

IBEX TECHNOLOGIES INC
Form CB/A
November 16, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form CB

(Amendment No. 1)

TENDER OFFER/RIGHTS OFFERING NOTIFICATION FORM

Please place an X in the box(es) to designate the appropriate rule provision(s) relied upon to file this Form:

Securities Act Rule 801 (Rights Offering)	..
Securities Act Rule 802 (Exchange Offer)	x
Exchange Act Rule 13e-4(h)(8) (Issuer Tender Offer)	..
Exchange Act Rule 14d-1(c) (Third Party Tender Offer)	x
Exchange Act Rule 14e-2(d) (Subject Company Response)	..
Filed or submitted in paper if permitted by Regulation S-T Rule 101(b)(8)	..

IBEX TECHNOLOGIES INC.

(Name of Subject Company)

Canada

Edgar Filing: IBEX TECHNOLOGIES INC - Form CB/A

(Jurisdiction of Subject Company's Incorporation or Organization)

IMI International Medical Innovations Inc.

4211 Yonge Street, Suite 615

Toronto, Ontario M2P 2A9, Canada

Telephone: 416-222-3449

(Name of Person(s) Furnishing Form)

Common Shares

(Title of Class of Subject Securities)

448937

(CUSIP Number of Class of Securities (if applicable))

Paul Baehr

5485 Paré Street

Montreal, PQ

H4P 1P7

(514) 344-4004

(Name, Address (including zip code) and Telephone Number (including area code) of

Person(s) Authorized to Receive Notices and Communications on Behalf of Subject Company)

November 4, 2004

(Date Tender Offer/Rights Offering Commenced)

PART I INFORMATION SENT TO SECURITY HOLDERS

Item 1. Home Jurisdiction Documents

(a)

<u>Attachment</u>	<u>Description</u>
A	Offer to Purchase and Circular, dated November 4, 2004 (the Offer and Circular), relating to the offer (the Offer) by IMI International Medical Innovations Inc. (IMI) to purchase all of the outstanding common shares of IBEX Technologies Inc. (Ibex).*
B	Letter from IMI to Ibex shareholders, dated November 4, 2004, relating to the Offer.
C	Letter of Acceptance and Transmittal Form, dated November 4, 2004, relating to the Offer.
D	Notice of Guaranteed Delivery, dated November 4, 2004, relating to the Offer.

*Previously furnished on Form CB on November 5, 2004.

(b) Not applicable.

Item 2. Informational Legends

A legend complying with Rule 802(b) under the Securities Act of 1933, as amended, has been included in the Offer and Circular.

PART II INFORMATION NOT REQUIRED TO BE SENT TO SECURITY HOLDERS

- (1) IMI made the Offer Announcement, dated November 4, 2004, publicly available in connection with the requirements of Ibex's home jurisdiction and furnished such announcement as Exhibit II-1 to the Form CB filed by IMI on November 5, 2004.
- (2) Not applicable.
- (3) Not applicable.

PART III CONSENT TO SERVICE OF PROCESS

Concurrently with the filing of the Form CB with the Securities and Exchange Commission (the SEC) on November 5, 2004, IMI filed with the SEC a written irrevocable consent and power of attorney on Form F-X. IMI will promptly communicate any change in the name or address of its agent for service to the SEC by amendment of the Form F-X.

PART IV SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/s/ RONALD G. HOSKING

(Signature)

Ronald G. Hosking, Vice President and Chief Financial Officer
(Name and Title)

November 15, 2004
(Date)

[IMI letterhead appears here]

November 4, 2004

Dear Ibex Shareholder:

The documents accompanying this letter outline IMI International Medical Innovations Inc.'s offer for all of the outstanding common shares of Ibex Technologies Inc.

We believe this offer is attractive to Ibex shareholders for several reasons:

- First, you will receive a substantial premium based on trading prices of Ibex's shares prior to our announcement;
- Second, you will continue to participate in the biotech market but within a larger entity that has a more diversified product portfolio; and
- Finally, we believe that IMI is better equipped to unlock the full value of Ibex's assets.

Our offer represents an opportunity for you to receive either 0.1254 common shares of IMI or \$0.42 in cash for each Ibex share. This price represents a 45% premium to the closing trading price of your Ibex shares on November 1, 2004, the day before our announcement, and a 52% premium based on the 50-day weighted average trading price.

Ibex shares have traded at a discount to Ibex's cash value for quite some time, which, in our opinion, has represented a real cost to shareholders. The technology, human and capital resources available to Ibex have not generated the kind of return we believe you could earn by bringing our two companies together. This offer allows you to receive immediate value from your Ibex shares while continuing to participate in the exciting biotechnology sector with IMI.

For those of you unfamiliar with IMI, our company is a world leader in predictive medicine, dedicated to developing rapid, non-invasive tests for the early detection of life-threatening diseases. Our lead cardiovascular product, a test that assesses risk of heart disease by measuring cholesterol accumulation in the skin, has already received approval from the U.S. Food and Drug Administration, and is cleared for sale in Canada and Europe. This product, a biomarker, started out as a mere concept that we developed into a viable product and then successfully ushered through clinical trials and the regulatory process. Simply, the IMI team has proven expertise.

Edgar Filing: IBEX TECHNOLOGIES INC - Form CB/A

In addition, IMI is partnered worldwide with McNeil Consumer Healthcare, a Johnson and Johnson company, for the marketing and distribution of this product as well as additional formats, including a consumer test. With McNeil, IMI is poised to generate revenue in 2004, through 2005 and beyond. What does that mean for you as an Ibex shareholder?

