SIMPLIFIED GROUP FINANCIAL POSITION

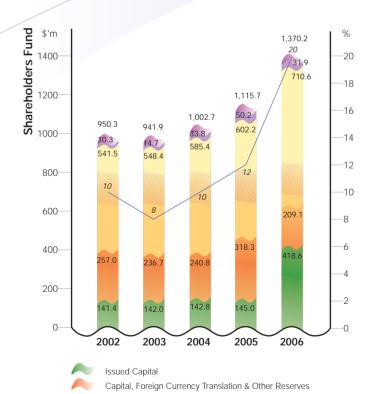
Financial Position

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 47 per cent from \$2.33 billion to \$3.43 billion.

Capital Employed

Total capital employed as at 31 December 2006 was \$1.4 billion comprising shareholders funds of \$1,338 million and minority interests of \$32 million. The Group's shareholders fund increased by 26 per cent.



Retained Profits

Minority Interest Return on Equity Minority interests of the Group were decreased from \$50 million to \$32 million in 2006. This was principally due to the divestment of Kristiansand Drilling, the Group's 82 per cent subsidiary company owning the first Baker Marine Pacific Class 375 deep-drilling offshore jack-up rig.

Borrowings

Gross debts of the Group as at 31 December 2006 was \$390 million comprising a mediumterm note amounting to \$210 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 \$503 million, the Group ended the year in a net cash position of \$113 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.

