	-	112	22	5	106	121
Reclassified as held for sale	-	(78,151)	-	-	-	-	-	-	(78,151)
At December 31, 2009	72,112	133,542	5,628	7,023	7,037	151	1,806	28,073	255,372
Additions	83,627	17,518	17	1,168	2,652	-	455	24,626	130,063
Acquisition of subsidiary	-	-	-	-	-	-	-	122	122
Disposals	(9,041)	(22,796)	(4,422)	-	-	-	(7)	(795)	(37,061)
Disposal of subsidiary	-	(3,032)	-	-	-	(154)	(31)	(265)	(3,482)
Written off	-	-	-	-	-	-	-	(48)	(48)
Transfer	(1,385)	7,500	-	-	-	-	-	(6,115)	-
Exchange differences	-	240	-	57	538	3	5	631	1,474
Reclassified as held for sale	-	-	-	-	(1,381)	-	-	-	(1,381)
At December 31, 2010	145,313	132,972	1,223	8,248	8,846	-	2,228	46,229	345,059
Accumulated depreciation:									
At January 1, 2009	-	5,611	525	140	443	82	323	3,938	11,062
Depreciation	-	7,256	2,213	293	184	12	154	5,040	15,152
Disposal	-	(340)	(219)	(122)	-	-	-	(476)	(1,157)
Exchange differences	-	36	-	-	10	14	4	55	119
Reclassified as held for sale	-	(1,697)	-	-	-	-	-	-	(1,697)
At December 31, 2009	-	10,866	2,519	311	637	108	481	8,557	23,479
Depreciation	-	7,145	1,003	260	125	6	207	5,734	14,480
Disposal	-	(7,456)	(2,396)	-	-	-	(1)	(284)	(10,137)
Disposal of subsidiary	-	(205)	-	-	-	(116)	(10)	(189)	(520)
Written off	-	-	-	-	-	-	-	(33)	(33)
Exchange differences	-	64	-	55	476	2	3	344	944
Reclassified as held for sale	-	-	-	-	(47)	-	-	-	(47)
At December 31, 2010	-	10,414	1,126	626	1,191	-	680	14,129	28,166
Carrying amount:									
At December 31, 2010	145,313	122,558	97	7,622	7,655	-	1,548	32,100	316,893
At December 31, 2009	72,112	122,676	3,109	6,712	6,400	43	1,325	19,516	231,893

	Motor vehicles US$'000	Furniture and office equipment US$'000	Total US$'000
Company			
Cost:			
At January 1, 2009	428	2,090	2,518
Additions	-	347	347
Disposals	-	(9)	(9)
At December 31, 2009	428	2,428	2,856
Additions	183	258	441
Transfer to intercompany	-	(3)	(3)
At December 31, 2010	611	2,683	3,294
Accumulated depreciation:			
At January 1, 2009	113	595	708
Depreciation	43	745	788
Disposals	-	(4)	(4)
At December 31, 2009	156	1,336	1,492
Depreciation	55	762	817
At December 31, 2010	211	2,098	2,309
Carrying amount:			
At December 31, 2010	400	585	985
At December 31, 2009	272	1,092	1,364

The carrying amount of the group and company's property, plant and equipment includes an amount of US$6,957,000 (2009 : US$4,061,000) and US$614,000 (2009 : US$422,000) respectively in respect of assets held under finance leases (Note 26).

The group has pledged certain vessels, furniture and office equipment having a carrying amount of approximately US$136,673,000 (2009 : US$127,747,000) to secure banking bank loans granted to the group.

The group's property, plant and equipment includes capitalised borrowing costs of US$1,343,000 (2009 : US$1,343,000).

15 GOODWILL

	Group 2010 US$'000	Group 2009 US$'000
Cost	309	-

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination.

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 5% per annum. The growth rate does not exceed the long-term average growth rate in which the CGU operates. The rate used to discount the forecast cash flows is 10% per annum.

There is no impairment charge recognised for the financial years ended December 31, 2010 and December 31, 2009.

16 SUBSIDIARIES

	Company	
	2010	2009
	US$'000	US$'000
Quoted equity shares, at cost (Market value: US$109,797,000)	121,009	-
Unquoted equity shares, at cost	128,953	131,328
Unquoted equity shares, at cost	249,962	131,328

Details of the company's subsidiaries as at the end of the reporting period are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held 2010 %	2009 %	Principal activity
Swiber Offshore Construction Pte Ltd	Singapore	100	100	Offshore marine engineering
Swiber Offshore Marine Pte Ltd	Singapore	100	100	Vessel owning and chartering
Newcruz International Pte Ltd (previously known as Kreuz International Pte Ltd)	Singapore	100	100	Investment holding and provision of corporate service
Kreuz Holdings Limited (previously known as Kreuz Holdings Pte Ltd) [a]	Singapore	63.2	100	Investment holding

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2010	2009	
		%	%	
Equatoriale International Pte Ltd (previously known as Equatorial International Pte Ltd)	Singapore	100	90	Investment holding
Swiber Offshore (India) Private Limited [5]	India	100	100	Operator and charterer of vessels
Swiber Rahaman Sdn Bhd [4]	Brunei	51	51	Offshore marine engineering and vessel chartering
PT Swiber Offshore [3]	Indonesia	-[b]	99.5	Offshore marine engineering
PT Swiber Berjaya [3]	Indonesia	-[b]	80	Vessel owning and chartering
Swiber Marine (Malaysia) Sdn Bhd [d]	Malaysia	-	100	Vessel chartering
Swiber Corporate Services Pte Ltd [7]	Singapore	100	-	Provision of corporate services
Swiber International Pte Ltd [7]	Singapore	100	-	Investment holding
Swiber PJW 3000 Pte Ltd [7]	Singapore	100	-	Investment holding
Swiber PJW 4000 Pte Ltd [7]	Singapore	100	-	Investment holding
<u>Held by subsidiaries</u>				
Swiber Engineering Ltd [2]	Malaysia	100	100	Offshore marine engineering and vessel chartering
Swiber Marine Pte Ltd	Singapore	100	100	Investment holding
Swiber Maritime Limited [6]	Republic of Seychelles	100	100	Holding the Seychelles-flagged vessel on trust for Swiber Offshore Marine Pte Ltd

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2010	2009	
		%	%	
Kreuz Engineering Limited [8]	Malaysia	100	100	Offshore marine engineering and vessel chartering
Newcruz Shipbuilding & Engineering Pte Ltd (previously known as Kreuz Shipbuilding & Engineering Pte Ltd)	Singapore	100	100	Building of ships, tankers and other ocean-going vessels
Newcruz Offshore Marine Pte Ltd (previously known as Kreuz Offshore Marine Pte Ltd)	Singapore	100	100	Vessel owning and chartering
Kreuz Offshore Contractors Limited [6]	Malaysia	60	60	Project and engineering management services
Equatoriale Pte Ltd (previously known as Equatorial Driller Pte Ltd)	Singapore	100	90	Deep water drilling
Equatoriale Services Pte Ltd (previously known as Equatorial Drilling Services Pte Ltd)	Singapore	100	90	Provision of drilling services
Equatoriale Offshore Pte Ltd (previously known as Equatorial Offshore Drilling Pte Ltd) [6]	Singapore	100	90	Provision of drilling services
Kreuz Subsea Pte Ltd	Singapore	63.2	70	Subsea services
Kreuz Subsea Marine Pte Ltd	Singapore	63.2	100	Vessel owning and chartering
KSS Engineering Ltd (previously known as Kreuz Subsea Limited) [6]	Malaysia	63.2	70	Subsea services
Kreuz Subsea (B) Sdn Bhd [1]	Brunei	63.2	-	Subsea services
Swiber-Equatorial Oil Field Services (Uganda) Limited [7]	Uganda	90	-	Provision of services and materials for use in oilfield development

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2010	2009	
		%	%	
Equatoriale Resources (Mauritius) Limited [7]	Mauritius	100	-	Investment holding
Newcruz Offshore (Australia) Pty Ltd [7]	Australia	100	-	Offshore marine support services
Swiber Offshore Middle East FZE[7]	Dubai	100	-	Offshore marine support services
Swiber Marine (B) Sdn Bhd [4]	Brunei	100	-	Offshore marine engineering, vessel chartering and crew management services
PAPE Engineering Pte Ltd (previously known as Principia Asia Pacific Engineering Pte Ltd)	Singapore	80	-[c]	Offshore marine engineering
Newcruz Engineering Ltd [6]	Malaysia	100	-	Building of vessels, offshore marine engineering and vessels chartering
Bentley Marine Pte Ltd	Singapore	100	-	Vessel owning and chartering
PJW 4000 LLC [7]	Marshall Islands	100	-	Vessel owning and chartering

All the subsidiaries were audited by Deloitte & Touche LLP, Singapore unless otherwise indicated as follow:

(1) Audited by overseas practices of Deloitte Touche Tohmatsu
(2) Audited by Ernst & Young, Malaysia
(3) Audited by Ernst & Young, Indonesia
(4) Audited by Sylvester Leong & Co.
(5) Audited by Devesh K Shah & Co.
(6) Not required to be audited by law in its country of incorporation and not material to the group's results and financial position.
(7) Newly incorporated in 2010 and not material to the group's results and financial position.
(8) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.

Notes
[a] Listed on Singapore Exchange Securities Trading Limited - Catalist
[b] Transferred to associates during the year (Note 17)
[c] Accounted for as a joint venture in 2009 (Note 18)
[d] Disposed to third party during the year and not audited (Note 39)

17 ASSOCIATES

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Cost of investment in associates	58,590	18,476	7,173	-
Deferred gain on disposal of vessels, net of amortisation	(510)	-	-	-
Share of post acquisition profit	6,512	2,104	-	-
Share of post-acquisition reserves	(51)	-	-	-
Dividend received	(7,351)	(2,701)	-	-
	57,190	17,879	7,560	-

Details of the group's associates at the end of the reporting period are as follows:

Name of associate	Country of incorporation and operation	Proportion of ownership interest and voting power held 2010 %	2009 %	Principal activity
Vallianz Holdings Limited [4] [a] (Market value: US$8,030,000)	Singapore	28.9	-	Investment holding
PT Swiber Berjaya [2]	Indonesia	49	-[b]	Vessel owning and chartering
PT Swiber Offshore [2]	Indonesia	49	-[b]	Offshore marine engineering
Held by subsidiaries				
Victorious LLC [1]	Marshall Islands	49	49	Vessel owning and chartering
Offshore Engineering Resources Pte Ltd [3]	Singapore	25	25	HR and engineering consultancy services
PT Kreuz Berjaya [5]	Indonesia	49	49	Offshore marine engineering
PJW 3000 LLC [6]	Marshall Islands	33.3	-	Vessel owning, operating and chartering

[(1)] Audited by Ernst & Young
[(2)] Audited by Ernst & Young, Indonesia
[(3)] Audited by LTC LLP
[(4)] Acquired during 2010 and audited by Baker Tilly TFW LLP
[(5)] Not required to be audited by law in its country of incorporation and not material to the group's results and financial position.
[(6)] Newly incorporated in 2010 and not material to the group's results and financial position.

Notes
[(a)] Listed on Singapore Exchange Securities Trading Limited - Catalist
[(b)] Accounted for as subsidiaries in 2009 (Note 16)

Summarised financial information in respect of the group's associates is set out below:

	Group	
	2010	2009
	US$'000	US$'000
Total assets	271,219	41,497
Total liabilities	(131,584)	(5,005)
Net assets	139,635	36,492
Group's share of associates' net assets	57,700	17,879
Revenue	28,794	4,436
Profit for the year	10,676	4,262
Group's share of associates' profit for the year [(1)]	4,469	2,201

[(1)] Inclusive of amortisation of deferred gain of US$61,000 during the year.

18 JOINT VENTURES

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Cost of investment in joint ventures	31,459	26,164	-	20,272
Deferred gain on disposal of vessels net of amortisation	(179)	-	-	-
Share of post-acquisition profit	5,317	5,979	-	(642)
Share of post-acquisition reserve	840	337	-	337
Dividend received	(1,161)	-	-	-
Disposal during the year	(17,772)	-	-	-
	18,504	32,480	-	19,967

Details of the group's joint ventures as at the end of the reporting period are as follows:

Name of joint venture	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2010	2009	
		%	%	
Cuel Swiber Offshore (Thailand) Ltd [3]	Thailand	-	49	Offshore marine engineering and vessel chartering
Held by subsidiaries				
Swiwar Offshore Pte Limited	Singapore	50	50	Vessel owning chartering
Rawabi Swiber Offshore Marine Pte Ltd	Singapore	50	50	Vessel owning and chartering
Rawabi Swiber Offshore Services Co. Ltd [2] (previously known as Rawabi Swiber Offshore Construction Co. Ltd)	Saudi Arabia	50	50	Offshore marine engineering
Alam Swiber DLB 1 (L) Inc [1]	Malaysia	50	50	Operate and manage vessel
Alam Swiber Offshore (M) Sdn Bhd [1]	Malaysia	50	50	Engineering and technical support services
PAPE Engineering Pte Ltd (previously known as Principia Asia Pacific Engineering Pte Ltd)	Singapore	-[4]	49	Offshore marine engineering
SWP Engineering Pte Ltd [5]	Singapore	49	-	Provision of engineering services

All the joint ventures were audited by Deloitte & Touche LLP, Singapore for consolidation purposes unless otherwise indicated as follow:

(1) Audited by Ernst & Young, Malaysia
(2) Audited by Messer's Talal Abu Ghazaleh, Saudi Arabia
(3) Disposed to third party during the year and audited by PricewaterhouseCoopers ABAS Ltd.
(4) Transferred to subsidiaries during the year (Note 16).
(5) Newly incorporated in 2010 and not material to the group's results and financial position.

Summarised financial information in respect of the group's joint ventures is set out below:

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Total assets	195,783	152,453	-	81,636
Total liabilities	(158,775)	(87,470)	-	(41,702)
Net assets	37,008	64,983	-	39,934
Group's share of joint ventures' net assets	18,683	32,480	-	19,967
Profit for the year	(1,324)	5,263	-	1,311
Group's share of joint ventures' profit for the year[(1)(2)]	(657)	2,638	-	642

(1) Included in the group's share of joint ventures' profit for the year are share of joint ventures that have been disposed during the year.

(2) Inclusive of amortisation of deferred gain of US$5,000 during the year.

19 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments included in the statement of financial position as at the end of the reporting period is as follow:

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Assets				
Cross currency interest rate swaps contract	5,783	1,705	5,783	1,705
Liabilities				
Cross currency interest rate swaps contract	38	61	-	-

The table below sets out the notional principal amount of the outstanding notional principals of the cross currency swap contracts of the group and the company as at the end of the reporting period:

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Notional principal of cross currency swaps contract	218,000	190,000	218,000	190,000

The group utilises a cross currency interest rate swap contract to hedge significant future transactions and cash flows on its fixed bonds. The group has swapped the notes as follows:

S$110 million notes with 2 years fixed rate of 5.75% to US$85 million with fixed rate of 6.00% per annum and the S$80 million notes with 3 years fixed rate of 5.8% per annum to US$62 million with fixed rate of 6.13% per annum.

The fair value loss of swaps outstanding as at December 31, 2010 is estimated at US$5,783,000 (2009 : gain of US$1,644,000). These amount are based on quoted market prices for equivalent instruments at the end of the reporting period. All of these interest rate swaps are designated and effective as cash flow hedges.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the group's cash flow exposure resulting from variable interest rates on borrowings.

20 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the group, and the movements thereon, during the current and prior reporting periods:

	Others	Unutilised tax loss	Deferred tax assets	Accelerated tax depreciation	Deferred tax liabilities
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
At January 1, 2009	(25)	-	(25)	3,540	3,540
Charge to profit or loss for the year (Note 34)	(1)	-	(1)	23	23
At December 31, 2009	(26)	-	(26)	3,563	3,563
Charge to profit or loss for the year (Note 34)	(12)	(1,414)	(1,426)	(355)	(355)
Disposal of subsidiary	38	-	38	-	-
At December 31, 2010	-	(1,414)	(1,414)	3,208	3,208
Company					
Charge to profit or loss for the year	-	-	-	72	72
At December 31, 2010	-	-	-	72	72

21 BANK LOANS

	Group 2010 US$'000	Group 2009 US$'000
Bank loans	131,213	87,518
The borrowings are repayable as follows:		
On demand or within one year	83,018	24,011
In the second year	17,316	20,609
In the third year	13,783	18,049
In the fourth year	9,444	15,194
In the fifth year	6,827	5,445
After the fifth year	825	4,210
	131,213	87,518
Less: Amount due for settlement within 12 months (shown under current liabilities)	(83,018)	(24,011)
Amount due for settlement after 12 months	48,195	63,507

The group has 26 principal bank loans (2009 : 19) with various repayment terms with the earliest commencing in April 2006 and continuing to April 2011 and the latest commencing in October 2010 and continuing to November 2015.

The loans are subjected to interest rates ranging from 2.08% to 7.07% (2009 : 1.62% to 7.07%) per annum, and the interest rate is subjected to change according to prevailing market conditions and/or at bank's discretion and it therefore exposes the group to cash flow interest rate risk.