Page 1 of 2

If you receive shares of IMI, management of IMI expects you to benefit from:

- A larger, stronger predictive medicine company with resources to expand initiatives and advance its portfolio of products;
- A strong strategic fit of complementary technologies and facilities. For example, Ibex's kallikrein markers used in combination with our GOS-based tests may provide information about cancer risk that neither marker provides on its own;
- Improved utilization of Ibex's facilities, which could possibly be used to produce the reagents used in IMI's assays as well as for processing IMI's cancer tests for clinical trials; and
- Utilization of Ibex's available accumulated government tax credits, which the combined entity will carry forward.

The Canadian biotechnology sector consists of about 400 companies, of which close to 100 are publicly traded. Few of these companies have a commercial product on the market, and most are seeking investor dollars to stay afloat. Investors can afford to be very selective in their participation in the sector. By bringing our two companies together, we believe that we are offering a far more compelling investment opportunity. We expect the offer we are presenting to you to represent a win-win scenario for both companies.

We encourage you to read through the enclosed documents and speak to your financial advisor for advice on our proposal. We believe that Ibex shareholders stand to gain considerably by tendering their shares to this offer.

Sincerely,

/s/ Dr. Brent Norton

Dr. Brent Norton

President and CEO

IMI International Medical Innovations Inc.

The Instructions accompanying the Letter of Acceptance and Transmittal should be read carefully before this Letter of Acceptance and Transmittal is completed. The Depository (see last page for addresses and telephone number) or your broker or other financial advisor will assist you in completing this Letter of Acceptance and Transmittal.

LETTER OF ACCEPTANCE AND TRANSMITTAL

to accompany certificates for Common Shares of

IBEX TECHNOLOGIES INC.

to be deposited pursuant to the Offer dated November 4, 2004 of

IMI INTERNATIONAL MEDICAL INNOVATIONS INC.

THE OFFER WILL BE OPEN FOR ACCEPTANCE UNTIL 12:01 AM (TORONTO TIME) ON DECEMBER 16, 2004 UNLESS THE OFFER IS EXTENDED OR WITHDRAWN.

This Letter of Acceptance and Transmittal, properly completed and duly executed, together with all other required documents, must accompany certificates for common shares (the **Ibex Shares**) of IBEX Technologies Inc. (**Ibex**) deposited pursuant to the offer (the **Offer**) dated November 4, 2004, made by IMI International Medical Innovations Inc. (**IMI**) to holders of the Ibex Shares.

The terms and conditions of the Offer are incorporated by reference in this Letter of Acceptance and Transmittal to holders of Ibex Shares.

Capitalized terms used but not defined in this Letter of Acceptance and Transmittal which are defined in the offer to purchase and take-over bid circular dated November 4, 2004 (the **Circular**), have the meanings set out in the Circular.

SHAREHOLDERS SHOULD CAREFULLY COMPLETE THE CONSIDERATION ELECTION ON PAGE 3.

SHAREHOLDERS WHO DO NOT MAKE AN ELECTION WILL BE DEEMED TO HAVE ELECTED TO, AND WILL, RECEIVE COMMON SHARES OF IMI, PURSUANT TO THE OFFER.

TO: IMI INTERNATIONAL MEDICAL INNOVATIONS INC.

AND TO: EQUITY TRANSFER SERVICES INC. (the Depository), at its office set out herein.

The undersigned delivers to you the enclosed certificate(s) for Ibox Shares and, subject only to the provisions of the Offer regarding withdrawal, irrevocably accepts the Offer for such Ibox Shares upon the terms and conditions contained in the Offer. The following are the details of the enclosed certificate(s):

Certificate Number(s)	Name in which Registered	Number of Ibex Shares Represented by Certificate	Number of Ibex Shares Deposited
-----------------------	--------------------------	--	---------------------------------

TOTAL

(If space is insufficient, please attach list in above form.)

The undersigned acknowledges receipt of the Offer and the Circular and represents and warrants that the undersigned has good and sufficient authority to deposit, sell and transfer the Ibex Shares represented by the enclosed certificate(s) (the **Deposited Shares**) and that when the Deposited Shares are accepted for payment by IMI, IMI will acquire good title to the Deposited Shares free from all liens, charges, encumbrances, claims and equities and in accordance with the following:

IN CONSIDERATION OF THE OFFER AND FOR VALUE RECEIVED the undersigned irrevocably assigns to IMI all of the right, title and interest of the undersigned in and to the Deposited Shares and in and to any and all dividends, distributions, payments, securities, rights, warrants, property or other interests (collectively, **distributions**) which may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Deposited Shares or any of them after November 4, 2004, as well as the right of the undersigned to receive any and all distributions.

If, on or after the date of the Offer, Ibex should divide, combine, reclassify, consolidate, convert or otherwise change any of the Ibex Shares or its capitalization, or should disclose that it has taken or intends to take any such action, then IMI may, in its sole discretion and without prejudice to its rights under Section 2 of the Offer to Purchase, **Conditions of the Offer** , make such adjustments as it deems appropriate to reflect such division, combination, reclassification, consolidation, conversion or other change in the Offered Consideration, the number of IMI Shares to be issued, the cash offered pursuant to the Offer or other terms of the Offer (including, without limitation, the type of securities offered to be purchased and the consideration payable therefor).

Ibex Shares acquired pursuant to the Offer shall be transferred by the holder of Ibex Shares and acquired by IMI free and clear of all liens, restrictions, charges, encumbrances, security interests, claims and equities or rights of others of any nature or kind whatsoever and together with all rights and benefits arising therefrom, including (subject to the payment of dividends as described below) the right to all other securities which may be declared, paid, issued, accrued, distributed, made or transferred on or after the date of the Offer on in respect of the Ibex Shares.

