

FINANCIAL REVIEW

SIMPLIFIED GROUP FINANCIAL POSITION

Financial Position

The financial position of the Group continued to be strong for the year in review. The change in financial position between the two years reflected the Group's efforts to invest in its core businesses to further strengthen and enhance its position as a global player in the offshore oil and gas sector.

Working capital of the Group increased in line with the higher activities of the core business. Total assets of the Group increased 30 per cent from \$3.43 billion to \$4.46 billion.

Capital Employed

Total capital employed as at 31 December 2007 was \$1.7 billion comprising shareholders' funds of \$1,680 million and minority interests of \$26 million. The Group's shareholders' fund increased by 26 per cent.

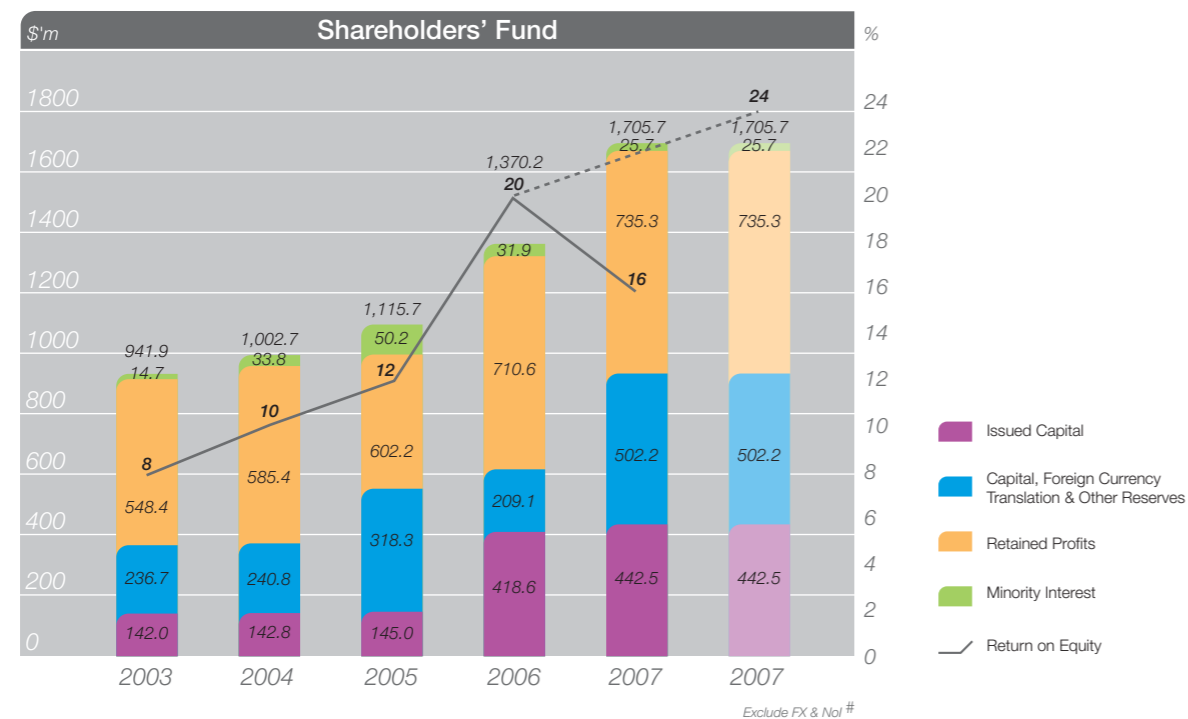
Minority interests of the Group decreased from \$32 million to \$26 million in 2007. This was principally due to declaration of dividends by the subsidiary companies.

Borrowings

Gross debts of the Group as at 31 December 2007 was \$441 million comprising medium term notes amounting to \$285 million and other external bank borrowings for working capital financing and acquisition of properties at Admiralty Road. After deducting fixed deposits, bank and cash balances of \$740 million, the Group ended the year in a net cash position of \$299 million.

Financial Resources

The Group maintained sufficient cash and cash equivalent, internal generated cash flow and the availability of funding resources through an adequate amount of committed credit facilities. A mixture of short-term money market borrowings and medium-term loans was obtained to fund working capital requirements, capital expenditure and investments. Due to the dynamic nature of the business, the Group maintained flexibility in funding by ensuring that ample working capital lines were available at any one time.



FX & Nol – Unauthorised foreign exchange transactions & related expenses and Non-Operating Items