The management estimates the fair value of the group's borrowings, by discounting their future cash flows at the market rate, to be as follows:

	Group 2010 US$'000	Group 2009 US$'000
Bank loans	130,049	87,722

The bank loans 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.

At December 31, 2010, the group had available US$Nil (2009 : US$13,071,000) of undrawn borrowing facilities in respect of which all conditions precedent had been met.

The bank loans that are not denominated in the functional currencies of the respective entities are as follows:

	Group 2010 US$'000	Group 2009 US$'000
Singapore dollars	19,298	26,050

22 BONDS

	Group and Company 2010 US$'000	Group and Company 2009 US$'000
Current portion:		
Notes due in 1st year		
Fixed rate	38,209	35,738
Floating rate	38,209	35,409
Total current portion	76,418	71,147
Non-current portion:		
Notes due in 2nd year		
Fixed rate	84,337	36,023
Floating rate	-	36,024
	84,337	72,047
Notes due in 3rd year		
Fixed rate	61,912	-
Total non-current portion	146,249	72,047

At the end of the reporting period, the company has four series of notes maturing in March 2011, August 2012 and October 2013, amounting to S$290,000,000 (equivalent to US$215,180,000). These are denominated in Singapore dollars. The term of the bonds and interest rate are disclosed in Note 19.

Simultaneously, a cross currency interest rate swap contract was established in relation to the MTN Programme for the issued notes creating an effective cash flow hedge against the foreign currency and interest rate movement on the notes issued. The interest rate swap contracts exchanging floating rate interest to fixed rate interest are designated as a cash flow hedge.

23 CONVERTIBLE LOAN NOTES

	Group and Company	
	2010	2009
	US$'000	US$'000
Nominal value of convertible loan notes issued	100,000	100,000
Fair value through profit or loss	13,813	4,500
	113,813	104,500

The convertible loan notes were issued on October 16, 2009. The notes are convertible into ordinary shares of the company at any time after 40 days from the issue of the notes and their settlement date at the option of the holder. On issue, the loan notes were convertible at S$1.14 per share. The convertible bonds may be converted at the option of bondholders at any time from November 26, 2009 to October 6, 2014, at an initial 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 based on the average market price, defined as the volume weighted average price of shares for up to 20 consecutive trading days immediately preceding the relevant reset date. On October 16, 2010, the conversion price has been reset downwards to S$1.08. The loan is denominated in the functional currency of the company.

If the notes are not converted, they will be redeemed on October 15, 2012 at par. Interest of 5% will be paid annually until settlement date.

The fair value of the notes are based on quoted market price of the notes as at end of the respective reporting period.

24 TRADE PAYABLES

	Group	
	2010	2009
	US$'000	US$'000
Outside parties	66,966	81,722
Amount owning to an associate	-	620
Amount owing to joint ventures	1,680	605
	68,646	82,947

The average credit period on purchases of goods and services is 30 days (2009 : 30 days). No interest is charged on the outstanding balance. The group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Trade creditors principally comprise amounts outstanding for trade purchases and ongoing costs.

The group and company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2010	2009
	US$'000	US$'000
Denominated in:		
United States dollars	-	837
Singapore dollars	9,791	10,650
Brunei dollars	3,055	2,403
Malaysian ringgit	628	338
Euro	931	27
India rupees	704	638

25 OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Accruals	51,836	45,755	10,019	6,254
Deposits received from customers	2,752	78,332	-	-
Other payables	27,148	76,772	6,823	1,360
Amount due to a joint venture	401	375	-	-
	82,137	201,234	16,842	7,614

The group and company other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Denominated in:				
United States dollars	13,136	4,515	-	-
Singapore dollars	16,178	7,878	1,155	839
Brunei dollars	764	486	-	-
Malaysian ringgit	24	1,274	-	-
Euro	225	129	-	-
India rupees	39	827	-	-

26 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Group				
Amounts payable under finance leases:				
Within one year	2,118	1,028	1,899	899
In the second to fifth years inclusive	3,612	2,030	3,283	1,785
After fifth year	168	273	124	210
Total	5,898	3,331	5,306	2,894
Less: Future finance charges	(592)	(437)		
Present value of lease obligations	5,306	2,894		
Less: Amount due for settlement within 12 months (shown under current liabilities)			(1,899)	(899)
Amount due for settlement after 12 months			3,407	1,995
Company				
Amounts payable under finance leases:				
Within one year	210	111	181	94
In the second to fifth years inclusive	480	352	401	281
After fifth year	24	83	12	61
Total	714	546	594	436
Less: Future finance charges	(120)	(110)		
Present value of lease obligations	594	436		
Less: Amount due for settlement within 12 months (shown under current liabilities)			(181)	(94)
Amount due for settlement after 12 months			413	342

The average lease term is 10 years. For the year ended December 31, 2010, the average effective borrowing rate was 3.5% per annum (2009 : 3.7%). Interest rates are fixed at the contract date, and thus expose the company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The lease obligations are denominated in Singapore dollars. The fair value of the group's and company's lease obligations approximates their carrying amounts.

The group and company's obligations under finance leases are secured by the lessors' title to the lease assets.

27 RETIREMENT BENEFIT OBLIGATIONS

The employees of the company and its subsidiaries that are located in Singapore are members of a state management retirement benefit plan, the Central Provident Board Fund, operated by the Government of Singapore. The company and the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the group with respect to retirement benefit plan is to make the specified contributions.

28 SHARE CAPITAL

	Group and Company			
	2010	2009	2010	2009
	Number of ordinary shares		US$'000	US$'000
Issued and paid up:				
At the beginning of the year	508,350,000	424,350,000	158,006	108,205
Issued for cash, net of expenses	-	84,000,000	-	49,801
At the end of the year	508,350,000	508,350,000	158,006	158,006

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

29 TREASURY SHARES

	Group and Company			
	2010	2009	2010	2009
	Number of ordinary shares		US$'000	US$'000
At beginning and end of the year	2,995,000	2,995,000	2,507	2,507

The company acquired 2,995,000 of its own shares through purchases on the Singapore Exchange. The shares has been deducted from the shareholders' equity and held as "treasury shares".

30 HEDGING, TRANSLATION AND EQUITY RESERVE

Hedging Reserve

The hedging reserve represents hedging gains and losses recognised on the effective potion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation Reserve

Exchange differences relating to the translation from the functional currencies of the group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserves. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are also recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserves.

Equity Reserve

The equity reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control (see Note 16).

31 REVENUE

	Group	
	2010	2009
	US$'000	US$'000
Revenue from engineering contracts	372,089	253,002
Charter hire income	72,978	111,623
Diving services	18,068	14,621
Others	2,608	14,184
	465,743	393,430

32 OTHER OPERATING INCOME

	Group	
	2010	2009
	US$'000	US$'000
Net gain on disposal of joint venture and subsidiary	1,865	-
Gain on disposal of property, plant and equipment	5,177	143
Gain on disposal of assets held for sale	26,576	32,969
Interest income	1,856	549
Sale of scrap metal	329	241
Realised gain on interest rate swap	3,590	-
Insurance claim received	458	-
Others	879	1,316
	40,730	35,218

33 FINANCE COSTS

	Group 2010 US$'000	Group 2009 US$'000
Interest expense on:		
Bank loans	3,204	4,537
Bills payable	3,392	1,151
Finance leases	163	121
Bonds	13,943	9,113
	20,702	14,922
Less: Interest capitalised	-	(1,343)
	20,702	13,579

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 2.38% to expenditure on such assets.

34 INCOME TAX EXPENSE

	Group 2010 US$'000	Group 2009 US$'000
Current tax:		
- Current year	2,844	4,531
- Prior year	1,130	275
Withholding tax	4,565	-
Deferred tax	(1,781)	22
	6,758	4,828

Domestic income tax of the company is calculated at 17% (2009 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

A loss transfer system of group relief (group relief system) for companies was introduced in Singapore with effect from year of assessment ("YA") 2003. Under the group relief system, a Singapore incorporated company belonging to a group may transfer its current year unabsorbed capital allowances, trade losses and donations (loss items) to another Singapore incorporated company belonging to the same group, to be deducted against the assessable income of the latter company.

During the year ended December 31, 2009, Swiber Offshore Marine and Swiber Offshore Construction transferred unutilised tax losses of approximately US$14,136,000 to the companies under the group relief system at zero consideration, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group 2010 US$'000	Group 2009 US$'000
Tax at the domestic income tax rate of 17%	7,846	7,448
Underprovision of tax in prior year	1,130	275
Tax effect of share of results of associate and joint venture	648	(645)
Group relief	(25)	(3,838)
Deferred tax benefits not recognised	-	8,055
Utilisation of deferred tax previously not recognised	(9,334)	(5,335)
Income exempted from tax	(9,622)	(691)
Non-allowable items	17,710	118
Effect on deferred tax balances due to change in income tax rate	-	(30)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(6,108)	226
Withholding tax	4,565	-
Others	(52)	(755)
	6,758	4,828

The group has tax loss carryforward available for offsetting against future taxable income as follows:

	Group 2010 US$'000	Group 2009 US$'000
Amount at beginning of year	54,909	38,911
Amount during the year	-	(31,387)
Utilised in the year	(54,909)	47,385
Amount at end of year	-	54,909
Deferred tax benefit on above unrecorded	-	9,334

No deferred tax asset has been recognised due to unpredictability of future profit streams.

35 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group 2010 US$'000	Group 2009 US$'000
Depreciation of property, plant and equipment	14,480	15,152
Directors' fees	460	310
Directors' remuneration:		
Of the company	6,409	4,243
Of the subsidiaries	641	607
Employee benefits expense (including directors' remuneration)	32,124	16,236
Cost of defined contribution plans included in staff costs	1,178	597
Allowance for doubtful debts (Note 8) [(i)]	10,090	297
Bad and doubtful debts written off	48	326
Fair value loss on financial liabilities designated as at fair value through profit or loss [(i)]	9,351	4,500
Net foreign exchange losses (gains) [(i)]	17,091	34
Non audit fees:		
Auditors of the company	240	118

[(i)] These components have been included in other operating expenses.

36 EARNINGS PER SHARE

Earnings per share is calculated by dividing the group's net profit attributable to shareholders of the company for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group 2010	Group 2009
Net profit attributable to owners of the company (US$'000)	37,269	34,677
Weighted average number of ordinary shares in issue ('000)	505,355	468,993
Basic earnings per share (in US cents)	7.37	7.39

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

37 COMMITMENTS

	Group	
	2010	2009
	US$'000	US$'000
Commitments to contracts for the acquisition of property, plant and equipment	166,085	127,845

38 OPERATING LEASE ARRANGEMENTS

The group as lessor

	Group	
	2010	2009
	US$'000	US$'000
Minimum lease payments under operating leases recognised as an revenue in the year	13,218	1,800

At the end of the reporting period, the group has contracted with the customers for the following future minimum lease payments:

	Group	
	2010	2009
	US$'000	US$'000
Within one year	7,256	19,220
In the second to fifth years inclusive	5,840	53,024
	13,096	72,244

Operating lease payments represent charter income receivable from its customers.

The group as lessee

	Group	
	2010	2009
	US$'000	US$'000
Minimum lease payments under operating leases recognised as an expense in the year	61,820	52,334

At the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2010	2009
	US$'000	US$'000
Within one year	99,392	57,887
In the second to fifth years inclusive	385,773	164,165
After five years	335,909	104,451
	821,074	326,503

Operating lease payments represent rentals payable by the group for vessels which were acquired under sale and leaseback transactions, long term charter and certain of its office properties. Vessel leases are negotiated for an average term of eight and ten years and rentals are fixed for an average of eight and ten years. Office properties leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

39 DIVESTMENT OF SUBSIDIARIES

a) In 2010, the group disposed 50.5% equity interest in its subsidiary, PT Swiber Offshore ("PTSO"), to third party for cash consideration of approximately US$25,000. Subsequent to the disposal, PTSO is no longer a subsidiary but remains as an associate of the group.

b) In 2010, the group's interest in PT Swiber Berjaya ("PTSB") was diluted from 80% to 49% due to the allotment of 4,500 new ordinary shares in PTSB for approximately US$248,000 to another existing shareholder of PTSB. Subsequent to the dilution, PTSB ceased to be a subsidiary and became an associate of the group.

c) In 2010, the group disposed its entire equity interest in Swiber Marine (Malaysia) Sdn Bhd ("SMM") to a third party for RM1.

Details of the disposals were as follows:

Book values of net assets over which control was lost

	2010			
	PTSO	PTSB	SMM	Total
	US$'000	US$'000	US$'000	US$'000
Current assets				
Cash and bank balances	512	2,459	732	3,703
Trade receivables	9	6,403	547	6,959
Engineering work-in-progress in excess of progress billings	4	15,630	29,404	45,038
Other receivables	-	3,312	186	3,498
Total current assets	525	27,804	30,869	59,198
Non-current assets				
Property, plant and equipment	7	2,902	53	2,962
Deferred tax assets	-	38	-	38
Total non-current assets	7	2,940	53	3,000
Current liabilities				
Bank loans	-	1,477	-	1,477
Trade payables	10	24,465	739	25,214
Other payables	886	989	30,806	32,681
Income tax payable	-	-	225	225
Total current liabilities	896	26,931	31,770	59,597
Net (liabilities) assets derecognised	(364)	3,813	(848)	2,601

	2010			
	PTSO	PTSB	SMM	Total
	US$'000	US$'000	US$'000	US$'000
Gain on disposal:				
Cash consideration received	25	-	-	25
Net liabilities (assets) derecognised	364	(3,813)	848	(2,601)
Non-controlling interest derecognised	(2)	763	-	761
Fair value of retained interest as associates	(183)	2,002	-	1,819
Cumulative exchange differences reclassified on disposal of subsidiaries	4	-	(51)	(47)
Gain (loss) on disposal	208	(1,048)	797	(43)

In 2009, there was no disposal of subsidiary.

The loss on disposal of the subsidiaries is charged to current year profit or loss in the income statement.

	2010
	US$'000
Net cash outflow arising on disposal:	
Cash consideration received	25
Cash and cash equivalents disposed of	(3,703)
	(3,678)

40 ACQUISITION OF SUBSIDIARY

On November 3, 2010, the group acquired additional 31% of the issued share capital of PAPE Engineering Pte Ltd (PAPE) for cash consideration of US$400,000. The group owned 49% interest in PAPE previously and accounted for it as joint venture of the group. This transaction has been accounted for by the acquisition method of accounting.

i) Consideration transferred (at acquisition date fair values)

	US$'000
Cash	400

The acquisition-related costs is not material and have been recognised as an expenses in the period, within the other operating expenses" line item in the income statement.

ii) Assets acquired and liabilities assumed at the date of acquisition

	US$'000
Current assets	
Cash and bank balances	755
Trade receivables	3,311
Other receivables	819
Total current assets	4,885
Non-current assets	
Property, plant and equipment	122
Non-current assets	122
Current liabilities	
Trade payables	140
Other payables	4,223
Income tax payable	352
Total current liabilities	4,715
Fair value of identified net assets acquired	292

iii) Non-controlling interest

The non-controlling interest (20%) in PAPE recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

iv) Goodwill arising on acquisition

	US$'000
Consideration transferred	400
Add: Non-controlling interest	58
Add: Interest in subsidiary previously accounted for as an associate	143
Less: Fair value of identified net assets acquired	(292)
Goodwill arising on acquisition	309

Goodwill arose in the acquisition of PAPE because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of PAPE. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

v) Net cash inflow on acquisition

	US$'000
Consideration paid in cash	400
Less: Cash and cash equivalent acquired	(755)
	(355)

vi) Impact of acquisitions on the results of the group

Included in the profit for the year is US$708,000 attributable to the additional business generated by PAPE. Revenue for the period from PAPE amounted US$1,076,000.

Had the business combination during the year been effected at January 1, 2010, the revenue of the group would have been increased by US$6,306,000, and the profit for the year from continuing operations would have been increased by US$2,234,000.

41 SEGMENT INFORMATION

Reportable segments

The group's reportable segments are as follows:

Swiber Offshore Construction Services ("SOCS")	- Provision of a full suite of offshore construction services
Newcruz Offshore Marine Services ("NOMS")	- Provision of offshore marine support services that are complementary to offshore EPIC services
Kreuz Offshore Subsea Services ("KOSS")	- Provision of commercial saturation and air diving services

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, investment revenue and finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Inter-segment transfers: Segment revenue and expenses include transfers between operating segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the group consolidated income statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

Segmental information of the group for the years ended December 31, 2010 and 2009 are as follows:

	SOCS	NOMS	KOSS	Others	Eliminations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FY 2010						
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	374,526	273,651	54,552	40,902	(277,888)	465,743
Results						
Segment result	15,513	20,106	11,513	3,774	-	50,906
Unallocated expense						12,138
Finance costs						(20,702)
Share of profits of associates and joint ventures						3,812
Profit before tax						46,154
Income tax expense						(6,758)
Profit for the year						39,396
Other information						
Capital additions	69,631	38,262	11,779	3,788		123,460
Unallocated capital						6,603
Additions						130,063
Depreciation	2,724	6,925	2,321	1,362		13,332
Unallocated depreciation						1,148
						14,480
Assets						
Segment assets	428,939	242,292	94,679	51,955		817,865
Unallocated assets						174,106
Consolidated total assets						991,971
Liabilities						
Segment liabilities	125,181	85,213	13,707	15,244		239,345
Unallocated liabilities						396,354
Consolidated total liabilities						635,699

FY 2009	SOCS US$'000	NOMS US$'000	KOSS US$'000	Others US$'000	Eliminations US$'000	Total US$'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
Results						
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
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

The group's three operating segments operate mainly in five geographical areas of Singapore, Malaysia, Brunei, India and Myanmar.