Edgar Filing: IBEX TECHNOLOGIES INC - Form CB/A

If, on or after the date of the Offer, Ibex should declare or pay any dividend or declare, make or pay any other distribution or payment on or declare, allot, reserve or issue any securities, rights or other interests with respect to the Ibex Shares, that is payable or distributable to the holders of such Ibex Shares on a record date that precedes the date of transfer of such Ibex Shares into the name of IMI or its nominees or transferees on the Share register maintained by or on behalf of

Ibex, then without prejudice to IMI's rights under Section 2 of the Offer to Purchase, Conditions of the Offer : (a) in the case of cash dividends, distributions or payments, the amount of the dividends, distributions or payments shall be received and held by the depositing Shareholders, and to the extent that such dividends, distributions or payments do not exceed the value of the consideration per Ibex Share payable by IMI pursuant to the Offer (as determined by IMI), the Offered Consideration will be reduced by the amount of any such dividend or distribution paid or payable per Ibex Share in respect of which the dividend or distribution is made; (b) in the case of non-cash dividends, distributions, payments, rights or other interests, the whole of any such non-cash dividend, distribution, payment, right or other interest shall be received and held by the depositing Shareholders for the account of IMI and shall be required to be promptly remitted and transferred by the depositing Shareholders to the Depository for the account of IMI, accompanied by appropriate documentation of transfer; and (c) in the case of any cash dividends, distributions or payments in an amount that exceeds the consideration per Ibex Share payable by IMI (as determined by IMI), the whole of any such cash dividend, distribution or payment shall be received and held by the depositing Shareholders for the account of IMI and shall be required to be promptly remitted and transferred by the depositing Shareholders to the Depository for the account of IMI, accompanied by appropriate documentation of transfer. Pending such remittance (in the case of (b) and (c) above), IMI will be entitled to all rights and privileges as owner of any such dividend, distribution, payment, right or other interest and may withhold all of the IMI Shares otherwise issuable by IMI to the non-remitting Shareholder pursuant to the Offer or deduct from the number of IMI Shares to be delivered by IMI pursuant to the Offer such number of IMI Shares with a value equal to the amount or value of the dividend, distribution, payment, right or other interest, as determined by IMI in its sole discretion.

The undersigned Shareholder hereby elects, in respect of the Ibex Shares hereby deposited, as follows:

CONSIDERATION ELECTIONS

Shareholders should complete this election carefully and are encouraged to consult their advisors regarding the tax consequences of this election.

Please choose one of the following:

IMI Common Share Election

.. I want to receive 0.1254 IMI COMMON SHARES for each of my Ibex Shares.

or

Cash Election

Edgar Filing: IBEX TECHNOLOGIES INC - Form CB/A

“ I want to receive Cdn.\$0.42 in CASH for each of my Ibex Shares, subject to proration if Ibex Shareholders request in the aggregate more than the Tender Cash Maximum.

The undersigned Shareholder directs IMI and the Depositary, upon IMI taking up the Deposited Shares: (a) to issue or cause to be issued cheques and/or certificates representing common shares of IMI to which the undersigned is entitled for the Deposited Shares under the Offer in the name indicated below and to send such cheques and/or certificates representing common shares of IMI by first class insured mail, postage prepaid, to the address indicated below; and (b) to return any certificates for Ibox Shares not deposited to or purchased under the Offer to the address indicated below (and, in the case of both (a) and (b) above, if no name, address or delivery instructions are indicated, to the undersigned at the address of the undersigned as shown on the registers maintained by Ibox).

Shareholders whose Ibox Share certificates are not immediately available or who cannot deliver their Ibox Share certificates and all other required documents to the Depositary at or before the Expiry Time must deliver their Ibox Shares according to the guaranteed delivery procedures set forth in Section 5 of the Offer, Procedure for Guaranteed Delivery .

The undersigned irrevocably constitutes and appoints IMI or its designees as the true and lawful agent, attorney and attorney-in-fact of the undersigned with respect to the Deposited Shares taken up and paid for under the Offer and any distributions on such Deposited Shares with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable) to, in the name of and on behalf of the undersigned, (a) to register or record the transfer and/or cancellation of such Deposited Shares and distributions consisting of securities on the registers of Ibox; (b) for as long as any of such Deposited Shares are registered or recorded in the name of the undersigned (whether or not they are now so registered or recorded), execute and deliver (provided the same is not contrary to applicable law), as and when requested by IMI, any instruments of proxy, authorization or consent in form and on terms satisfactory to IMI in respect of any such Deposited Shares and distributions, and to designate in any such instruments of proxy any person or persons as the proxyholder of the undersigned in respect of such Deposited Shares and distributions; (c) execute and negotiate any cheques or other instruments representing any such distribution payable to or to the order of the undersigned; and (d) exercise any rights of the undersigned with respect to such Deposited Shares and distributions.

The undersigned revokes any and all other authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the undersigned at any time with respect to the Deposited Shares or any distributions. No subsequent authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, will be granted with respect to the Deposited Shares or any distributions by or on behalf of the undersigned, unless the Deposited Shares are not taken up and paid for under the Offer.

The undersigned agrees not to vote any of the Deposited Shares taken up and paid for under the Offer, or distributions on such Deposited Shares consisting of securities, at any meeting and not to exercise any of the other rights or privileges attaching to any of such Deposited Shares or distributions consisting of securities, or otherwise act with respect thereto. The undersigned agrees further to execute and deliver to IMI, provided any such execution and delivery is not contrary to any applicable law, at any time and from time to time, as and when requested by, and at the expense of IMI, any and all instruments of proxy, authorization or consent, in form and on terms satisfactory to IMI, in respect of any such Deposited Shares or distributions consisting of securities. The undersigned agrees further to designate in any such instruments of proxy the

person or persons specified by IMI as the proxyholder of the undersigned in respect of such Deposited Shares or distributions consisting of securities.