Segmental information of the group for the years ended December 31, 2010 and 2009 are as follows:

Geographical information

FY 2010	Revenue (1) US$'000	Assets (2) US$'000	Capital expenditure (2) US$'000
Singapore	13,889	688,867	50,207
Malaysia	12,158	262,132	77,848
Brunei	118,887	38,234	425
India	143,725	1,210	288
Myanmar	81,250	-	-
Others	95,834	1,528	1,295
	465,743	991,971	130,063

Geographical information

	Revenue [(1)]	Assets [(2)]	Capital expenditure [(2)]
	US$'000	US$'000	US$'000
FY 2009			
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) Analysis of the group's sales is by geographical location of customer, 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.

Information about major customers

For the financial year ended December 31, 2010, revenue from the group's largest customers per segment is as follows:

	Group	
	2010	2009
	US$'000	US$'000
SOCS segment		
Customer 1	98,618	122,181
Customer 2	21,007	110,943
Customer 3	115,826	-

42 GUARANTEES

As at December 31, 2010, the group has provided financial guarantee contracts of approximately US$117,511,000 (2009 : US$92,300,000). Based on expectations at the end of the reporting period, the group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The management is of a view that the fair value of the financial guarantee provided by the group is not significant.

43 EVENTS AFTER THE REPORTING PERIOD

(a) On January 25, 2011, the company issued S$120,000,000 (approximately US$93,400,000) Multicurrency Medium Term Note ("MTN") at fixed rate of 5.9% per annum due 2014 under its S$500 million MTN Programme.

(b) On January 26, 2011 a total of 15,000,000 options ("Options") were granted to the directors of the company at an exercise price of S$0.97 per share under the Swiber Employee Share Option Scheme. The Options granted are exercisable after the first anniversary of the date of grant of the Options.

Directors	Options granted
Goh Kim Teck	5,000,000
Francis Wong Chin Sing	3,000,000
Jean Pers	2,000,000
Yeo Chee Neng	2,000,000
Nitish Gupta	2,000,000
Yeo Jeu Nam	400,000
Oon Thian Seng	300,000
Chia Fook Eng	300,000

(c) On January 26, 2011, a total of 3,095,000 shares awards were granted under the Swiber Performance Share Plans to certain employees of the group. One third of the share awards granted shall be vested in each year on the anniversary of the date of the share awards.

(d) On February 15, 2011, a wholly-owned subsidiary of the company has acquired 49.31% equity interest of Atlantis Navigation AS from the existing shareholders at a total cash consideration of NOK75,600,000 (approximately US$13,100,000). The consideration was arrived at after arm's length negotiations, on a "willing buyer seller" basis, after taking into account the net asset value of Atlantis.

(e) On February 28, 2011, a wholly-owned subsidiary of the company has entered into an agreement to acquire an office building from the vendor at S$37,000,000 (approximately US$28,800,000). The property has 30 years leasehold from December 1, 1995 to November 30, 2025, with another 30 years option from December 1, 2025 to November 30, 2055 and has a total floor area of approximately 116,695 square feet. The asset will be recognised as properties, plant and equipment.

AUDITED FINANCIAL STATEMENTS OF SWIBER HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The information in this Appendix III has been extracted and reproduced from the audited financial statements of Swiber Holdings Limited and its subsidiaries for the financial year ended 31 December 2011 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page number herein are to those as reproduced from the annual report for the financial year ended 31 December 2011.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SWIBER HOLDINGS LIMITED

Year ended 31 December 2011

Report on the Financial Statements

We have audited the accompanying financial statements of Swiber Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 62 to 126, which comprise the statements of financial position of the Group and of the Company as at 31 December 2011, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SWIBER HOLDINGS LIMITED

Year ended 31 December 2011

Other Matters

The financial statements for the preceding financial year were reported on by auditors other than PricewaterhouseCoopers LLP. The auditors' report dated 8 April 2011 issued by the predecessor auditors on the financial statements for the financial year ended 31 December 2010 was unqualified.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 26 March 2012

STATEMENTS OF FINANCIAL POSITION

Year ended 31 December 2011

		Group		Company	
	Note	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	4	116,458	137,847	8,476	20,085
Trade receivables	5	276,660	251,425	–	–
Construction contract work-in-progress		4,768	1,561	–	–
Inventories	7	91,696	20,224	–	–
Other assets and receivables	8	118,832	103,821	764,116	434,680
Assets held for sale	9	–	1,334	–	–
Total current assets		608,414	516,212	772,592	454,765
Non-current assets					
Property, plant and equipment	10	552,736	316,893	583	985
Goodwill	11	309	309	–	–
Subsidiaries	12	–	–	249,628	249,962
Associates	13	110,447	57,190	33,428	7,173
Joint ventures	14	20,238	18,504	–	–
Other assets and receivables	8	82,808	75,666	16,305	17,594
Derivative financial instruments	15	–	5,783	–	5,783
Deferred income tax assets	16	–	1,414	–	–
Total non-current assets		766,538	475,759	299,944	281,497
Total assets		1,374,952	991,971	1,072,536	736,262

STATEMENTS OF FINANCIAL POSITION

Year ended 31 December 2011

	Note	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	17	154,782	71,398	–	–
Other payables	18	98,106	79,385	462,180	232,441
Bank loans	19	105,757	83,018	–	–
Bonds	20	128,445	76,418	128,445	76,418
Convertible loan notes	21	102,570	–	102,570	–
Finance leases	22	4,384	1,899	184	181
Income tax payable		8,608	8,671	143	5,945
Total current liabilities		602,652	320,789	693,522	314,985
Non-current liabilities					
Bank loans	19	76,625	48,195	–	–
Bonds	20	151,330	146,249	151,330	146,249
Convertible loan notes	21	–	113,813	–	113,813
Finance leases	22	7,840	3,407	225	413
Derivative financial instruments	15	3,908	38	3,855	–
Deferred income tax liabilities	16	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	23	158,006	158,006	158,006	158,006
Treasury shares	24	(2,507)	(2,507)	(2,507)	(2,507)
Hedging reserve	25	(1,991)	(1,704)	(1,991)	(1,704)
Translation reserve	25	538	508	–	–
Equity reserve	25	(8,206)	(8,206)	–	–
Employees' share option reserve	25	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		1,374,952	991,971	1,072,536	736,262

See accompanying notes to financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011

	Note	Group 2011 US$'000	Group 2010 US$'000
Revenue	26	654,487	465,743
Cost of sales		(541,541)	(360,128)
Gross profit		112,946	105,615
Other operating income	27	35,713	40,730
Administrative expenses		(58,523)	(44,279)
Other operating expenses		(787)	(39,022)
Finance costs	28	(22,433)	(20,702)
Share of profits of associates and joint ventures	13,14	2,489	3,812
Profit before tax		69,405	46,154
Income tax expense	29	(27,227)	(6,758)
Profit for the year		42,178	39,396
Attributable to:			
Owners of the Company		32,067	37,269
Non-controlling interests		10,111	2,127
		42,178	39,396
Earnings per share (in US cents):			
Basic	32	6.34	7.37
Diluted	32	3.72	7.37

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Group	
	2011 **US$'000**	**2010** **US$'000**
Profit for the year	42,178	39,396
Other comprehensive income:		
Cash flow hedges		
- Fair value losses	(2,467)	(2,334)
- Reclassification	2,180	(1,014)
Currency translation differences on translation of foreign operations	30	1,627
Other comprehensive income for the year, net of tax	41,921	37,675
Total comprehensive income attributable to:		
Owners of the Company	31,810	35,631
Non-controlling interests	10,111	2,044
Total	41,921	37,675

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2011

	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
Change of interest in subsidiary	–	–	–	–	–	–	–	–	(38)	(38)
Dvidends 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

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2011

	Share capital	Treasury shares	Hedging reserve	Translation reserve	Equity 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
Group									
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
Dilution in equity interest of subsidiary	–	–	–	–	(8,044)	–	(8,044)	23,350	15,306
Acquisition of subsidiary	–	–	–	–	–	–	–	58	58
Change of interest in subsidiary	–	–	–	–	(162)	–	(162)	162	–
Disposal of subsidiary	–	–	–	(1,695)	–	2,353	658	(761)	(103)
Balance at 31 December 2010	158,006	(2,507)	(1,704)	508	(8,206)	179,569	325,666	30,606	356,272

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Group	
	2011 US$'000	2010 US$'000
Operating activities		
Profit after income tax		
Adjustments for:	42,178	39,396
Allowance for impairment of receivables	–	10,090
Income tax expenses	27,227	6,758
Bad debts written off	31	48
Reversal of doubtful debt expenses	(115)	(343)
Depreciation of property, plant and equipment	20,801	14,480
Employees' share options/awards expense	4,009	–
Property, plant and equipment written off	31	15
Interest income	(2,197)	(1,856)
Finance costs	22,433	20,702
Fair value loss of derivative financial instrument not designated as hedge instruments	15	38
Fair value (gain)/loss on financial liabilities		
designated as fair value through profit or loss	(11,243)	9,313
Unrealised currency translation losses	5,042	11,676
Gain on disposal of property, plant and equipment	(1,007)	(5,177)
Gain on disposal of assets held for sale	(830)	(26,576)
Gain on disposal of joint venture	–	(1,908)
(Gain)/loss on disposal of subsidiaries	(788)	43
Share of profit of associates and joint ventures	(2,489)	(3,812)
Change in working capital, net of effects from acquisition and disposal of subsidiaries:	103,098	72,887
Trade receivables	(25,151)	34,647
Construction work-in-progress	(3,207)	(1,561)
Inventories	(71,472)	(15,809)
Other assets and receivables	(69,672)	(59,929)
Trade payables	83,384	8,021
Other payables	31,943	(129,598)
Cash generated by/(used in) operations	48,923	(91,342)
Income taxes paid	(20,070)	(7,552)
Interest expense paid	(12,809)	(16,580)
Net cash generated by/(used in) operating activities	16,044	(115,474)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Note	Group 2011 US$'000	Group 2010 US$'000
Investing activities			
Interest income received		2,197	1,856
Dividend received from associates	13	8,646	4,650
Dividend received from joint ventures	14	–	1,161
Proceeds from disposal of property, plant and equipment		20,282	32,101
Proceeds from disposal of assets held for sale		2,164	316,942
Proceeds from disposal of subsidiaries		115	(3,678)
Purchases of property, plant and equipment	(Note A)	(171,932)	(126,733)
Purchases of assets held for sale		–	(157,693)
Acquisition of subsidiary		–	355
Investment in subsidiaries		(38)	–
Investment in associate		(18,786)	(135)
Investment in a joint venture		–	(5,109)
Advances to third party		–	(15,015)
Net cash (used in)/generated by investing activities		(157,352)	48,702
Financing activities			
Pledged deposits		869	(7,348)
Proceeds on issue of bonds		135,773	141,631
Repayment of obligations under finance leases		(7,649)	(918)
Redemption of bonds		(78,680)	(79,737)
New bank loans raised		240,046	264,775
Repayments of bank loans		(169,459)	(219,603)
Contribution from non-controlling interest of subsidiary		–	15,345
Net cash generated by financing activities		120,900	114,145
Net (decrease)/increase in cash and cash equivalents		(20,408)	47,373
Cash and cash equivalents at the beginning of the year		123,908	76,567
Effects of exchange rate changes on the cash balance held in foreign currencies		(112)	(32)
Cash and cash equivalents at the end of the year	4	103,388	123,908
Cash and cash equivalents consists of:			
Cash at bank	4	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		(13,070)	(13,939)
Total		103,388	123,908

Notes to the consolidated statement of cash flows

(A) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$297,553,000 (2010: US$130,063,000) of which US$1,871,000 (2010 : US$3,330,000) and US$123,750,000 (2010: Nil) were acquired under finance lease and redeemable preference share arrangements respectively.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

1 GENERAL

Swiber Holdings Limited is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 12 International Business Park, #04-01 Swiber@IBP, Singapore 609920.

The principal activities of the Company are that of investment holding and provision of corporate services. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 12, 13 and 14 respectively.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2011

On 1 January 2011, the Group adopted the new or amended FRSs and Interpretations of FRSs ("INT FRSs") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior years.

2.2 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Charter hire income

Charter hire income from vessels, derived from the offshore marine support business, is recognised on a straight-line basis over the term of the charter agreement.

Rendering of service

Engineering, shipbuilding and repair work income from short-term contracts is recognised as and when service is rendered.

Revenue from engineering and shipbuilding long-term contracts are recognised in accordance with the group's accounting policy on construction contracts (Note 2.9).

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

2.2 REVENUE RECOGNITION (Cont'd)

Construction contract

Please refer to the paragraph "Construction contracts" for the accounting policy for revenue from construction contracts.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.3 GROUP ACCOUNTING

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and fair value on the acquisition-date of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill.

Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

2.3 GROUP ACCOUNTING (Cont'd)

(a) Subsidiaries (Cont'd)

(iii) Disposals

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

When the Group sells assets to associated companies, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

2.3 GROUP ACCOUNTING (Cont'd)

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

(d) Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share control over the economic activity of the entities with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements using equity method.

In applying the equity method of accounting, the Group's share of its joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in a joint venture company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

2.4 FINANCIAL ASSETS

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to maturity, re-evaluates this designation at each balance sheet date.

(i) Financial assets at fair value through profit or loss

Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

2.4 FINANCIAL ASSETS (Cont'd)

(a) Classification (Cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade receivables" (Note 5) and "cash and cash equivalents" (Note 4) on the balance sheet.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

2.4 FINANCIAL ASSETS (Cont'd)

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.4(e) (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.5 TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.6 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge (b) cash flow hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise. The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

2.6 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Cont'd)

Cash flow hedge

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates. The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

2.7 FAIR VALUE ESTIMATION OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments. The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.8 FINANCIAL GUARANTEES

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet. Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.9 CONSTRUCTION CONTRACTS

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

2.9 CONSTRUCTION CONTRACTS (Cont'd)

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Depending on the nature of the contract, the stage of completion is measured by reference to the physical proportion of contract work completed, or to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within “trade receivables”. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within “trade payables”. Progress billings not yet paid by customers and retentions by customers are included within “trade receivables”. Advances received are included within “trade payables”.

2.10 LEASES

(a) When the Group is the lessee

The Group leases motor vehicles and certain plant and machinery under finance leases, vessel, and land, dormitories and certain plant and machinery under operating leases from non-related parties.

(i) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the Group is the lessor:

The Group leases equipment under finance leases and building and certain vessels under operating leases to non-related parties.

(i) Lessor - Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in “trade and other receivables”. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

2.10 LEASES (Cont'd)

(b) When the Group is the lessor: (Cont'd)

(i) Lessor - Finance leases (Cont'd)

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

(ii) Lessor - Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.11 DIVIDENDS

Dividends are recognised when the dividends are approved for payment.

2.12 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets classified as assets held for sale are carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2.13 INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost for consumables and spare parts are determined using the weighted average method and pipe lines using the first in first out method. Cost of work-in-progress comprises direct materials and, where applicable, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.14 PROPERTY, PLANT AND EQUIPMENT

(a) Measurement

(i) Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.16 on borrowing costs).

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

2.14 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(b) Depreciation

Depreciation is charged so as to write off the cost, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold property	–	Over the term of the lease
Vessels	–	18 years, net of residual value
Transportation equipment	–	3 to 8 years
Furniture and equipment	–	3 to 20 years
Motor vehicles	–	10 years
Drydocking	–	3 years
Cranes and machineries	–	20 years

The estimated useful lives, residual value and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Depreciation on property, plant and equipment under construction-in-progress, which includes costs for vessels under construction, commences when these assets are ready for its intended use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “gain or loss on disposal of property, plant and equipment – net”.

2.15 INTANGIBLE ASSETS

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group’s share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associated companies and joint ventures are included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

2.16 BORROWING COSTS

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the assets under construction. This includes those costs on borrowings acquired specifically for assets under construction, as well as those in relation to general borrowings used to finance the and assets under construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.17 IMPAIRMENT OF NON-FINANCIAL ASSETS

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment
Investments in subsidiaries, associated companies and joint ventures

Property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

2.18 PROVISIONS

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.19 BORROWINGS

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) Borrowings
Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Convertible foreign currency loan notes
Convertible foreign currency loan notes are designated as a financial liability at fair value through profit or loss. When the conversion option of the convertible foreign currency loan notes is exercised, the carrying amounts of convertible foreign currency loan notes are derecognised with a corresponding recognition of share capital.

2.20 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.21 EMPLOYEE COMPENSATION

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans
Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Share-based compensation
The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period. When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

2.22 INCOME TAXES

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Income tax expense represents the sum of the tax currently payable and deferred tax.