The undersigned covenants and agrees to execute all such documents, transfers and other assurances as may be necessary or desirable to convey the Deposited Shares and distributions effectively to IMI.

Each authority conferred or agreed to be conferred by the undersigned in this Letter of Acceptance and Transmittal may be exercised during any subsequent legal incapacity of the undersigned and shall survive the death, bankruptcy or insolvency of the undersigned and all obligations of the undersigned in this Letter of Acceptance and Transmittal shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer, the deposit of Ibox Shares pursuant to this Letter of Acceptance and Transmittal is irrevocable.

The undersigned, by virtue of the execution of this Letter of Transmittal, shall be deemed to have agreed that all questions as to validity, form, eligibility (including timely receipt) and acceptance of any Ibox Shares deposited pursuant to the Offer will be determined by IMI in its sole discretion and that such determination shall be final and binding and acknowledges that there shall be no duty or obligation on IMI, the Dealer Manager, the Depositary or any other person to give notice of any defect or irregularity in any deposit and no liability shall be incurred by any of them for failure to give such notice.

By reason of the use by the undersigned of an English language form of Letter of Acceptance and Transmittal, the undersigned and each of you shall be deemed to have required that any contract evidenced by the Offer as accepted through this Letter of Acceptance and Transmittal, as well as all documents related thereto, be drawn exclusively in the English language. En raison de l'usage d'une lettre d'envoi en langue anglaise par le soussigné, le soussigné et les destinataires sont présumés avoir requis que tout contrat attesté par l'offre acceptée par cette lettre d'acceptation et d'envoi, de même que tous les documents qui s'y rapportent, soient rédigés exclusivement en langue anglaise.

Signature guaranteed by (if required under Instruction 4):

Dated:

Authorized Signature

Signature of Shareholder or Authorized Representative

(see Instruction 5)

Name of Guarantor (please print or type)

Name of Shareholder (please print or type)

Address (please print or type)

Name of Authorized Representative, if applicable

(please print or type)

Daytime telephone number of Shareholder or

Authorized Representative

BLOCK A

BLOCK B

ISSUE CHEQUES AND/OR CERTIFICATES FOR COMMON
SHARES OF IMI IN THE NAME OF: (please print)

SEND CHEQUES AND/OR CERTIFICATES FOR COMMON
SHARES OF IMI (Unless Block C is checked) TO:

.. SAME ADDRESS AS BLOCK A OR TO:

(Name)

(Name)

(Street Address and Number)

Edgar Filing: IBEX TECHNOLOGIES INC - Form CB/A

(City and Province or State)	(Street Address and Number)
(Country and Postal (Zip) Code)	
(Telephone Business Hours)	(City and Province or State)
(Tax Identification, Social Insurance or Social Security Number)	(Country and Postal (ZIP) Code)

BLOCK C

.. HOLD CHEQUES AND/OR CERTIFICATES FOR COMMON SHARES OF IMI FOR PICK-UP

BLOCK D

.. CHECK HERE IF IBEX SHARES ARE BEING DEPOSITED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE TORONTO OFFICE OF THE DEPOSITARY AND COMPLETE THE FOLLOWING (please print or type)

Name of Registered Holder: _____ Date of Guaranteed Delivery: _____

Name of Institution which Guaranteed Delivery: _____

For holders of Ibox Shares who elect to receive IMI Shares and who are located in, or are subject to the laws of, the United States, please set forth the date on which the Ibox Shares were acquired and in what manner of transaction they were acquired (i.e., open market purchase; private placement; other):

INSTRUCTIONS AND RULES

1. Use of Letter of Acceptance and Transmittal

- (a) This Letter of Acceptance and Transmittal (or an originally signed facsimile thereof) together with accompanying certificates representing the Deposited Shares must be received by the Depository at any of the offices specified below before 12:01 a.m. (Toronto time) on December 16, 2004, (the **Expiry Time**), unless the Offer is extended or withdrawn, or unless the procedures for guaranteed delivery set out in Instruction 2 below are employed.
- (b) The method used to deliver this Letter of Acceptance and Transmittal and any accompanying certificates representing Ibox Shares is at the option and risk of the holder, and delivery will be deemed effective only when such documents are actually received. IMI recommends that the necessary documentation be hand delivered to the Depository at any of its offices specified below, and a receipt obtained; otherwise the use of registered mail with return receipt requested, properly insured, is recommended. **Shareholders whose Ibox Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in depositing those Ibox Shares.**

2. Procedures for Guaranteed Delivery

If a Shareholder wishes to accept the Offer and either (i) the certificates representing such Shareholder's Ibox Shares are not immediately available or (ii) such Shareholder cannot deliver the certificates and Letter of Transmittal to the Depository by the Expiry Time, those Ibox Shares may nevertheless be deposited under the Offer, provided that all of the following conditions are met:

- (a) such deposit is made only at the principal office of the Depository in Toronto, Ontario by or through an Eligible Institution;
- (b) a properly completed and duly executed Notice of Guaranteed Delivery (or a manually signed facsimile) is received by the Depository at its principal office in Toronto, Ontario at or before the Expiry Time; and
- (c) the certificate or certificates representing the deposited Ibox Shares, in proper form for transfer, together with a properly completed and duly signed Letter of Transmittal (or a manually signed facsimile copy) and other documents required by such Letter of Transmittal, are received at the Toronto office of the Depository by 5:00 p.m. (Toronto time) on the third trading day on the TSX after the Expiry Time.

The Notice of Guaranteed Delivery may be delivered by hand, transmitted by electronic facsimile or mailed to the Depository only at its principal office in Toronto, Ontario and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

An Eligible Institution means a Canadian Schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Dealers Association of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States.

3. Signatures

This Letter of Acceptance and Transmittal must be filled in and signed by the holder of Ibex Shares accepting the Offer described above or by such holder's duly authorized representative (in accordance with Instruction 5).