A deferred tax liability is recognised on temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax assets is recognised to the extent that it is probable that future taxable profits against will be available against which the temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.23 CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in United States dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within “finance cost”. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within “other losses – net”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

2.23 CURRENCY TRANSLATION (Cont'd)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.25 SHARE CAPITAL AND TREASURY SHARES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.26 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the revenue on uncompleted contracts at the balance sheet date increases/ decreases by 10% from management's estimates, the Group's revenue will increase/decrease by US$52,098,000 and US$67,582,000 respectively.

If the contract costs of uncompleted contracts to be incurred increase/decrease by 10% from management's estimates, the Group's profit will decrease/increase by US$42,000,000 and US$52,000,000 respectively.

Impairment of investment in associates and joint ventures

The Group assesses whether at each reporting date there is objective evidence that investment in associates and joint ventures are impaired. In considering whether the associates and joint ventures are impaired, the Group has made its assessment based on estimates. It involves the consideration of the performance of the associates and joint ventures and the market conditions in which the associates and joint ventures operate in. This affects the Group's share of net assets of the associates and joint ventures. Management has evaluated the recoverability of the investments based on such estimates and is confident that no allowance for impairment is necessary.

If the performance of the associates and joint ventures and/or market conditions were to deteriorate which will affect the Group's share of net assets of the associates and joint ventures, impairment may be required. The carrying amounts of the investment in associates and joint ventures at the end of the reporting period are disclosed in Notes 13 and 14 respectively.

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due loans and receivables, the Group's allowance for impairment will decrease/increase by US$8,732,000.

Share-based compensation

The Group's equity-settled, share-based compensation plan is significant and the amount of the employee services received in exchange for the grant of options recognised as an expense forms a significant component of total expenses charged to profit or loss. At each balance sheet date, the Group reviews and revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Cont'd)

Share-based compensation (Cont'd)

If the actual number of shares under options that are expected to become exercisable on the vesting date differs by 10% from management's estimates, total profit will be approximately US$400,000 higher or lower.

Uncertain Tax Position

The Group is subject to income taxes in numerous jurisdictions. In determining the Group's income tax liabilities, management is required to assess whether the Group's operations create permanent establishments, and the resulting appropriate tax rates to be applied, in certain jurisdictions. In addition, management is required to estimate the amount of capital allowance and the deductibility of certain expenses at each tax jurisdictions. Management believes that the Group's tax positions as at balance sheet date is sustainable.

4 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 US$'000	**2010 US$'000**	**2011 US$'000**	**2010 US$'000**
Cash at bank	103,249	121,794	8,476	20,085
Fixed deposits	13,161	15,986	–	–
Cash on hand	48	67	–	–
Cash and bank balances	116,458	137,847	8,476	20,085
Pledged cash placed with banks	(13,070)	(13,939)	–	–
Cash and cash equivalents	103,388	123,908	8,476	20,085

Cash amounting to US$13,070,000 (2010: US$13,939,000) is pledged by the group as collateral for bankers' guarantee.

5 TRADE RECEIVABLES

	Group	
	2011 US$'000	**2010 US$'000**
Trade receivables	141,885	110,319
Allowance for impairment of receivables (Note 35 (b)(ii))	(9,779)	(10,506)
	132,106	99,813
Construction contracts: Due from customers (Note 6)	118,958	142,154
- Amount due from associates	18,908	2
- Amount due from joint ventures	6,688	9,456
	276,660	251,425

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

6 CONSTRUCTION CONTRACTS

	Group 2011 US$'000	Group 2010 US$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	555,576	234,259
Less: Progress billings	(436,618)	(92,105)
	118,958	142,154
Presented as:		
Due from customers on construction contracts (Note 5)	118,958	142,154
Advances received on construction contracts (Note 17)	9,050	–

7 INVENTORIES

	Group 2011 US$'000	Group 2010 US$'000
Pipelines	26,026	10,933
Consumables and spares	8,437	9,291
Work-in-progress	57,233	–
	91,696	20,224

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$60,740,000 (2010: US$10,663,000).

8 OTHER ASSETS AND RECEIVABLES

		Group		Company	
		2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Deposits		1,516	2,443	13	612
Prepayments		10,516	17,979	85	195
Capitalised vessel costs		49,762	39,188	–	–
Lease receivables	Note 1	2,562	3,256	–	–
Amount due from third parties		60,354	93,060	22,247	49,277
Amount due from associates		19,330	12,457	14,150	7,457
Amount due from joint ventures		57,600	11,104	–	–
Amount due from subsidiaries		–	–	743,926	394,733
		201,640	179,487	780,421	452,274
Less: Non-current portion	Note 2	(82,808)	(75,666)	(16,305)	(17,594)
		118,832	103,821	764,116	434,680

Non-trade balances due from associates, joint ventures and subsidiaries as at balance sheet date are unsecured, interest free and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

8 OTHER ASSETS AND RECEIVABLES (Cont'd)

Note 1

Lease receivables

The Group leases equipment to non-related parties under finance leases and is expected to terminate in 2012.

	Group	
	2011 US$'000	**2010 US$'000**
Gross receivable	3,068	3,613
Less: Unearned finance income	(506)	(357)
Net investment in finance leases	2,562	3,256

Note 2

Non-current portion of the Group's other assets and receivables mainly relates to:

(a) Capitalised vessel costs amount of US$41,974,000 (2010 : US$36,876,000) which is amortised over the lease term of the underlying vessels;

(b) Advances to third parties of US$19,475,000 (2010 : US$16,196,000) which bears fixed interest rate at 3.5% (2010 : 3.5%) per annum and will be repayable within eight to ten years;

(c) An amount due from an associate US$5,000,000 (2010 : US$5,000,000) which bears fixed interest rate at 3.5% (2010 : 3.5%) per annum and will be repayable within eight to ten years, and

(d) An amount due from third parties of US$16,305,000 (2010 : US$17,594,000) which interest rate repriced in every 3 months interval and will be repayable within eight to ten years. This amount also makes up the Company's non-current portion of other receivables as at balance sheet date.

The fair values of non-current trade and other receivables are computed based on cash flows discounted at market borrowing rates of 2.9% (2010: 3.5%). The fair values are as follows:

	Group	
	2011 US$'000	**2010 US$'000**
Advances to third parties (Note b)	16,473	15,395
Amount due from an associate (Note c)	4,333	4,068
Amount due from third parties (Note d)	16,305	14,348

9 ASSETS HELD FOR SALE

	Group	
	2011 US$'000	**2010 US$'000**
Properties	–	1,334

In 2010, the management resolved to dispose properties which were initially accounted for under properties, plant and equipment. This disposal was completed in 2011.

Gain on disposal of assets held for sale of US$830,000 (2010: US$26,576,000) was recognised in "SOCS" segment (Note 38).

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

10 PROPERTY, PLANT AND EQUIPMENT

	Construction-in-progress US$'000	Vessels US$'000	Drydocking US$'000	Cranes and machineries US$'000	Leasehold property US$'000	Transportation equipment US$'000	Motor vehicles US$'000	Furniture and equipment US$'000	Total US$'000
Group									
Cost:									
At 1 January 2010	72,112	133,542	5,628	7,023	7,037	151	1,806	28,073	255,372
Additions	83,627	17,518	17	1,168	2,652	–	455	24,626	130,063
Acquisition of subsidiary	–	–	–	–	–	–	–	122	122
Disposals	(9,041)	(22,796)	(4,422)	–	–	–	(7)	(795)	(37,061)
Disposal of subsidiaries	–	(3,032)	–	–	–	(154)	(31)	(265)	(3,482)
Written off	–	–	–	–	–	–	–	(48)	(48)
Transfer	(1,385)	7,500	–	–	–	–	–	(6,115)	–
Exchange differences	–	240	–	57	538	3	5	631	1,474
Reclassified as held for sale	–	–	–	–	(1,381)	–	–	–	(1,381)
At 31 December 2010	145,313	132,972	1,223	8,248	8,846	–	2,228	46,229	345,059
Additions	76,085	179,967	1,499	144	31,084	–	237	8,537	297,553
Disposals	(725)	(20,443)	(528)	–	(1,205)	–	(331)	(190)	(23,422)
Disposal of subsidiary	–	(21,650)	–	–	–	–	–	(9)	(21,659)
Written off	(30)	–	–	–	–	–	–	(75)	(105)
Transfer	(11,752)	5,445	–	–	–	–	–	6,307	–
Exchange differences	(62)	(5)	–	(37)	(71)	–	(1)	(510)	(686)
At 31 December 2011	208,829	276,286	2,194	8,355	38,654	–	2,133	60,289	596,740

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Construction-in-progress US$'000	Vessels US$'000	Drydocking US$'000	Cranes and machineries US$'000	Leasehold property US$'000	Transportation equipment US$'000	Motor vehicles US$'000	Furniture and equipment US$'000	Total US$'000
Group									
Accumulated depreciation:									
At 1 January 2010	–	10,866	2,519	311	637	108	481	8,557	23,479
Depreciation	–	7,145	1,003	260	125	6	207	5,734	14,480
Disposals	–	(7,456)	(2,396)	–	–	–	(1)	(284)	(10,137)
Disposal of subsidiaries	–	(205)	–	–	–	(116)	(10)	(189)	(520)
Written off	–	–	–	–	–	–	–	(33)	(33)
Exchange differences	–	64	–	55	476	2	3	344	944
Reclassified as held for sale	–	–	–	–	(47)	–	–	–	(47)
At 31 December 2010	–	10,414	1,126	626	1,191	–	680	14,129	28,166
Depreciation	–	11,540	375	424	1,336	–	220	6,906	20,801
Disposals	–	(3,760)	(184)	–	(37)	–	(106)	(60)	(4,147)
Disposal of subsidiaries	–	(575)	–	–	–	–	–	–	(575)
Written off	–	–	–	–	–	–	–	(74)	(74)
Exchange differences	–	(4)	–	(21)	(64)	–	–	(78)	(167)
At 31 December 2011	–	17,615	1,317	1,029	2,426	–	794	20,823	44,004
Carrying amount:									
At 31 December 2011	208,829	258,671	877	7,326	36,228	–	1,339	39,466	552,736
At 31 December 2010	145,313	122,558	97	7,622	7,655	–	1,548	32,100	316,893

10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Motor vehicles US$'000	Furniture and equipment US$'000	Total US$'000
Company			
Cost:			
At 1 January 2010	428	2,428	2,856
Additions	183	258	441
Disposals	–	(3)	(3)
At 31 December 2010	611	2,683	3,294
Additions	–	86	86
At 31 December 2011	611	2,769	3,380
Accumulated depreciation:			
At 1 January 2010	156	1,336	1,492
Depreciation	55	762	817
At 31 December 2010	211	2,098	2,309
Depreciation	64	424	488
At 31 December 2011	275	2,522	2,797
Carrying amount:			
At 31 December 2011	336	247	583
At 31 December 2010	400	585	985

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$297,553,000 (2010: US$130,063,000) of which US$1,871,000 (2010: US$3,330,000) and US$123,750,000 (2010: Nil) were financed by finance leases and proceeds receivable from redeemable preference shares respectively.

The carrying amounts of the Group's and Company's property, plant and equipment at balance sheet date includes an amount of US$16,570,000 (2010: US$6,957,000) and US$442,000 (2010: US$614,000) respectively in respect of assets held under finance leases (Note 22).

The Group has pledged certain vessels, furniture and equipment with carrying amounts of approximately US$201,520,000 (2010: US$136,673,000) on bank borrowings granted to the Group.

The Group's and Company's property, plant and equipment include capitalised borrowing costs of US$9,838,000 (2010: Nil) and Nil (2010: Nil) respectively.

11 GOODWILL

	Group 2011 US$'000	Group 2010 US$'000
Cost	309	309

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

11 GOODWILL (Cont'd)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination.

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined based on value in use. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of 5% (2010: 5%) per annum. The growth rate did not exceed the long-term average growth rate in which the CGU operates. The rate used to discount the forecast cash flows is 10% (2010: 10%) per annum.

There is no impairment charge recognised for the financial years ended 31 December 2011 and 31 December 2010.

12 SUBSIDIARIES

	Company	
	2011 US$'000	2010 US$'000
Quoted equity shares, at cost	121,009	121,009
Unquoted equity shares, at cost	128,619	128,953
	249,628	249,962

Details of the company's subsidiaries as at the end of the reporting period are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2011 %	2010 %	
Swiber Offshore Construction Pte Ltd	Singapore	100	100	Offshore marine engineering
Swiber Offshore Marine Pte Ltd	Singapore	100	100	Vessel owning and chartering
Newcruz International Pte Ltd	Singapore	100	100	Investment holding and provision of corporate service
Kreuz Holdings Limited [(1) (a)]	Singapore	63.2	63.2	Investment holding
Equatoriale International Pte Ltd	Singapore	100	100	Investment holding
Swiber Offshore (India) Private Limited [(b)]	India	–	100	Operator and charterer of vessels
Swiber Rahaman Sdn Bhd [(2)]	Brunei	51	51	Offshore marine engineering and vessel chartering

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

12 SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held 2011 %	2010 %	Principal activity
Swiber Corporate Services Pte Ltd	Singapore	100	100	Provision of corporate services
Swiber International Pte Ltd	Singapore	100	100	Investment holding
Swiber PJW 3000 Pte Ltd	Singapore	100	100	Investment holding
Swiber PJW 4000 Pte Ltd (3)	Singapore	100	100	Investment holding
Holmen Heavylift Offshore Pte Ltd (4)	Singapore	100	–	Investment holding
Resolute Offshore Pte Ltd (c)	Singapore	100	–	Vessel owning and chartering
<u>Held by subsidiaries</u>				
Swiber Engineering Ltd (5)	Malaysia	100	100	Offshore marine engineering and vessel chartering
Swiber Marine Pte Ltd	Singapore	100	100	Investment holding
Swiber Maritime Limited (3)	Republic of Seychelles	100	100	Holding the Seychelles-flagged vessel on trust for Swiber Offshore Marine Pte Ltd
Kreuz Engineering Limited (3)	Malaysia	100	100	Offshore marine engineering and vessel chartering
Newcruz Shipbuilding & Engineering Pte Ltd	Singapore	100	100	Building of ships, tankers and other ocean-going vessels
Newcruz Offshore Marine Pte Ltd	Singapore	100	100	Vessel owning and chartering
Kreuz Offshore Contractors Limited (3)	Malaysia	100	60	Project and engineering management services
Equatoriale Pte Ltd	Singapore	100	100	Deep water drilling
Equatoriale Services Pte Ltd	Singapore	100	100	Provision of drilling services
Equatoriale Offshore Pte Ltd (3)	Singapore	100	100	Provision of drilling services
Kreuz Subsea Pte Ltd (1)	Singapore	100	100	Subsea services
Kreuz Subsea Marine Pte Ltd (1)	Singapore	100	100	Vessel owning and chartering
KSS Engineering Ltd (3)	Malaysia	100	100	Subsea services
Kreuz Subsea (B) Sdn Bhd (6)	Brunei	100	100	Subsea services
Swiber-Equatorial Oil Field Services (Uganda) Limited (3)	Uganda	90	90	Provision of services and materials for use in oilfield development

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

12 SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held 2011 %	2010 %	Principal activity
Equatoriale Resources (Mauritius) Limited (7)	Mauritius	100	100	Investment holding
Newcruz Offshore (Australia) Pty Ltd (3)	Australia	100	100	Offshore marine support services
Swiber Offshore Middle East FZE (8)	United Arab Emirates	100	100	Offshore marine support services
Swiber Marine (B) Sdn Bhd (2)	Brunei	100	100	Offshore marine engineering, vessel chartering and crew management services
PAPE Engineering Pte Ltd	Singapore	80	80	Offshore marine engineering
Newcruz Engineering Ltd (3)	Malaysia	100	100	Building of vessels, offshore marine engineering and vessels chartering
Vallianz Marine Pte Ltd (b) (formerly known as Bentley Marine Pte Ltd)	Singapore	–	100	Vessel owning and chartering
PJW 4000 LLC (3)	Marshall Islands	100	100	Vessel owning and chartering
Holmen Pacific Pte Ltd (c)	Singapore	100	–	Vessel owning and chartering
Holmen Atlantic Pte Ltd (c)	Singapore	100	–	Vessel owning and chartering
Holmen Arctic Pte Ltd (4)	Singapore	100	–	Vessel owning and chartering

All the subsidiaries were audited by PricewaterhouseCoopers LLP, Singapore unless otherwise indicated as follows:

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by Sylvester Leong & Co, Brunei.

(3) Not required to be audited by law in its country of incorporation and not material to the group's results and financial position.

(4) Newly incorporated in 2011 and not material to the group's results and financial position.

(5) Audited by Ernst & Young, Malaysia.

(6) Audited by Deloitte & Touche, Brunei.

(7) Audited by Kemp Chatteris Deloitte, Mauritius.

(8) Audited by Deloitte & Touche (M.E.), United Arab Emirates.

Notes

(a) Listed on Singapore Exchange Securities Trading Limited – Catalist.

(b) Reclassified to associates during the year (Note 13 and 37).