- (a) If this Letter of Acceptance and Transmittal is signed by the registered owner(s) of the accompanying certificate(s), such signature(s) on this Letter of Acceptance and Transmittal must correspond with the name(s) as registered or as written on the face of such certificate(s) without any change whatsoever, and the certificate(s) need not be endorsed. If such transmitted certificate(s) are owned of record by two or more joint owners, all such owners must sign the Letter of Acceptance and Transmittal.
- (b) If this Letter of Acceptance and Transmittal is signed by a person other than the registered owner(s) of the accompanying certificate(s):
 - (i) such deposited certificate(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered owner(s); and
 - (ii) the signature(s) on such endorsement or power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) and must be guaranteed as noted in Instruction 4 below.

4. Guarantee of Signatures

If this Letter of Acceptance and Transmittal is signed by a person other than the registered owner(s) of the Deposited Shares, or if payment is to be made to a name other than the registered owner(s), or if Deposited Shares not purchased are to be returned to a person other than such registered owner(s) or sent to an address other than the address of the registered owner(s) as shown on the registers of Ibex, such signature must be guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depository (except that no guarantee is required if the signature is that of an Eligible Institution).

5. Fiduciaries, Representatives and Authorizations

Where this Letter of Acceptance and Transmittal is executed by a person on behalf of an executor, administrator, trustee, guardian, corporation, partnership or association or is executed by any other person acting in a representative capacity, this Letter of Acceptance and Transmittal must be accompanied by satisfactory evidence of the authority to act. IMI or the Depositary, at their discretion, may require additional evidence of authority or additional documentation.

6. Partial Tenders

If less than the total number of Ibex Shares evidenced by any certificate submitted is to be deposited, fill in the number of Ibex Shares to be deposited in the appropriate space on this Letter of Acceptance and Transmittal. In such case, new certificate(s) for the number of Ibex Shares not deposited will be sent to the registered holder unless otherwise provided as soon as practicable after the Expiry Time. The total number of Ibex Shares evidenced by all certificates delivered will be deemed to have been deposited unless otherwise indicated.

7. Miscellaneous

- (a) If the space on this Letter of Acceptance and Transmittal is insufficient to list all certificates for Deposited Shares, additional certificate numbers and number of Deposited Shares may be included on a separate signed list affixed to this Letter of Acceptance and Transmittal.
- (b) If Deposited Shares are registered in different forms (e.g. John Doe and J. Doe) a separate Letter of Acceptance and Transmittal should be signed for each different registration.
- (c) No alternative, conditional or contingent deposits will be accepted.
- (d) The Offer and any agreement resulting from the acceptance of the Offer will be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.
- (e) Additional copies of the Offer and Circular, the Letter of Acceptance and Transmittal and the Notice of Guaranteed Delivery may be obtained from the Depositary at any of its offices at the addresses listed below.

8. Lost Certificates

If a share certificate has been lost or destroyed, this Letter of Acceptance and Transmittal should be completed as fully as possible and forwarded together with a letter describing the loss, to the Depositary. The Depositary will respond with the replacement requirements, which must be properly completed and submitted in good order to the Depositary on or prior to the Expiry Time. **Please note that, as the Depositary is not the transfer agent of Ibex, the Depositary will be required to forward all documentation**

regarding lost certificates to CIBC Mellon Trust Company, the transfer agent of Ibex, for disposition.

9. Privacy Notice

The Depositary, being Equity Transfer Services Inc. (**Equity**), is committed to protecting Shareholders' personal information. In the course of providing services to Shareholders and Equity's corporate clients, Equity receives non-public personal information about Shareholders from transactions that Equity performs for Shareholders, forms Shareholders send to Equity and other communications that Equity has with Shareholders or their representatives, etc. This information could include the name, address, social insurance number, securities holdings and other financial information of the Shareholder. Equity has prepared a Privacy Code to tell Shareholders more about its information practices and how their privacy is protected. It is available by writing to Equity at Suite 420, 120 Adelaide Street West, Toronto, Ontario, M5H 4C3. Equity will use the information Shareholders are providing on this form in order to process their request and will treat the signature(s) of Shareholders on this form as their consent to the above.

The Depositary for the Offer is:

EQUITY TRANSFER SERVICES INC.

For Information Call:

416.361.0152

For Delivery by Mail:

Suite 420, 120 Adelaide Street West

Toronto, Ontario, M5H 4C3

Attention: Corporate Actions

For Delivery by Registered Mail, Hand or by Courier:

Suite 420, 120 Adelaide Street West

Toronto, Ontario, M5H 4C3

Attention: Corporate Actions

Any questions and requests for assistance may be directed by holders of Ibox Shares to the Depositary at its telephone number and location set out above.

The Depository (see the back page of the Letter of Transmittal for address and telephone number) or your broker or other financial advisor will assist you in completing this Notice of Guaranteed Delivery.

THIS IS NOT A LETTER OF ACCEPTANCE AND TRANSMITTAL

NOTICE OF GUARANTEED DELIVERY

for Deposit of Common Shares of

IBEX TECHNOLOGIES INC.

Pursuant to the Offer dated November 4, 2004 of

IMI INTERNATIONAL MEDICAL INNOVATIONS INC.

This Notice of Guaranteed Delivery must be used to accept the offer to purchase dated November 4, 2004 (the **Offer**) made by IMI International Medical Innovations Inc. (**IMI**) for common shares (the **Ibex Shares**) of Ibex Technologies Inc. (**Ibex**) if certificates for the Ibex Shares are not immediately available or time will not permit all required documents to reach the Depository prior to the Expiry Time (as defined in the Offer). This Notice of Guaranteed Delivery may be delivered by hand, by courier or by mail or by facsimile transmission to the Toronto, Ontario office of the Depository at the address or facsimile number, as applicable, set out below.