(c) Incorporated during the year.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

13 ASSOCIATES

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Equity investment as at cost			33,428	7,173
Beginning of financial year	57,190	17,879		
Addition during the year	51,085	35,278		
Reclassified from subsidiaries (Note 37)	109	4,264		
Share of profits	10,639	4,469		
Currency translation differences	70	(50)		
Dividend received	(8,646)	(4,650)		
End of financial year	110,447	57,190		

Details of the group's associates at the end of the reporting period are as follows:

Name of associate	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2011 %	2010 %	
Vallianz Holdings Limited [(1)(a)]	Singapore	28.9	28.9	Investment holding
PT Swiber Berjaya [(2)]	Indonesia	49	49	Vessel owning and chartering
PT Rajawali Swiber Cakrawala [(2)] (previously known as PT Swiber Offshore)	Indonesia	49	49	Offshore marine engineering
Swiber Offshore (India) Private Limited [(3)(b)]	India	49	–	Operator and charterer of vessels
Held by subsidiaries				
Victorious LLC [(4)]	Marshall Islands	49	49	Vessel owning and chartering
Offshore Engineering Resources Pte Ltd [(5)]	Singapore	25	25	HR and engineering consultancy services
PT Kreuz Berjaya [(6)]	Indonesia	49	49	Offshore marine engineering
PJW 3000 LLC [(7)]	Marshall Islands	33.3	33.3	Vessel owning, operating and chartering
Vallianz Marine Pte Ltd (formerly known as Bentley Marine Pte Ltd) [(1)(b)]	Singapore	49	–	Vessel owning and chartering
Resolute Pte Ltd [(1)(c)]	Singapore	49	–	Investment holding

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

13 ASSOCIATES (Cont'd)

Name of associate	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2011 %	2010 %	
SWP Engineering Pte Ltd [6]	Singapore	49	49	Engineering services
Atlantis Navigation AS [8]	Norway	49.3	–	Vessel chartering

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by Ernst & Young, Indonesia.
(3) Audited by Devesh K Shah & Co, India.
(4) Audited by Ernst & Young, New York.
(5) Audited by LTC LLP, Singapore.
(6) Not required to be audited by law in its country of incorporation and not material to the group's results and financial position.
(7) Audited by PricewaterhouseCoopers LLP, Singapore.
(8) Audited by Deloitte AS, Norway.

Notes
(a) Listed on Singapore Exchange Securities Trading Limited – Catalist.
(b) Reclassified from subsidiaries during the year (Note 12 and 37).
(c) Incorporated during the year.

Summarised financial information of associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2011 US$'000	2010 US$'000
Assets	660,360	271,219
Liabilities	(418,189)	(131,584)
Revenue	133,181	28,794
Net profit for the year	28,377	10,676

14 JOINT VENTURES

	Group	
	2011 US$'000	2010 US$'000
Beginning of financial year	18,504	32,480
Addition during the year	10,024	5,111
Share of losses	(8,150)	(657)
Currency translation differences	(140)	503
Dividend received	–	(1,161)
Disposal during the year	–	(17,772)
End of financial year	20,238	18,504

14 JOINT VENTURES (Cont'd)

Details of the group's joint ventures as at the end of the reporting period are as follows:

Name of joint venture	Country of incorporation and operation	Proportion of ownership interest and voting power held 2011 %	2010 %	Principal activity
Held by subsidiaries				
Swiwar Offshore Pte Limited [1]	Singapore	50	50	Vessel owning and chartering
Rawabi Swiber Offshore Marine Pte Ltd [1]	Singapore	50	50	Vessel owning and chartering
Rawabi Swiber Offshore Services Co. Ltd [2]	Saudi Arabia	50	50	Offshore marine engineering
Rawabi Swiber Offshore Services Co. Ltd [3] [a]	British Virgin Islands	50	–	Offshore marine engineering and vessel chartering
Alam Swiber DLB 1 (L) Inc [4]	Malaysia	50	50	Operate and manage vessel
Alam Swiber Offshore (M) Sdn Bhd [4]	Malaysia	50	50	Engineering and technical support services

(1) Audited by PricewaterhouseCoopers LLP, Singapore.
(2) Audited by Deloitte & Touche, Bakr Abulkhair & Co, Saudi Arabia.
(3) Not required to be audited by law in its country of incorporation and not material to the group's results and financial position.
(4) Audited by Ernst & Young, Malaysia.

Note
(a) Incorporated during the year.

Summarised financial information in respect of the group's joint ventures is set out below:

	Group 2011 US$'000	2010 US$'000
Assets		
- Current assets	19,978	23,021
- Non-current assets	250,798	172,762
	270,776	195,783
Liabilities		
- Current liabilities	181,420	72,156
- Non-current liabilities	48,880	86,619
	230,300	158,775
Net assets	40,476	37,008
Revenue	27,347	19,631
Expenses	(43,666)	(20,369)
Loss for the year	(16,319)	(738)
Tax expense	–	(586)
Loss after tax	(16,319)	(1,324)
Group's share of joint ventures' loss for the year	(8,150)	(657)

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

15 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			Company		
		Fair value			Fair value	
	Contract notional amount US$'000	Asset US$'000	Liability US$'000	Contract notional amount US$'000	Asset US$'000	Liability US$'000
2011						
Non-current						
Derivative held for hedging:						
Cash-flow hedges						
Cross currency interest rate swap contracts	286,505	–	3,855	286,505	–	3,855
Non-hedging instruments:						
Interest rate swaps	5,700	–	5	–	–	–
Currency forwards	29,167	–	48	–	–	–
2010						
Non-current						
Derivative held for hedging:						
Cash-flow hedges						
Cross currency interest rate swap contracts	72,046	5,783	–	72,046	5,783	–
Non-hedging instruments:						
Interest rate swaps	5,700	–	38	–	–	–

(a) Cross currency interest rate swaps
The group utilises cross currency interest rate swap contracts to hedge variable interest payments and eventual settlement on bonds that will mature between October 2012 to July 2014. Fair value gains and losses on the cross currency interest rate swaps recognised in the other comprehensive income are reclassified to profit or loss over the period of the borrowings.

(b) Currency forwards
Currency forwards are transacted to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within four months from the balance sheet date. The currency forwards have maturity dates that coincide within the expected occurrence of these transactions. Gains and losses on currency forwards not designated as hedge instruments are recognised in profit or loss.

16 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Deferred income tax assets	–	1,414	–	–
Deferred income tax liabilities	9,005	3,208	19	72

16 DEFERRED INCOME TAX (Cont'd)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of US$35,675,000 (2010: Nil) and capital allowances of US$22,000 (2010: Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group
Deferred income tax liabilities

	2011 Accelerated tax depreciation US$'000	2010 Accelerated tax depreciation US$'000
Beginning of financial year	4,218	3,563
Charged to profit or loss	13,706	655
End of financial year	17,924	4,218

Group
Deferred income tax assets
2011

	Provisions US$'000	Tax losses US$'000	Others US$'000	Total US$'000
Beginning of financial year	(107)	(2,317)	–	(2,424)
Charged/(credited) to profit or loss	58	(6,553)	–	(6,495)
End of financial year	(49)	(8,870)	–	(8,919)
2010				
Beginning of financial year	–	–	(26)	(26)
Disposal of subsidiary	–	–	38	38
Credited to profit or loss	(107)	(2,317)	(12)	(2,436)
End of financial year	(107)	(2,317)	–	(2,424)

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

16 DEFERRED INCOME TAX (Cont'd)

Company

Deferred income tax liabilities	2011 Accelerated tax depreciation US$'000	2010 Accelerated tax depreciation US$'000
Beginning of financial year	72	–
Charged/(credited) to profit or loss	(53)	72
End of financial year	19	72

17 TRADE PAYABLES

	Group 2011 US$'000	Group 2010 US$'000
Third parties	143,443	66,966
Advances received on construction contracts (Note 6)	9,050	–
Deposits received from customers	2,118	2,752
Amount owing to an associate	82	–
Amount owing to joint ventures	89	1,680
	154,782	71,398

18 OTHER PAYABLES

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Accruals	66,496	51,836	11,933	10,019
Other payables	24,060	27,200	5,227	6,823
Amount due to a joint venture	273	295	–	–
Amount due to associates	7,277	54	2,501	–
Amount due to subsidiaries	–	–	442,519	215,599
	98,106	79,385	462,180	232,441

Non-trade balances due to associates, joint ventures and subsidiaries as at balance sheet date are unsecured, interest free and repayable on demand.

19 BANK LOANS

	Group	
	2011 US$'000	2010 US$'000
Current	105,757	83,018
Non-current	76,625	48,195
	182,382	131,213

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet are as follows:

	Group	
	2011 US$'000	2010 US$'000
Less than 1 year	163,092	109,919
1 - 5 years	6,090	21,294
More than 5 years	13,200	–
	182,382	131,213

Fair value of non-current bank loans

	Group	
	2011 US$'000	2010 US$'000
Bank loans	75,107	47,729

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2011	2010
Bank loans	2.91%	2.60%

The bank loans 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, and

(iii) Assignment of earnings/charter proceeds in respect of the vessels mentioned above.

At 31 December 2011, the group has available US$22,800,000 (2010 : Nil) of undrawn borrowing facilities in respect of which all conditions precedent had been met.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

20 BONDS

	Group and Company	
	2011	**2010**
	US$'000	**US$'000**
Current portion:		
Notes due in 1st year		
Fixed rate	128,445	38,209
Floating rate	–	38,209
Total current portion	128,445	76,418
Non-current portion:		
Notes due in 2nd year		
Fixed rate	60,620	84,337
Notes due in 3rd year		
Fixed rate	90,710	61,912
Total non-current portion	151,330	146,249

At the end of the balance sheet date, the Company has four series of notes maturing in August and October 2012, October 2013 and July 2014 respectively, amounting to S$370,000,000 (equivalent to US$284,641,000).

Simultaneously, cross currency interest rate swap contracts were established in relation to the issued bonds creating an effective cash flow hedge against the foreign currency and interest rate movement on the notes issued. The interest rate swap contracts exchanges floating rate interest in Singapore Dollars to fixed rate interest in United States Dollars.

21 CONVERTIBLE LOAN NOTES

	Group and Company	
	2011	**2010**
	US$'000	**US$'000**
Nominal value of convertible loan notes issued	100,000	100,000
Fair value through profit or loss	2,570	13,813
	102,570	113,813

The convertible loan notes were issued on 16 October 2009. The notes are convertible into ordinary shares of the Company at any time after 40 days from the issue of the notes and their settlement date at the option of the holder. On issue, the loan notes were convertible at S$1.14 per share. The convertible bonds may be converted at the option of bondholders at any time from 26 November 2009 to 6 October 2014, at an initial 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 based on the average market price, defined as the volume weighted average price of shares for up to 20 consecutive trading days immediately preceding the relevant reset date. On 16 April 2011, the conversion price had been reset downwards to S$0.864 per share.

If the notes are not converted, they will be redeemed on 15 October 2012 at their nominal value. Interest of 5% will be paid annually until settlement date.

The fair value of the notes are based on quoted market price of the notes as at the end of the respective reporting period.

22 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Group				
Amounts payable under finance leases:				
Within one year	4,876	2,118	4,384	1,899
In the second to fifth years inclusive	8,411	3,612	7,840	3,283
After fifth year	–	168	–	124
Total	13,287	5,898	12,224	5,306
Less: Future finance charges	(1,063)	(592)		
Present value of lease obligations	12,224	5,306		
Less: Amount due for settlement within 12 months (shown under current liabilities)			(4,384)	(1,899)
Amount due for settlement after 12 months			7,840	3,407
Company				
Amounts payable under finance leases:				
Within one year	208	210	184	181
In the second to fifth years inclusive	290	480	225	401
After fifth year	–	24	–	12
Total	498	714	409	594
Less: Future finance charges	(89)	(120)		
Present value of lease obligations	409	594		
Less: Amount due for settlement within 12 months (shown under current liabilities)			(184)	(181)
Amount due for settlement after 12 months			225	413

The Group and Company's obligations under finance leases are secured by the lessors' title to the lease assets.

23 SHARE CAPITAL

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares		US$'000	US$'000
Issued and paid up:	508,350,000	508,350,000	158,006	158,006

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

24 TREASURY SHARES

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares		US$'000	US$'000
At beginning and end of the year	2,995,000	2,995,000	2,507	2,507

The Company acquired 2,995,000 of its own shares through purchases on the Singapore Exchange. The shares has been deducted from the shareholders' equity and held as "treasury shares".

25 OTHER RESERVES

Hedging Reserve

The hedging reserve represents hedging gains and losses recognised on the effective potion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Movement:

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Beginning of financial year	(1,704)	1,644	(1,704)	1,705
Fair value losses	(2,467)	(2,334)	(2,467)	(2,395)
Reclassification to profit and loss				
– Finance costs (Note 28)	1,576	3,091	1,576	3,091
– Other operating expenses	604	(4,105)	604	(4,105)
End of financial year	(1,991)	(1,704)	(1,991)	(1,704)

Translation Reserve

Exchange differences relating to the translation from the functional currencies of the Group's subsidiaries into United States Dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserves. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are also recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserves.

Movement:

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Beginning of financial year	508	493	–	337
Reclassification on disposal of subsidiaries	(2)	(1,695)	–	–
Net currency translation differences on financial statements of subsidiaries, joint ventures and associated companies	33	3,754	–	(337)
Less : Non-controlling interests	(1)	(2,044)	–	–
	32	1,710	–	(337)
End of financial year	538	508	–	–

25 OTHER RESERVES (Cont'd)

Equity Reserve

Movement:

	Group	
	2011 US$'000	2010 US$'000
Beginning of financial year	(8,206)	–
Less : Non-controlling interests	–	(162)
Reclassification on dilution of a subsidiary	–	15,306
Less : Non-controlling interests	–	(23,350)
	–	(8,044)
End of financial year	(8,206)	(8,206)

Employees' Share Option Reserve

(a) Swiber Employee Share Option Scheme ("Scheme")
Share options were granted to directors of the Group under the Scheme, which became operative on 29 September 2006.

The terms of the exercise of options are set out in the Directors' Report under the caption "Swiber Employee Share Option Scheme"

On 26 January 2011, options to subscribe for 15,000,000 ordinary shares of the Company at an exercise price of S$0.97 per ordinary shares were granted pursuant to the Scheme. The Options have a one year vesting period and are exercisable from 26 January 2012 and expire on 25 January 2016.

The fair value of options granted on 26 January 2011, determined using the Black Scholes Model, was US$3,261,000. The significant inputs into the model were the share price of S$0.965 at the grant date, the exercise price of S$0.97, standard deviation of expected share price returns of 53%, the option life shown above and the annual risk-free interest rate of 1.54%. The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last two years.

(b) Swiber Performance Share Plan ("Plan")
Share awards were granted to directors of the Group under the Plan, which became operative on 29 September 2006.

The terms of the share awards are set out in the Directors' Report under the caption "Swiber Performance Share Plan"

On 26 January 2011, 3,095,000 ordinary shares of the Company were granted pursuant to the Plan. These share awards have a 3-year vesting period commencing from the date of the grant. The fair value of these share awards was determined based on the share price of S$0.965 at the grant date.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

25 OTHER RESERVES (Cont'd)

Movement:

	Group and Company	
	2011 US$'000	**2010 US$'000**
Beginning of financial year	–	–
Share options	3,261	–
Share awards	748	–
End of financial year (Note 36)	4,009	–

26 REVENUE

	Group	
	2011 US$'000	**2010 US$'000**
Revenue from engineering contracts	499,526	372,089
Charter hire income	52,870	72,978
Diving services	91,566	18,068
Others	10,525	2,608
	654,487	465,743

27 OTHER OPERATING INCOME

	Group	
	2011 US$'000	**2010 US$'000**
Net gain on disposal of joint venture and subsidiaries	788	1,865
Gain on disposal of property, plant and equipment, net	1,007	5,177
Gain on disposal of assets held for sale	830	26,576
Interest income	2,197	1,856
Sale of scrap metal	352	329
Fair value gain on financial liabilities designated as fair value through profit or loss	11,243	–
Realised gain on interest rate swap	2,566	3,590
Claim received	13,634	458
Others	3,096	879
	35,713	40,730

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

28 FINANCE COSTS

	Group	
	2011 US$'000	2010 US$'000
Interest expense on:		
Bank loans	15,463	3,204
Bills payable	4,515	3,392
Finance leases	485	163
Bonds	10,232	10,852
	30,695	17,611
Cash flow hedges, reclassified from hedging reserve (Note 25)	1,576	3,091
	32,271	20,702
Less: Interest capitalised	(9,838)	–
	22,433	20,702

Borrowing costs on general financing were capitalised at a rate of 6% (2010: Nil).

29 INCOME TAXES

(a) Income tax expense

	Group	
	2011 US$'000	2010 US$'000
Tax expense attributable to profit is made up of:		
Current income tax	20,230	7,409
Deferred income tax	7,211	(1,781)
	27,441	5,628
(Over)/under provision in prior financial years	(214)	1,130
	27,227	6,758

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2011 US$'000	2010 US$'000
Profit before tax	69,405	46,154
Share of profits of associates and joint ventures (Note 13, 14)	2,489	3,812
	71,894	49,966

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

29 INCOME TAXES (Cont'd)

	Group 2011 US$'000	Group 2010 US$'000
Tax calculated at tax rate of 17% (2010: 17%)	12,222	8,494
Group relief	–	(25)
Deferred tax benefits not recognised	6,078	–
Utilisation of deferred tax previously not recognised	–	(9,334)
Income not subject to tax	(11,070)	(9,622)
Expenses not deductible for tax purposes	5,791	17,710
Effect of different tax rates of subsidiaries operating in other jurisdictions	14,839	(1,543)
Others	(419)	(52)
	27,441	5,628

(b) The tax credit relating to each component of other comprehensive income is as follows:

	2011 Before tax US$'000	2011 Tax credit US$'000	2011 After tax US$'000	2010 Before tax US$'000	2010 Tax credit US$'000	2010 After tax US$'000
Fair value losses and reclassification adjustments on cash flow hedges	(346)	59	(287)	(4,034)	686	(3,348)
Currency translation differences on translation of foreign operations	30	–	30	1,627	–	1,627
Other comprehensive income	(316)	59	(257)	(2,407)	686	(1,721)

30 EXPENSES BY NATURE

	Group 2011 US$'000	Group 2010 US$'000
Purchases of inventories	75,023	34,544
Depreciation of property, plant and equipment	20,801	14,480
Directors' fees	564	460
Employee compensation expense (Note 31)	37,097	33,302
Allowance for impairment of receivables	–	10,090
Bad debts written off	31	48
Fair value loss on financial liabilities designated as fair value through profit or loss	–	9,313
Rental of equipment	12,438	9,695
Net foreign exchange losses	–	17,091
Non audit fees:		
Auditors of the company	22	240

31 EMPLOYEE COMPENSATION EXPENSE

	Group	
	2011 US$'000	2010 US$'000
Salaries, bonus and other benefits	30,540	29,282
Employer's contribution to defined contribution plans including Central Provident Fund	1,213	1,178
Staff welfare	1,335	2,842
Share based compensation expense	4,009	–
	37,097	33,302

32 EARNINGS PER SHARE

(a) Basic earnings per share

Earnings per share is calculated by dividing the Group's net profit attributable to shareholders of the Company for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2011	2010
Net profit attributable to owners of the Company (US$'000)	32,067	37,269
Weighted average number of ordinary shares in issue ('000)	505,355	505,355
Basic earnings per share (in US cents)	6.34	7.37

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense and fair value gains less tax effect.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	Group	
	2011	2010
Net profit attributable to owners of the Company (US$'000)	32,067	37,269
Interest expense on convertible bonds, net of tax (US$'000)	4,150	–
Fair value gains on convertible bonds designated as fair value to profit or loss (US$'000)	(11,243)	–
Net profit used to determine diluted earnings per share (US$'000)	24,974	37,269
Weighted average number of ordinary shares in issue ('000)	505,355	505,355
Adjustment for convertible bonds ('000)	166,667	–
	672,022	505,355
Diluted earnings per share (in US cents)	3.72	7.37

Share options and awards were not included in the computation of diluted earnings of share because they were anti-dilutive.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

33 CAPITAL COMMITMENTS

	Group	
	2011 US$'000	2010 US$'000
Commitments to contracts for the acquisition of property, plant and equipment	209,599	166,085

34 OPERATING LEASE COMMITMENTS – WHERE THE GROUP IS A LESSEE

The Group leases land, apartments, equipment and vessels from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses, and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2011 US$'000	2010 US$'000
Not later than one year	140,155	99,392
Between one and five years	394,625	385,773
Later than five years	246,254	335,909
	781,035	821,074

35 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as cross currency interest rate swaps, currency forwards and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Financial risk management is carried out by a central treasury department ("Group Treasury") in accordance with the policies set by the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore, Malaysia, Brunei and India. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Malaysian Ringgit ("MYR"), Euro ("EUR"), Brunei Dollar ("BND") and Indian Rupee ("INR"). Group Treasury manages the overall currency exposure mainly by entering into currency forwards with banks.

35 **FINANCIAL RISK MANAGEMENT (Cont'd)**

(a) **Market risk (Cont'd)**

(i) **Currency risk (Cont'd)**

The Group's currency exposure based on the information provided to key management is as follows:

Group

2011	**Singapore Dollars US$'000**	**United States Dollars US$'000**	**Malaysian Ringgit US$'000**	**Euro US$'000**	**Brunei Dollars US$'000**	**Others US$'000**	**Total US$'000**
Financial assets							
Cash and cash equivalents	6,541	105,507	21	97	1,423	2,869	116,458
Trade receivables	2,881	153,519	78	528	276	420	157,702
Other receivables	1,172	136,640	–	1	25	2,008	139,846
	10,594	395,666	99	626	1,724	5,297	414,006
Financial liabilities							
Borrowings	344,369	232,506	–	–	76	–	576,951
Trade payables	18,428	112,622	178	1,957	774	12,273	146,232
Other payables	3,164	18,993	3	150	169	9,131	31,610
	365,961	364,121	181	2,107	1,019	21,404	754,793
Net financial (liabilities)/assets	(355,367)	31,545	(82)	(1,481)	705	(16,107)	(340,787)
Effect of currency forwards	365,943	–	–	–	–	–	365,943
Currency exposure	10,576	31,545	(82)	(1,481)	705	(16,107)	25,156
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(58,119)	–	(82)	(1,481)	675	–	(59,007)

2010	**Singapore Dollars US$'000**	**United States Dollars US$'000**	**Malaysian Ringgit US$'000**	**Euro US$'000**	**Brunei Dollars US$'000**	**Others US$'000**	**Total US$'000**
Financial assets							
Cash and cash equivalents	24,891	109,687	–	–	2,221	1,048	137,847
Trade receivables	2,051	107,220	–	–	–	–	109,271
Other receivables	3,121	110,573	21	5,942	1,008	1,655	122,320
	30,063	327,480	21	5,942	3,229	2,703	369,438
Financial liabilities							
Borrowings	254,772	218,227	–	–	–	–	472,999
Trade payables	11,892	50,836	628	931	3,055	1,304	68,646
Other payables	6,300	16,341	21	110	411	4,366	27,549
	272,964	285,404	649	1,041	3,466	5,670	569,194
Net financial (liabilities)/assets	(242,901)	42,076	(628)	4,901	(237)	(2,967)	(199,756)
Effect of currency forwards	222,667	–	–	–	–	–	222,667
Currency exposure	(20,234)	42,076	(628)	4,901	(237)	(2,967)	22,911
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(12,498)	–	(628)	4,901	(308)	–	(8,533)

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

35 FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

Company
2011

	Singapore Dollars US$'000	United States Dollars US$'000	Others US$'000	Total US$'000
Financial assets				
Cash and cash equivalents	798	7,678	–	8,476
Other receivables	229	780,094	–	780,323
	1,027	787,772	–	788,799
Financial liabilities				
Borrowings	280,184	102,570	–	382,754
Other payables	818	449,414	9	450,241
	281,002	551,984	9	832,995
Net financial (liabilities)/assets	(279,975)	235,788	(9)	(44,196)
Effect of currency forwards	279,776	–	–	279,776
Currency exposure	(199)	235,788	(9)	235,580
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	(199)	–	–	(199)

2010

	Singapore Dollars US$'000	United States Dollars US$'000	Total US$'000
Financial assets			
Cash and cash equivalents	18,373	1,712	20,085
Other receivables	2,054	450,025	452,079
	20,427	451,737	472,164
Financial liabilities			
Borrowings	223,261	113,813	337,074
Other payables	1,027	221,395	222,422
	224,288	335,208	559,496
Net financial (liabilities)/assets	(203,861)	116,529	(87,332)
Effect of currency forwards	222,667	–	222,667
Currency exposure	18,806	116,529	135,335
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	19,400	–	19,400

35 FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

If the SGD, MYR, EUR and BND change against the USD by 8% (2010: 7%), 5% (2010: 10%), 6% (2010: 5%) and 8% (2010: 7%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease) 2011		2010	
	Profit after tax US$'000	Other comprehensive income US$'000	Profit after tax US$'000	Other comprehensive income US$'000
Group				
SGD against USD				
- Strengthened	(4,845)	–	(1,250)	–
- Weakened	4,845	–	1,250	–
MYR against USD				
- Strengthened	(4)	–	(63)	–
- Weakened	4	–	63	–
EUR against USD				
- Strengthened	(88)	–	490	–
- Weakened	88	–	(490)	–
BND against USD				
- Strengthened	56	–	(30)	–
- Weakened	(56)	–	30	–
Company				
SGD against USD				
- Strengthened	(17)	–	1,940	–
- Weakened	17	–	(1,940)	–

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant variable interest-bearing assets, except for amounts due from third parties as disclosed in Note 8.

The Group's and Company's exposure to cash flow interest rate risks arises mainly from non-current variable rate borrowings. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had increased/decreased by 0.50% (2010: 0.50%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by US$577,000 (2010: US$725,000) as a result of higher/lower interest expense on these borrowings. Other comprehensive income would have been higher/lower by US$558,000 (2010: US$508,000) mainly as a result of higher fair value of interest rate swaps designated as cash flow hedges of variable rate borrowings.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

35 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank balances and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2011 US$'000	**2010 US$'000**
Corporate guarantees provided to banks on borrowings	128,572	117,511

The trade receivables of the Group comprise 5 debtors (2010: 5 debtors) that represented approximately 50% of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

By geographical areas

	Group	
	2011 US$'000	**2010 US$'000**
East Asia	32,578	19,912
South East Asia	102,098	68,446
Middle East	12,231	597
South Asia	9,477	19,535
Others	1,318	781
	157,702	109,271

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.
The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2011 US$'000	**2010 US$'000**
Past due by:		
Less than one month	24,439	5,375
One to two months	11,237	137
More than two months	52,156	21,062
	87,832	26,574

35 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

(ii) Financial assets that are past due and/or impaired (Cont'd)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	Group	
	2011 US$'000	**2010 US$'000**
Past due more than two months	15,330	16,989
Less : Allowance for impairment of receivables (Note 5)	(9,779)	(10,506)
	5,551	6,483
As at beginning of the year	10,506	4,480
Amount written back during the year	(115)	(343)
Disposal of subsidiaries	-	(3,768)
Allowance (utilised)/made during the year	(626)	10,090
Translation difference	14	47
	9,779	10,506

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (Note 19). At the balance sheet date, assets held by the Group and Company for managing liquidity risk included cash and fixed deposits as disclosed in Note 4.

Management monitors rolling forecasts of the Group's and Company's liquidity reserve (comprises undrawn borrowing facility (Note 19) and cash and cash equivalents (Note 4)) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

35 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk (Cont'd)

	Less than 1 year US$'000	Between 1 and 5 years US$'000	Over 5 years US$'000
Group			
At 31 December 2011			
Trade and other payables	(177,839)	–	–
Borrowings	(262,393)	(342,846)	(26,638)
At 31 December 2010			
Trade and other payables	(96,086)	–	–
Borrowings	(173,000)	(321,167)	(838)

	Less than 1 year US$'000	Between 1 and 5 years US$'000	Over 5 years US$'000
Company			
At 31 December 2011			
Trade and other payables	(450,240)	–	–
Borrowings	(151,967)	(277,693)	–
Financial guarantee contracts	(73,390)	(31,911)	(23,271)
At 31 December 2010			
Trade and other payables	(450,247)	–	–
Borrowings	(87,062)	(271,068)	(24)
Financial guarantee contracts	(52,110)	(65,401)	–

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

35 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year US$'000	Between 1 and 5 years US$'000
Group		
At 31 December 2011		
Gross-settled cross currency interest rate swaps		
- Receipts	14,156	11,309
- Payments	(15,828)	(12,826)
Net-settled interest rate swaps		
- Net cash inflows	–	228
Net-settled currency forwards		
- Net cash outflows	–	(133)
At 31 December 2010		
Gross-settled cross currency interest rate swaps		
- Receipts	9,151	9,723
- Payments	(9,806)	(10,152)
Net-settled currency forwards		
- Net cash inflows	–	228

	Less than 1 year US$'000	Between 1 and 5 years US$'000
Company		
At 31 December 2011		
Gross-settled cross currency interest rate swaps		
- Receipts	14,156	11,309
- Payments	(15,828)	(12,826)
At 31 December 2010		
Gross-settled cross currency interest rate swaps		
- Receipts	9,151	9,723
- Payments	(9,806)	(10,152)

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

35 FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks to maintain a gearing ratio of not exceeding 2.1 times (2010: 2.1 times). The Group's and Company's strategies, which were unchanged from 2010, are to maintain gearing ratios below 2.1.

The gearing ratio is calculated as total borrowings divided by total equity.

	Group		**Company**	
	2011 US$'000	**2010 US$'000**	**2011 US$'000**	**2010 US$'000**
Total borrowings	576,951	472,999	382,754	337,074
Total equity	523,592	356,272	223,585	160,730
Gearing ratio	1.1	1.3	1.7	2.1

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2010 and 2011.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

35 **FINANCIAL RISK MANAGEMENT (Cont'd)**

(e) **Fair value measurements (Cont'd)**

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
At 31 December 2011				
Liability				
Derivative financial instruments	–	3,908	–	3,908
Convertible loan notes	102,570	–	–	102,570
	102,570	3,908	–	106,478
At 31 December 2010				
Asset				
Derivative financial instruments	–	5,783	–	5,783
Liability				
Derivative financial instruments	–	38	–	38
Convertible loan notes	113,813	–	–	113,813
	113,813	38	–	113,851
Company				
At 31 December 2011				
Liability				
Derivative financial instruments	–	3,855	–	3,855
Convertible loan notes	102,570	–	–	102,570
	102,570	3,855	–	106,425
At 31 December 2010				
Asset				
Derivative financial instruments	–	5,783	–	5,783
Liability				
Convertible loan notes	113,813	–	–	113,813

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial liabilities held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by dealer quotes provided by third party financial institutions as at balance sheet date. These financial instruments are classified as Level 2.

(f) **Financial Instruments by category**

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 15 and Note 21 to the financial statements, except for the followings:

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Loans and receivables	414,006	366,995	782,436	801,408
Financial liabilities at amortised cost	652,223	455,381	730,424	445,683

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

36 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	2011 US$'000	2010 US$'000
Revenue from engineering contracts and charter line		
- Associates	44,845	3,645
- Joint ventures	6,951	55,483
Purchase of services from		
- Associates	65,918	20,076
- Joint ventures	7,735	7,165

Outstanding balances at 31 December 2011, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 5 and 17 respectively.

Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2011 US$'000	2010 US$'000
Short-term benefits	8,485	10,259
Post-employment benefits	66	33
Share based compensation expense (Note 25)	4,009	–
	12,560	10,292

Details on directors' remuneration are disclosed in the Corporate Governance Report.

37 DIVESTMENT OF SUBSIDIARIES

a) In 2011, the Company disposed 51% of its equity interest in its subsidiary, Vallianz Marine Pte Ltd (formerly known as Bentley Marine Pte Ltd), to its associated company, Vallianz Holdings Limited. Subsequent to the disposal, Vallianz Marine Pte Ltd is no longer a subsidiary but remains as an associate of the group.

b) In 2011, the Company disposed 51% of its equity interest in its subsidiary, Swiber Offshore (India) Private Limited, to third parties. Subsequent to the disposal, Swiber Offshore (India) Private Limited is no longer a subsidiary but remains as an associate of the group.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

37 DIVESTMENT OF SUBSIDIARIES (Cont'd)

Details of the disposals were as follows:

Carrying amounts of assets and liabilities disposed of

	2011 US$'000
Assets	
Property, plant and equipment	21,084
Trade and other receivables	5,705
Cash and cash equivalents	784
	27,573
Liabilities	
Other payables	15,134
Provision for taxation	26
Borrowings	12,191
	27,351
Net assets derecognised	222
Gain on disposal:	
Cash consideration received	899
Net assets derecognised	(222)
Fair value of retained interest as associates	109
Translation differences reclassified on disposal of a subsidiary	2
Gain on disposal	788

The gain on disposal of the subsidiaries is charged to current year profit or loss in the income statement.

	2011 US$'000
Net cash inflow arising on disposal:	
Cash consideration received	899
Cash and cash equivalents disposed of	(784)
	115

In 2010, the Company:

a) Disposed 50.5% of its equity interest in its subsidiary, PT Swiber Offshore ("PTSO"), to a third party. Subsequent to the disposal, PTSO is no longer a subsidiary but remains as an associate of the group.

b) Interest in PT Swiber Berjaya ("PTSB") was diluted from 80% to 49% due to the allotment of 4,500 new ordinary shares in PTSB to another existing shareholder of PTSB. Subsequent to the dilution, PTSB ceased to be a subsidiary and became an associate of the group.

c) Disposed its entire equity interest in Swiber Marine (Malaysia) Sdn Bhd ("SMM") to a third party.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

37 DIVESTMENT OF SUBSIDIARIES (Cont'd)

Details of the disposals were as follows:

Carrying amounts of assets and liabilities disposed of

	2010 US$'000
Current assets	
Cash and bank balances	3,703
Trade and other receivables	55,495
Total current assets	59,198
Non-current assets	
Property, plant and equipment	2,962
Deferred tax assets	38
Total non-current assets	3,000
Current liabilities	
Bank loans	1,477
Trade and other payables	57,895
Current income tax liabilities	225
Total current liabilities	59,597
Net assets derecognised	2,601
Loss on disposal:	
Cash consideration received	25
Net assets derecognised	(2,601)
Non-controlling interest derecognised	761
Fair value of retained interest as associates	1,819
Translation differences reclassified on disposal of subsidiaries	(47)
Loss on disposal	(43)

The loss on disposal of the subsidiaries is charged to profit or loss in the income statement.