If a Shareholder wishes to accept the Offer and either (i) the certificates representing such Shareholder's Ibex Shares are not immediately available or (ii) such Shareholder cannot deliver the certificates and Letter of Transmittal to the Depository by the Expiry Time, those Ibex Shares may nevertheless be deposited under the Offer, provided that all of the following conditions are met:

- (a) such deposit is made only at the principal office of the Depository in Toronto, Ontario by or through an Eligible Institution;
- (b) a properly completed and duly executed Notice of Guaranteed Delivery (or a manually signed facsimile) is received by the Depository at its principal office in Toronto, Ontario at or before the Expiry Time; and

Edgar Filing: IBEX TECHNOLOGIES INC - Form CB/A

- (c) the certificate or certificates representing the deposited Ibox Shares, in proper form for transfer, together with a properly completed and duly signed Letter of Transmittal (or a manually signed facsimile copy) and other documents required by such Letter of Transmittal, are received at the Toronto office of the Depositary by 5:00 p.m. (Toronto time) on the third trading day on the TSX after the Expiry Time.

The Notice of Guaranteed Delivery may be delivered by hand, transmitted by electronic facsimile or mailed to the Depositary only at its principal office in Toronto, Ontario and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

The terms and conditions of the Offer are incorporated by reference in this Notice of Guaranteed Delivery. Capitalized terms used and not defined in this Notice of Guaranteed Delivery which are defined in the Offer and Circular dated November 4, 2004 shall have the respective meanings set out in the Offer and Circular.

To: The Depository, EQUITY TRANSFER SERVICES INC.

By Mail:

Suite 420, 120 Adelaide Street West
 Toronto, Ontario
 M5H 4C3
 Attention: Corporate Actions

By Registered Mail, Hand or Courier:

Suite 420, 120 Adelaide Street West
 Toronto, Ontario
 M5H 4C3
 Attention: Corporate Actions

By Facsimile Transmission:

416.361.0470

Delivery of this Notice of Guaranteed Delivery to an address or transmission of this Notice of Guaranteed Delivery via a facsimile number other than set forth above does not constitute a valid delivery.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on the Letter of Acceptance and Transmittal is required to be guaranteed by an Eligible Institution, such signature must appear in the applicable space in the Letter of Acceptance and Transmittal.

The undersigned hereby deposits to the Depository, upon the terms and subject to the conditions set forth in the Offer and Letter of Acceptance and Transmittal, receipt of which are hereby acknowledged, the Ibex Shares listed below, pursuant to the guaranteed delivery procedures set forth in Section 5 of the Offer, Procedure for Guaranteed Delivery .

NOTE: DO NOT SEND CERTIFICATES FOR IBEX SHARES WITH THIS NOTICE OF GUARANTEED DELIVERY. CERTIFICATES FOR IBEX SHARES SHOULD BE SENT WITH YOUR LETTER OF ACCEPTANCE AND TRANSMITTAL.

Name(s) & Address(es) of Shareholder(s) (please print)	Certificate Number (if available)	Number of Ibex Shares Represented by Certificate	Number of Ibex Shares Deposited
---	--	--	--

TOTAL

(If space is insufficient, please attach list in above form.)

-3-

Area Code and Telephone Number

Dated

Signature(s)

Name of Shareholder(s) (please print)

GUARANTEE

(Not to be used for signature guarantee)

The undersigned, a Canadian Schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP) (an Eligible Institution) guarantees delivery to the Toronto office of the Depository of the certificates representing the Ibox Shares deposited hereby, in proper form for transfer with a properly completed and duly executed Letter of Acceptance and Transmittal in the form enclosed herewith or an originally signed facsimile thereof, and all other documents required by the Letter of Acceptance and Transmittal, all on or before 5 p.m. (Toronto time) on the third trading day on the TSX after the Expiry Time, unless the Offer is extended or withdrawn.

(Firm)

(Authorized Signatory)

(Please Print Name)

(Address)

(Area Code and Telephone Number)

Dated: _____

ONT> \$53,983 \$46,622 \$38,725 \$17,362

- (1) Interest expense from put warrants represents an adjustment to the estimated fair value of the put warrants. According to the Emerging Issues Task Force, or EITF, Issue 88-9, as supplemented by EITF Issue 00-19, which we have adopted, we are required to account for warrants that contain put options at their estimated fair value with the changes reported as interest. We repurchased and terminated all of the warrants for \$14,500 in October 2001.
- (2) A loss on early extinguishment of debt was recorded during 2001 resulting from the write-off of deferred financing costs upon the refinancing of all our debt through the issuance of our 10.625% senior notes in July 2001. For the year ended December 31, 2004, amount includes the repurchase premium, related fees and expenses and the write-off of unamortized original issue discount and deferred financing costs related to the repurchase of 91% the 10.625% senior notes in November 2004. We redeemed the remaining 9% of the 10.625% senior notes in January 2005.

The following table reconciles EBITDA to cash flows provided by operating activities for the following periods (in thousands).

	Year Ended December 31,				
	2004	2003	2002	2001	2000
EBITDA Reconciliation to GAAP:					
EBITDA	\$ 59,117	\$ 53,983	\$ 46,622	\$ 38,725	\$ 17,362
Cash paid for deferred drydocking charges	(8,530)	(6,100)	(2,409)	(1,745)	(1,491)
Cash paid for interest	(24,023)	(19,718)	(19,075)	(5,577)	(7,145)
Changes in working capital	(4,960)	(1,993)	(460)	1,864	(2,908)
Changes in other, net	(199)	(673)	277	78	(77)
Cash flows provided by operating activities	21,405	25,499	24,955	33,345	5,741

Set forth below are the material limitations associated with using EBITDA as a non-GAAP financial measure compared to cash flows provided by operating activities.

EBITDA does not reflect the future capital expenditure requirements that may be necessary to replace our existing vessels as a result of normal wear and tear,

EBITDA does not reflect the interest, future principal payments and other financing-related charges necessary to service the debt that we have incurred in acquiring and constructing our vessels,

Table of Contents

EBITDA does not reflect the deferred income taxes that we will eventually have to pay once we are no longer in an overall tax net operating loss carryforward position, and

EBITDA does not reflect changes in our net working capital position.

Management compensates for the above-described limitations in using EBITDA as a non-GAAP financial measure by only using EBITDA to supplement our GAAP results.

Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with our historical consolidated financial statements and their notes included elsewhere in this annual report on Form 10-K. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements or as a result of certain factors such as those set forth below under Forward Looking Statements.

General

We own and operate a fleet of 24 technologically advanced, new generation OSVs, which includes one AHTS vessel that is primarily operating as a supply vessel and towing jack-up rigs. We also own and operate one fast supply vessel. Currently, 18 of our OSVs are operating in the U.S. Gulf of Mexico, five of our OSVs are operating offshore Trinidad & Tobago and one OSV and our fast supply vessel are working offshore Mexico. We also own and operate 14 ocean-going tugs and 13 active ocean-going tank barges, one of which is double-hulled. Currently, 11 of our tank barges are operating in the northeastern United States, primarily New York Harbor, and two are operating in Puerto Rico. By the end of calendar 2005, our tug and tank barge segment is expected to consist of at least 14 ocean-going tugs and 18 ocean-going tank barges, six of which will be double-hulled. This projected fleet count reflects five double-hulled tank barges under construction as of March 1, 2005 and is net of the retirement of three single-hulled tank barges at the end of 2004, which are now inactive and ineligible to transport petroleum products in navigable waters of the United States. Upon completion of this newbuild program, 46% of our tank barge fleet barrel capacity is currently expected to be double-hulled, up from 7% today.

We charter our OSVs on a dayrate basis, under which the customer pays us a specified dollar amount for each day during the term of the contract, pursuant to either fixed term or spot time charters. A fixed term time charter is a contract for a fixed period with a specified dayrate, generally paid monthly. Spot time charters in the OSV industry are generally charter contracts with either relatively short fixed or indefinite terms. In all time charters, spot or fixed, the vessel owner absorbs crew, insurance and repair and maintenance costs in connection with the operation of the vessel, while customers absorb all other direct operating costs. In addition, in a typical time charter, the charterer obtains the right to direct the movements and utilization of the vessel while the vessel owner retains operational control over the vessel.

All of our OSVs and our fast supply vessel operate under time charters, including ten that are chartered under long-term contracts with expiration dates ranging from June 2005 through

Table of Contents

April 2007. The long-term contracts for our supply vessels are consistent with those used in the industry and are typically either fixed for a term of one or more years or are tied to the duration of a long-term contract for a drilling rig for which the vessel provides services. These contracts generally contain, among others, provisions governing insurance, reciprocal indemnifications, performance requirements and, in certain instances, dayrate escalation terms and renewal options.

While OSVs service existing oil and gas production platforms as well as exploration and development activities, incremental OSV demand depends primarily upon the level of drilling activity, which can be influenced by a number of factors, including oil and natural gas prices and drilling budgets of exploration and production companies. As a result, utilization rates have historically been tied to oil and natural gas prices and drilling activity. However, the relatively large capital commitments, longer lead times and investment horizons associated with deepwater and deep well projects have diminished the significance of these factors compared to conventional shelf projects.

We have developed five different classes of proprietary, new generation OSVs to meet the diverse needs of our customers. The acquisition of six 220 OSVs from Candy Fleet in 2003 broadened the mix of equipment in our fleet, adding a sixth class of vessels well suited for deep shelf gas exploration and other complex shelf drilling applications. In addition, these new generation vessels complement our ability to fill the increasing demand for modern equipment for conventional drilling on the Continental Shelf. Because these acquired vessels were 220 class OSVs, our complement of OSVs smaller in size than the 240 class increased from 33% to 50% of our fleet as of June 30, 2003, resulting in a commensurate decrease in our fleetwide average dayrates beginning at such time. However, we have achieved a comparable reduction in both our fleetwide average capital costs and our daily operating expense per vessel. We have continued our efforts to expand the services that we offer our customers with the addition of one AHTS vessel in early 2005. Our AHTS vessel is primarily functioning as a supply vessel and towing jack-up rigs.

Market conditions in the U.S. Gulf of Mexico continue to show positive trends. Based on feedback from our customers operating in the Gulf of Mexico, we believe that our customers recognize the superior capabilities of our proprietary OSVs, which has contributed to our ability to achieve higher dayrates and utilization rates and increased overall operating cost efficiencies than our competitors. Although the demand for new generation equipment has historically been driven by deepwater, deep shelf and highly complex projects, we are observing increased demand for our vessels for all types of projects, including transition zone and shelf activity, irrespective of water depth, drilling depth or project type. Notably, this prevailing shift in customer preference does not appear to be limited to the U.S. Gulf of Mexico, as we have observed this preference in foreign areas such as Mexico, Trinidad & Tobago, Brazil and West Africa.