	2010 US$'000
Net cash outflow arising on disposal:	
Cash consideration received	25
Cash and cash equivalents disposed of	(3,703)
	(3,678)

38 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Executive Chairman, Group Chief Executive Officer and Chief Executive Officers of each business segments.

Reportable segments

The group's reportable segments are as follows:

Swiber Offshore Construction Services ("SOCS")	–	Provision of a full suite of offshore construction services
Newcruz Offshore Marine Services ("NOMS")	–	Provision of offshore marine support services that are complementary to offshore EPIC services
Kreuz Offshore Subsea Services ("KOSS")	–	Provision of commercial saturation and air diving services

The Exco considers the business from both a geographic and business segments prospective. Geographically, management manages and monitors the business in four geographic regions, South Asia, Southeast Asia, East Asia and Middle East. All geographic regions are engaged in engineering, charter hire and diving services.

Other services included ship repair services, corporate and offshore development services, these are not included within the reportable operating segments as they are not included in the reports provided to the Exco. The results of these operations are included in the "Others" column.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

38 SEGMENT INFORMATION (Cont'd)

Reportable segments (Cont'd)

This segmental information provided to the Exco for the reportable segments are as follows:

	SOCS US$'000	NOMS US$'000	KOSS US$'000	Others US$'000	Eliminations US$'000	Total US$'000
2011						
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	583,273	350,907	153,800	25,105	(458,598)	654,487
Results						
Segment result	97,183	(39,377)	37,787	(9,348)	–	86,245
Unallocated income						3,104
Finance expenses						(22,433)
Share of profits of associates and joint ventures						2,489
Profit before tax						69,405
Income tax expense						(27,227)
Profit for the year						42,178
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						293
						297,553
Depreciation	5,972	4,532	5,800	3,858		20,162
Unallocated depreciation						639
						20,801
Assets						
Segment assets	874,203	164,675	132,927	64,318		1,236,123
Unallocated assets						138,829
Consolidated total assets						1,374,952
Liabilities						
Segment liabilities	215,536	100,615	80,675	48,475		455,301
Unallocated liabilities						406,059
Consolidated total liabilities						851,360

38 SEGMENT INFORMATION (Cont'd)

Reportable segments (Cont'd)

	SOCS US$'000	NOMS US$'000	KOSS US$'000	Others US$'000	Eliminations US$'000	Total US$'000
2010						
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	374,526	273,651	54,552	40,902	(277,888)	465,743
Results						
Segment result	15,513	20,106	11,513	3,774	–	50,906
Unallocated income						12,138
Finance expenses						(20,702)
Share of profits of associates and joint ventures						3,812
Profit before tax						46,154
Income tax expense						(6,758)
Profit for the year						39,396
Other information						
Additions to property, plant and equipment	69,631	38,262	11,779	3,788		123,460
Unallocated additions to property, plant and equipment						6,603
						130,063
Depreciation	2,724	6,925	2,321	1,362		13,332
Unallocated depreciation						1,148
						14,480
Assets						
Segment assets	428,939	242,292	94,679	51,955		817,865
Unallocated assets						174,106
Consolidated total assets						991,971
Liabilities						
Segment liabilities	125,181	85,213	13,707	15,244		239,345
Unallocated liabilities						396,354
Consolidated total liabilities						635,699

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Exco is measured in a manner consistent with that in the consolidated Income Statement.

The Exco assesses the performance of the operating segments based on profits before tax. Finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

The amounts provided to the Exco with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. Segment assets and liabilities include all operating assets and liabilities used by the segments.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

38 SEGMENT INFORMATION (Cont'd)

Reportable segments (Cont'd)

Geographical information

	Revenue (1) US$'000	Non-Current Assets (2) US$'000
2011		
South Asia	387,469	–
South East Asia	182,081	766,486
East Asia	59,931	–
Middle East	12,317	52
Others (3)	12,689	–
	654,487	766,538
2010		
South Asia	143,725	268
South East Asia	276,942	475,353
East Asia	34,860	–
Middle East	553	138
Others (3)	9,663	–
	465,743	475,759

(1) Analysis of the group's sales is by geographical location of customers, 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.

(3) Others comprise of operations in Europe, Southern Caribbean and New Zealand.

Revenues of approximately US$358,700,000 (2010: US$115,826,000) are derived from a single external customer. These revenues are attributable to the SOCS segment.

39 GUARANTEES

As at 31 December 2011, the Company has provided corporate guarantee of approximately US$128,572,000 (2010: US$117,511,000) on borrowings taken by the Group's subsidiaries. Based on expectations at the balance sheet date, the Company considers that it is unlikely that a claim will be made against the Company under the guarantees. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The management is of a view that the fair value of the financial guarantees provided by the Company is not significant.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2011

40 EVENTS AFTER THE REPORTING PERIOD

1) On 13 January 2012, the Company's wholly-owned subsidiary, Newcruz International Pte Ltd, incorporated a wholly-owned subsidiary, Newcruz Offshore Services Pte Ltd with an initial paid up capital of US$10. The newly incorporated subsidiary will be prinicipally engaged in owning and chartering of vessels.

2) Pursuant to the Swiber Performance Share Plan, the Company re-issued 1,031,666 treasury shares on 26 January 2012 at nil consideration. The cost of treasury shares re-issued amounted to approximately US$864,000.

3) On 6 March 2012, Swiber Engineering Limited, wholly-owned subsidiary of the Company, subscribed to 22,500 additional new shares in its joint venture company, Alam Swiber DLB1 (L) Inc ("ASDLB") out of a total 250,000 shares offered by ASDLB. This reduces the Company's interest in ASDLB from 50% to 49%. ASDLB remains as a joint venture company after the subscription of the additional new shares.

4) On 21 March 2012, the Company allotted and issued 101,071,000 new ordinary shares at an issue price of S$0.635 per share to provide funds for the Group's operations. The newly issued shares rank pasi passu in all respects with the previously issued shares. As a result of this share issue, the conversion price for the Company's US$100,000,000, 5 per cent convertible loan notes ("loan notes") was adjusted to S$0.84 per share accordingly, pursuant to the terms of the loan notes.

41 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2012 or later periods and which the Group has not early adopted:

• Amendments to FRS 107 Disclosures - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

42 AUTHORISATION OF FINANCIAL STATEMENT

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Swiber Holdings Limited and its subsidiaries on 26 March 2012.

UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012 OF SWIBER HOLDINGS LIMITED AND ITS SUBSIDIARIES

SWIBER HOLDINGS LIMITED

Financial Statements And Dividends Announcement

For The Third Quarter And Nine Months Ended 30 September 2012

Cause No Harm

UNAUDITED THIRD QUARTER ("3Q2012") FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012 ("9M2012").

1(a)(i) Consolidated Income Statement

	Group			Group		
	3Q2012	3Q2011		**9M2012**	9M2011	
	US$'000	US$'000	Change	**US$'000**	US$'000	Change
Revenue	**265,326**	137,734	92.6%	**689,304**	468,943	47.0%
Cost of sales	**(228,018)**	(114,899)	98.5%	**(580,908)**	(395,048)	47.0%
Gross profit	**37,308**	22,835	63.4%	**108,396**	73,895	46.7%
Other operating income	**4,238**	16,148	-73.8%	**11,732**	30,200	-61.2%
Administrative expenses	**(12,917)**	(13,023)	-0.8%	**(40,239)**	(37,255)	8.0%
Other operating expenses	**(6,790)**	(747)	N/M	**(7,957)**	(2,990)	166.1%
Share of profit/ (loss) of associates and joint ventures	**4,896**	(960)	N/M	**11,491**	1,588	N/M
Finance costs	**(10,640)**	(5,114)	108.1%	**(24,140)**	(15,733)	53.4%
Profit before tax	**16,095**	19,139	-15.9%	**59,283**	49,705	19.3%
Income tax expenses	**(3,569)**	(3,264)	9.3%	**(13,293)**	(9,377)	41.8%
Profit for the period	**12,526**	15,875	-21.1%	**45,990**	40,328	14.0%
Attributable to :						
Owners of the company	**7,330**	13,522	-45.8%	**31,089**	30,600	1.6%
Perpectual securites holders	**86**	-	N/M	**86**	-	N/M
Non-controlling interests	**5,110**	2,353	117.2%	**14,815**	9,728	52.3%
	12,526	2,353		**45,990**	9,728	
Gross profit margin	**14.1%**	16.6%		**15.7%**	15.8%	
Net profit margin	**4.7%**	11.5%		**6.7%**	8.6%	
EBITDA* (US$'000)	**30,594**	29,950		**95,732**	81,713	
EBITDA* margin	**11.5%**	21.7%		**13.9%**	17.4%	

* : Denotes earnings before interest, taxes, depreciation and amortization.
N/M : Not Meaningful

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

	Group			Group		
	3Q2012	3Q2011		**9M2012**	9M2011	
	US$'000	US$'000	Change	**US$'000**	US$'000	Change
Profit for the period	**12,526**	15,875		**45,990**	40,328	
Other comprehensive income:						
(Loss)/ gain on cash flow hedges	**(2,263)**	1,405	N/M	**(3,308)**	2,180	N/M
Exchange differences on translation of foreign operations	**432**	(1,440)	N/M	**582**	(567)	N/M
Total comprehensive income for the period	**10,695**	15,840		**43,264**	41,941	
Total comprehensive income attributable to:						
Owners of the company	**5,500**	13,487	-59.2%	**28,362**	32,213	-12.0%
Perpectual securites holders	**86**	13,487	-99.4%	**86**	32,213	-99.7%
Non-controlling interests	**5,109**	2,353	117.1%	**14,816**	9,728	52.3%
Total	**10,695**	29,327		**43,264**	74,154	

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

	Group			Group		
	3Q2012	3Q2011		**9M2012**	9M2011	
	US$'000	US$'000	Change	**US$'000**	US$'000	Change
Charging:						
Bad debts written off	-	-	N/M	18	12	50.0%
Interest on borrowings	6,969	3,812	82.8%	16,321	10,723	52.2%
Fair value loss on financial liabilities designated as at fair value through profit or loss	587	-	N/M	-	-	N/M
Depreciation of property, plant and equipment	7,530	6,074	24.0%	20,128	14,374	40.0%
Employees' share options/ awards expense	200	830	N/M	824	2,223	-62.9%
Foreign exchange losses	4,914	5,211	-5.7%	6,662	1,178	N/M
Loss on disposal of property, plant and equipment	-	653	N/M	-	1,168	N/M
Loss on disposal of associate	625	-	N/M	-	-	N/M
Crediting:						
Interest income	(353)	(843)	N/M	(1,087)	(1,616)	-32.7%
Fair value gain on financial liabilities designated as at fair value through profit or loss	-	(9,399)	N/M	(1,399)	(19,790)	-92.9%
Foreign exchange gain	-	(4,429)	N/M	-	-	-
Gain on disposal of property, plant and equipment	(23)	-	-	(426)	-	N/M
Gain on disposal of associate	-	-	N/M	(4,309)	-	N/M
Gain on disposal of subsidiary	-	(383)	N/M	-	(383)	N/M
Gain on disposal of assets held for sale	-	(312)	N/M	-	(3,555)	N/M

N/M: Not Meaningful

1(b)(i) Statements of Financial Position

	Group		Company	
	9M2012	FY2011	**9M2012**	FY2011
	US$'000	US$'000	**US$'000**	US$'000
ASSETS				
Current assets				
Cash and bank balances	**150,214**	116,458	**65,031**	8,476
Trade receivables	**511,299**	276,660	**-**	-
Construction contract work-in progress	**1,048**	4,768	**-**	-
Inventories	**74,098**	91,696	**-**	-
Other assets and receivables	**268,005**	118,832	**659,342**	764,116
Total current assets	**1,004,664**	608,414	**724,373**	772,592
Non-current assets				
Property, plant and equipment	**664,021**	552,736	**355**	583
Goodwill	**309**	309	**-**	-
Subsidiaries	**-**	-	**249,638**	249,628
Associates	**98,721**	110,447	**33,336**	33,428
Joint ventures	**18,576**	20,238	**-**	-
Other assets and receivables	**56,178**	82,808	**15,240**	16,305
Derivative financial instruments	**11,531**	-	**11,394**	-
Deferred tax assets	**648**	-	**-**	-
Total non-current assets	**849,984**	766,538	**309,963**	299,944
Total assets	**1,854,648**	1,374,952	**1,034,336**	1,072,536

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

	Group		Company	
	9M2012 US$'000	FY2011 US$'000	**9M2012 US$'000**	FY2011 US$'000
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	**96,278**	154,782	**-**	-
Other payables	**215,149**	98,106	**132,641**	462,180
Bank loans	**151,665**	105,757	**-**	-
Bonds	**169,872**	128,445	**169,872**	128,445
Convertible loan notes	**101,361**	102,570	**101,361**	102,570
Finance leases	**6,562**	4,384	**96**	184
Income tax payable	**15,642**	8,608	**518**	143
Total current liabilities	**756,530**	602,652	**404,488**	693,522
Non-current liabilities				
Bank loans	**107,092**	76,625	**-**	-
Bonds	**294,915**	151,330	**294,915**	151,330
Finance leases	**2,489**	7,840	**143**	225
Derivative financial instruments	**-**	3,908	**-**	3,855
Deferred tax liabilities	**9,022**	9,005	**18**	19
Total non-current liabilities	**413,518**	248,708	**295,076**	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	**62,828**	-	**62,828**	-
Hedging reserve	**(5,299)**	(1,991)	**(5,299)**	(1,991)
Translation reserve	**1,120**	538	**-**	-
Equity reserve	**(7,420)**	(8,206)	**(63)**	-
Employees' share option reserve	**4,033**	4,009	**4,033**	4,009
Retained earnings	**236,374**	209,314	**66,670**	66,068
Equity attributable to owners of the company	**498,239**	359,163	**334,772**	223,585
Non-controlling interests	**186,361**	164,429	**-**	-
Total equity	**684,600**	523,592	**334,772**	223,585
Total liabilities and equity	**1,854,648**	1,374,952	**1,034,336**	1,072,536

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

Amount repayable in one year or less, or on demand

Group		Group	
9M2012		FY2011	
Secured	**Unsecured**	Secured	Unsecured
US$'000	**US$'000**	US$'000	US$'000
158,227	**271,233**	110,141	231,015

Amount repayable after one year

Group		Group	
9M2012		FY2011	
Secured	**Unsecured**	Secured	Unsecured
US$'000	**US$'000**	US$'000	US$'000
109,581	**294,915**	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	
	3Q2012	3Q2011
	US$'000	US$'000
Operating activities		
Profit after income tax	**12,526**	22,403
Adjustments for :		
Income tax expenses	**3,579**	(3,264)
Depreciation of property, plant and equipment	**7,530**	6,074
Employees' share options/ awards expense	**200**	830
Fair value (gain) / loss on financial liabilities designated as at fair value through profit and loss	**587**	(9,399)
Finance cost	**10,639**	4,634
Foreign exchange gain	**(2,447)**	(366)
Gain on disposal of assets held for sale	**-**	(312)
(Gain) / Loss on disposal of property, plant and equipment	**(23)**	653
Interest income	**(353)**	(843)
Gain on disposal of subsidiary	**-**	(383)
Loss on disposal of associate	**625**	-
Share of (profit)/ loss of associates and joint ventures	**(4,896)**	960
Operating cash flows before movements in working capital	**27,967**	20,987
Trade receivables	**(139,668)**	(24,178)
Construction work in progress	**3,962**	(1,384)
Inventories	**14,029**	4,473
Other assets and receivables	**(21,377)**	18,153
Trade payables	**(11,846)**	(17,978)
Other payables	**(9,210)**	(1,417)
Cash used in operations	**(136,143)**	(1,344)
Income taxes paid	**(1,570)**	(5,673)
Interest expense paid	**(6,489)**	(3,508)
Net cash used in operating activities	**(144,202)**	(10,525)
Investing activities		
Interest income received	**352**	843
Dividend received from associates/ joint ventures	**2,941**	1,833
Proceeds on disposal of property, plant and equipment	**107**	61
Proceeds on disposal of assets held for sale	**-**	980
Proceeds from disposal of subsidiary	**-**	(243)
Purchases of property, plant and equipment	**(62,894)**	(60,703)
Purchases of assets held for sale	**-**	(43)
Investment in associates	**-**	(2,442)
Acquisition of subsidiary, net of cash acquired	**14,551**	-
Net cash used in investing activities	**(44,943)**	(59,714)

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

	Group	
	3Q2012	3Q2011
	US$'000	US$'000
Financing activities		
Pledged deposits	**644**	(1)
Proceeds on issuance of bonds	**192,173**	-
Redemption of preference shares issued by a subsidiary	**(1,600)**	-
Net proceeds from issuances of perpetual capital securities	**62,742**	-
Repayment of obligations under finance leases	**(975)**	(1,328)
New bank loans raised	**179,474**	131,844
Redemption of bonds	**(84,778)**	-
Repayment of bank loans	**(137,022)**	(86,945)
Net cash provided by financing activities	**210,658**	43,570
Net increase/ (decrease) in cash and cash equivalents	**21,513**	(26,669)
Cash and cash equivalents at beginning of the period	**117,240**	94,174
Effect of exchange rate changes on the balance of cash held in foreign currencies	**182**	(207)
Cash and cash equivalents at end of the period	**138,935**	67,298
Cash and cash equivalents consist of:		
Cash at bank	**138,889**	67,151
Fixed deposits	**11,287**	13,340
Cash on hand	**38**	48
	150,214	80,539
Less: Pledged cash placed with banks	**(11,279)**	(13,243)
Total	**138,935**	67,296

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

	Share capital US$'000	Treasury shares US$'000	Perpetual capital securities US$'000	Hedging reserve US$'000	Translation reserve US$'000	Equity reserve US$'000	Employees' share option reserve US$'000	Retained earnings US$'000	Equity attributable to owners of the company US$'000	Non-controlling interests US$'000	Total US$'000
GROUP											
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 period	-	-	86	(3,308)	582	-	-	28,362	25,722	14,816	40,538
Proceeds from shares issued	50,240	-	-						50,240	-	50,240
Value of employee services received for issue of share options	-	-	-	-	-	-	24	-	24	-	24
Performance shares awarded using treasury shares	-	864	-			(63)	-		801	-	801
Change of interest in subsidiary	-	-	-	-	-	849	-	3,479	4,328	13,216	17,544
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(6,100)	(6,100)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	-	(4,781)	(4,781)	-	(4,781)
Issuance of perpetual capital securities net of transaction cost	-	-	62,742	-	-	-	-	-	62,742	-	62,742
Balance at 30 September 2012	**208,246**	**(1,643)**	**62,828**	**(5,299)**	**1,120**	**(7,420)**	**4,033**	**236,374**	**498,239**	**186,361**	**684,600**
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 period	-	-	-	2,180	(567)	-	-	30,600	32,213	9,728	41,941
Value of employee services received for issue of share options	-	-	-	-	-	-	2,223	-	2,223	-	2,223
Preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	123,750	123,750
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	(771)	(771)	-	(771)
Balance at 30 September 2011	158,006	(2,507)	-	476	(59)	(8,206)	2,223	209,398	359,331	164,084	523,415
COMPANY											
Balance at 1 January 2012	158,006	(2,507)	-	(1,991)	-	-	4,009	66,068	223,585	-	223,585
Total comprehensive income for the period	-	-	86	(3,308)	-	-	-	602	(2,620)	-	(2,620)
Proceeds from shares issued	50,240	-	-	-	-	-	-	-	50,240	-	50,240
Value of employee services received for issue of share options	-	-	-	-	-	-	24	-	24	-	24
Performance shares awarded using treasury shares	-	864	-	-	-	(63)	-	-	801	-	801
Issuance of perpetual capital securities net of transaction cost	-	-	62,742	-	-	-	-	-	62,742	-	62,742
Balance at 30 September 2012	**208,246**	**(1,643)**	**62,828**	**(5,299)**	**-**	**(63)**	**4,033**	**66,670**	**334,772**	**-**	**334,772**
Balance at 1 January 2011	158,006	(2,507)	-	(1,704)	-	-	-	6,935	160,730	-	160,730
Total comprehensive income for the period	-	-	-	2,180	-	-	-	6,305	8,485	-	8,485
Value of employee services received for issue of share options	-	-	-	-	-	-	2,223	-	2,223	-	2,223
Balance at 30 September 2011	158,006	(2,507)	-	476	-	-	2,223	13,240	171,438	-	171,438

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 the date of this announcement, 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

Date of grant	1 January 2012	Granted	30 September 2012	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) Changes in the company's share capital. (cont'd)

C) PERFORMANCE SHARE PLAN

Date of grant	1 January 2012	Granted	Vested	30 September 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

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

	9M2012	FY2011
Total number of issued shares	**607,457,666**	505,355,000

1(d)(iv) Treasury shares

	9M2012	FY2011
Total number of treasury shares as at 30 September 2012 and 31 December 2011	**1,963,334**	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		Group	
	3Q2012	3Q2011	**9M2012**	9M2011
Net profit after tax attributable to owners of the Company	**7,330**	13,522	**31,089**	30,600
Earnings per share				
a) Based on weighted average number of ordinary shares on issue (US$ cents)	1.2	2.7	5.1	6.1
b) Based on fully diluted basis (US$ cents)	1.2*	0.8	4.2	2.2
Weighted average number of shares applicable to basic earnings per share ('000)	594,359	505,355	594,359	505,355
Weighted average number of shares based on fully diluted basis ('000)	594,359	672,022	778,682	672,022

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

7. Net asset value per ordinary share

	Group		Company	
	9M2012	FY2011	**9M2012**	FY2011
Net asset value (US$'000)	**498,239**	359,163	**334,722**	223,585
Total number of shares issued ('000)	**607,458**	505,355	**607,458**	505,355
Net asset value per share (US$ cents per share)	**82.0**	71.1	**55.1**	44.2

8. Review of the group performance

Consolidated Income Statement and Statement of Comprehensive Income

(a) Revenue

9M2012 vs 9M2011/ 3Q2012 vs 3Q2011

Group's revenue increased by US$220.4 million or 47.0%, to US$689.3 million in 9M2012 compared to US$468.9 million for the corresponding period ended 30 September 2011 ("**9M2011**"). For 3Q2012, Group's revenue was US$265.3 million, 92.6% higher than the US$137.7 million recorded in third quarter 2011 ("**3Q2011**"). The strong growth in revenue for the Group was driven by progressive revenue recognition from the offshore construction contracts awarded to the Group in South Asia, Southeast Asia and Latin America.

(b) Cost of sales and gross profit

9M2012 vs 9M2011/ 3Q2012 vs 3Q2011

With higher revenue earned, cost of sales increased by US$185.9 million or 47.0%, from US$395.0 million in 9M2011 to US$580.9 million in 9M2012. For 3Q2012, cost of sales increased by US$113.1 million or 98.5%, from US$114.9 million in 3Q2011 to US$228.0 million in 3Q2012. Cost of sales comprises mainly of charter hire, sub-contractor cost, material cost, salaries and labour related cost and consumables. Overall gross profit margin remained in the range of 15% - 16%.

(c) Other operating income

9M2012 vs 9M2011/ 3Q2012 vs 3Q2011

Other operating income decreased by US$18.5 million or 61.2%, from US$30.2 million in 9M2011 to US$11.7 million in 9M2012. As for 3Q2012, other operating income decreased by US$11.9 million or 73.8% from US$16.1 million in 3Q2012 to US$4.2 million in 3Q2011. The decreased were due mainly to the following :

	3Q2012 US$'000	**3Q2011 US$'000**	9M2012 US$'000	9M2011 US$'000
Gain on disposal of investment	**-**	**383**	4,309	383
Fair value gain on financial liabilities designated as at fair value through profit or loss	**-**	**9,399**	1,399	19,790
Interest income	**353**	**843**	1,087	1,616
Gain on disposal of property, plant and equipment	**23**	**-**	426	-
Gain on disposal of assets held for sale	**-**	**312**	-	3,555
Foreign exchange gain	**-**	**4,429**	-	-

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

(d) Administrative expenses

9M2012 vs 9M2011/ 3Q2012 vs 3Q2011

Administrative expenses for 9M2012 increased by US$2.9 million or 8.0%, from US$37.3 million in 9M2011 to US$40.2 million in 9M2012. As for 3Q2012, administrative expenses reduced by approximately US$100,000. As at 30 September 2012 and 30 September 2011, the Group had 1,020 and 723 onshore employees, respectively.

(e) Other operating expenses

9M2012 vs 9M2011/ 3Q2012 vs 3Q2011

Other operating expenses increased by approximately US$5.0 million or 166.1%, from US$3.0 million in 9M2011 to US$8.0 million in 9M2012. As for 3Q2012, other operating expenses increased by approximately US$6.0 million, from approximately US$750,000 in 3Q2011 to approximately US$6.8 million in 3Q2012. The increase was due mainly to the foreign exchange losses of US$6.7 million and US$4.9 million recorded in 9M2012 and 3Q2012 respectively.

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

9M2012 vs 9M2011/ 3Q2012 vs 3Q2011

Share of profit of associates and joint ventures for 9M2012 increased by US$9.9 million, from US$1.6 million in 9M2012 to US$11.5 million in 9M2012. As for 3Q2012, the Group recorded share of profit of associates and joint ventures of US$4.9 million as compared to share of losses of approximately US$960,000 in 3Q2011. The increase was due to certain associates in Southeast Asia deliver positive results.

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

(g) Finance costs

9M2012 vs 9M2011/ 3Q2012 vs 3Q2011

Finance cost for 9M2012 increased by US$8.4 million or 53.4%, from US$15.7 million in 9M2011 to US$24.1 million in 9M2012. As for 3Q2012, finance costs increased by US$5.5 million or 108.1%, from US$5.1 million in 3Q2011 to US$10.6 million in 3Q2012. The higher finance cost incurred was due mainly to higher bank borrowings and new issues of multicurrency medium term notes.

(h) Profit for the period

9M2012 vs 9M2011/ 3Q2012 vs 3Q2011

With the above, profit for 9M2012 increased by US$5.7 million or 14.0%, from US$40.3 million in 9M2011 to US$46.0 million in 9M2012. As for 3Q2012, profit increased by US$3.4 million from US$15.9 million in 3Q2012 to US$12.5 million in 3Q2012.

Statements of Financial Position

(i) 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 upon the achievement of billing milestones.

Due to the strong growth of revenue in 9M2012, the Group's trade receivables increased by US$234.6 million from US$276.7 million as at 31 December 2011 to US$511.3 million as at 30 September 2012. The timing difference between the achievement of milestone and revenue recognized for projects in progress has resulted in an increase in trade receivables.

(j) Inventories

Inventories decreased by US$17.6 million, from US$91.7 million as at 31 December 2011 to US$74.1 million as at 30 September 2012, the decrease was due to continued consumption of materials in project execution.

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

(k) Other assets and receivables (current)

Other current assets and receivables increased by US$149.2 million from US$118.8 million as at 31 December 2011 to US$268.0 million as at 30 September 2012. The increase was due mainly to advances to/ amounts due from certain joint ventures and associates.

(l) Property, plant and equipment

Property, plant and equipment increased by US$111.3 million from US$552.7 million as at 31 December 2011 to US$664.0 million as at 30 September 2012. The increase was due mainly to :

(i) addition of a diving support vessel for subsea construction and installation activities;

(ii) a diving support vessel previously under sales and lease back arrangement included in property, plant and equipment following the acquisition of share in Atlantis Navigation AS; and

(iii) cost incurred for vessels under construction.

Depreciation increased by US$5.7 million or 40.0%, from US$14.4 million in 9M2011 to US$20.1 million in 9M2012. The increase was due mainly to addition of the derrick pipelay barge in financial year 2011.

Assets under construction are not depreciated.

(m) Associates

Investment in associates decreased by US$11.7 million from US$110.4 million as at 31 December 2011 to US$98.7 million as at 30 September 2012. The decrease was due mainly to Atlantis Navigation AS ceased to be an associate and become a subsidiary following the acquisition of shares in Atlantis Navigation AS.

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

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

Other non-current assets and receivables decreased by US$26.6 million from US$82.8 million as at 31 December 2011 to US$56.2 million as at 30 September 2012. Decrease in other receivables was due mainly to elimination of seller credit/ loans to Atlantis Navigation AS ("Atlantis"), as a result of acquisition of remaining shares of Atlantis in Q32012. 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.

(o) Total current and non-current borrowings

Total current and non-current borrowings comprises of:

	Group			
	9M2012		FY2011	
	Current	**Non-Current**	Current	Non-Current
	US$'000	**US$'000**	US$'000	US$'000
Bank Loan	**57,908**	**107,092**	83,613	76,625
Working Lines	**93,757**	**-**	22,144	-
Convertible Loans	**101,361**	**-**	102,570	-
Medium Term notes	**169,872**	**294,915**	128,445	151,330
Finance Lease	**6,562**	**2,489**	4,384	7,840
	429,460	**404,496**	341,156	235,795

Total current and non-current borrowings increased by US$257.0 million from US$577.0 million as at 31 December 2011 to US$834.0 million as at 30 September 20112. The increase was due to proceed from bonds issued and higher bank borrowings.

Net debt-to-equity ratio is as follows:

Financial period ended	30 September 2012	30 June 2012	31 December 2011	30 September 2011	30 June 2011
Net debt-to-equity ratio	1.00	0.89	0.88	0.85	1.06

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

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

For the 9M2012, the Group has the following outstanding bonds and convertible loan notes:

Bonds

Multicurrency medium term note

	Tenure (year)	Interest rate	Due Date	Group 9M2012 S$'000	Group 9M2012 US$'000	Group FY2011 US$'000
Current						
- series 7	2	5.75%	31 August 2012	**-**	**-**	83,694
- series 10	1	5.0%	25 October 2012	**60,000**	**48,815**	44,751
- series 13	1	5.8%	6 August 2013	**150,000**	**121,057**	-
				210,000	**169,872**	128,445
Non-current						
- series 8	3	5.8%	11 October 2013	**80,000**	**64,645**	60,620
- series 9	3.5	5.9%	25 July 2014	**120,000**	**96,635**	90,710
- series 11	3	6.25%	8 June 2015	**95,000**	**75,674**	-
- series 12	4	7.0%	6 July 2016	**75,000**	**57,961**	-
				370,000	**294,915**	151,330

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 9M2012 US$'000	Group FY2011 US$'000	Due Date
Non-current			
Nominal value of the Convertible Bonds	**100,000**	100,000	October 2014
Fair value through profit or loss	**1,361**	2,570	
	101,361	102,570	

The decreased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US$1.2 million in 9M2012, such changes in fair value was accounted for at fair value through profit or loss.

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

(p) Trade and Other payables (current)

	Group	
	9M2012	FY2011
	US$'000	US$'000
Trade Payables	**96,278**	154,782
Other Payables	**215,419**	98,106
	311,697	252,888

Total trade and other payables increased by US$58.8 million from US$252.9 million as at 31 December 2011 to US$311.7 million as at 30 September 2012. The increase was due mainly to accrual of cost for vessel under construction and increase in operating activities.

Consolidated Statement of Cash Flows

(q) Cash flow from operating activities

In 3Q2012, the Group net cash used in operating activities amounted to US$144.2 million, this comprised operating cash flow before working capital changes of US$28.0 million and adjusted for net working capital outflows of US$164.1 million and income tax and interest payment of US$8.1 million. The net working capital outflows were mainly the result of the followings:

(i) increase in trade receivables, other assets and receivables of US$161.0 million;

(ii) net decrease in trade and other payables of US$21.1 million; and

(iii) decrease in inventories of US$14.0 million.

(r) Cash flow used in investing activities

In 3Q2012, the Group's net cash used in investing activities amounted to US$44.9 million, which was due mainly to purchase of property, plant and equipment and capital expenditure of US$62.9 million.

(s) Cash flow from financing activities

In 3Q2012, the Group recorded a net cash inflow from financing activities of US$210.7 million, which was due mainly to proceeds on issuance of bond and perpetual capital securities of US$192.2 million and US$62.7 million respectively. These cash inflow was however partially offset by repayment of bank loans and redemption of bonds amounting to US$137.0 million and US$84.8 million respectively.

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 remained within the healthy range of US$80 - US$100/ bbl, with oil prices forecasted to be at sustainable level, the management reckons that oil companies will continue to drive its offshore exploration and production capital expenditure, create more jobs for offshore and subsea contractors that undertake platform, pipeline and subsea installation, inspection, repair and maintenance works and other offshore support services, this is evidenced by active bidding activities in the markets that the Group is penetrating and focusing on.

As of November 2012, the Group has an order book of approximately US$1.4 billion. The Group is equipped with large fleet size and is advantaged in contract bidding, with the right resources and experienced management team, the Group is well positioned to bid for major contracts and continue to focus on winning new contracts.

The Group will remain prudent in managing its operations, maximizing cost efficiencies to provide value added solutions to customers.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes

Name of dividend	Interim dividend
Dividend type	Cash
Dividend value	S$0.01 per ordinary share
Tax rate	Tax exempt one-tier

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

11. Dividend (cont'd)

(c) Date Payable

18 January 2013

(d) Book Closure Date.

Notice is hereby given that the Transfer Books and the Register of Members of the Company will be closed on 31 December 2012 for the purpose of determining Shareholders' entitlement to the interim dividend of S$0.01 per ordinary share ("Dividend") in respect of the financial year ending 31 December 2012.

Duly completed registered transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on Friday, 28 December 2012 will be registered to determine Shareholders' entitlement to the Dividend.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on Friday, 28 December 2012 will be entitled to the Dividend.

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

Not 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.

STATEMENT BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the **third quarter and nine months' financial results for the period ended 30 September 2012** to be false or misleading in any material aspect.

On behalf of the Board of Directors

Raymond Kim Goh	Francis Wong Chin Sing
Director	Director
Executive Chairman	Group Chief Executive Officer and President

BY ORDER OF THE BOARD

Lee Bee Fong
Company secretary
14 November 2012

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. Person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. Person, the electronic mail address that you gave us and to which this email has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Swiber Holdings Limited, DBS Bank Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

Restrictions: The attached document is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of Swiber Holdings Limited or DBS Bank Ltd. to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Swiber Holdings Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.