Soft market conditions for OSVs in the U.S. Gulf of Mexico persisted from the second half of 2002 through the first half of 2004. Since the second half of 2004, OSV market conditions in the U.S. Gulf of Mexico have improved. Our average dayrates have risen approximately \$1,800 since April 2004 to approximately \$11,400 per day at the end of 2004, while our fleetwide OSV utilization has risen from roughly 70% to 94% over the same period. Further indications of improvement in the U.S. Gulf of Mexico OSV market include the continued

Table of Contents

support for the expansion of deepwater and deep shelf projects, as evidenced by public comments from offshore drilling contractors relating to the increased demand for rigs, and public comments from oil and gas producers on increases to their capital budgets or acceleration of their development plans for these offshore areas. Additionally, there are signs that the improved market conditions in the U.S. Gulf of Mexico could be a long-term trend. For example, in the offshore oil and natural gas lease sale held in August 2004 by MMS, interest in acquiring leases was the highest it has been in the last six years, a 22% increase from a year ago, with 44% of the leases bid on being located in ultra-deep water. Additional evidence of a strengthening OSV market in the U.S. Gulf of Mexico is offshore rig fleet utilization. According to ODS-Petrodata, offshore rig fleet utilization is up to 85% from the year-ago range of 71%.

Generally, we operate an ocean-going tug and tank barge together as a tow to transport petroleum products between U.S. ports and along the coast of Puerto Rico. We operate our tugs and tank barges under fixed time charters, spot time charters, contracts of affreightment and consecutive voyage contracts. A fixed term time charter is a contract for a fixed period of time with a specified day rate, generally paid monthly. Spot time charters in the tug and tank barge industry are generally single-voyage contracts of affreightment, consecutive voyage contracts, or time charter contracts with either relatively short fixed or indefinite terms. A consecutive voyage contract is a contract for the transportation of cargo for a specified number of voyages between designated ports over a fixed period of time under which we are paid based on the volume of products we deliver per voyage. Under consecutive voyage contracts, in addition to earning revenues for volumes delivered, we earn a standby hourly rate between voyages. We may also charter vessels to a third party under a bareboat charter. A bareboat charter is a net lease in which the charterer takes full operational control over the vessel for a specified period of time for a specified daily rate that is generally paid monthly to the vessel owner. The bareboat charterer is solely responsible for the operation and management of the vessel and must provide its own crew and pay all operating and voyage expenses. We also provide tug services to third party vessels on a periodic basis. Typically, these services include vessel docking and towage assistance.

The primary demand drivers for our tug and tank barge services are population growth, the strength of the U.S. economy, changes in weather, oil prices and competition from alternate energy sources. The tug and tank barge market, in general, is marked by steady demand over time. Results for the first and fourth quarters of a given year are typically higher due to normal seasonal winter-weather patterns that typically result in a drop-off of activity during the second and third quarters. We generally take advantage of this seasonality to prepare our tug and tank barge fleet for peak demand periods by performing our regulatory drydocking and maintenance programs during the second and third quarters. In addition, we regularly evaluate our customers needs and often elect to accelerate scheduled drydockings to take advantage of certain market opportunities.

As the next major OPA 90 milestone approached on January 1, 2005 and since that date, customer demand for double-hulled equipment has led to increases in dayrates for this equipment, particularly for tank barges in black oil service. We are actively working to ensure that our fleet is well positioned to take advantage of these opportunities as they develop. In November 2003, we commenced a double-hulled tank barge newbuild program to replace some of our existing single-hulled tank barges that will be retired from service in accordance

Table of Contents

with OPA 90. Since then, we have contracted with shipyards for the construction of five double-hulled tank barges. This newbuild program will replace about 270,000 barrels of single-hulled capacity that we retired from service at the end of 2004 pursuant to OPA 90 with approximately 600,000 barrels of new double-hulled capacity. Our first two new double-hulled tank barges were expected to be delivered in December 2004 to replace the capacity of the *Energy 9801*, *Energy 9501*, and *Energy 8701*, all of which were retired from service at the end of 2004. However, as a result of start-up delays at the shipyards and steel shortages, we now expect to take delivery of these two tank barges by the end of the second quarter of 2005 and the remaining three tank barges during the fourth quarter of 2005. Due to these delays, based on delivery date protections contained in our shipyard contracts, we expect to receive a favorable adjustment to the construction costs for the two affected vessels, which will partially offset the opportunity cost of such delays.

Our operating costs are primarily a function of fleet size and utilization levels. The most significant direct operating costs are wages paid to vessel crews, maintenance and repairs and marine insurance. Because most of these expenses are incurred regardless of vessel utilization, our direct operating costs as a percentage of revenues may fluctuate considerably with changes in dayrates and utilization.

In addition to the operating costs described above, we incur fixed charges related to the depreciation of our fleet and costs for routine drydock inspections and maintenance and repairs necessary to ensure compliance with applicable regulations and to maintain certifications for our vessels with the U.S. Coast Guard and various classification societies. The aggregate number of drydockings and other repairs undertaken in a given period determines the level of maintenance and repair expenses and marine inspection amortization charges. We generally capitalize costs incurred for drydock inspection and regulatory compliance and amortize such costs over the period between such drydockings, typically 30 or 60 months. Applicable maritime regulations require us to drydock our vessels twice in a five-year period for inspection and routine maintenance and repair. If we undertake a large number of drydockings in a particular fiscal period, comparative results may be affected.

As expected, tug and tank barge segment activity during the fourth quarter of 2004 was seasonally higher than the third quarter 2004 due to the early stages of winter. Our 2004 fourth quarter results also surpassed the year-ago quarter. The fourth quarter 2004 was favorably impacted by the fact that single-hulled tank barges were removed from service by our competitors earlier than required by OPA 90, coupled with colder than expected conditions during the early stages of winter. These factors contributed to higher dayrates and utilization due to a tightening tank barge market in the northeastern United States. We expect these market conditions to continue because additional single-hulled equipment was removed from service at the end of 2004. However, the early part of the first quarter 2005 has been somewhat warmer than normal, which has mitigated the effect of favorable market conditions stemming from fewer single-hulled tank barges being available for service.

Critical Accounting Policies

Our consolidated financial statements included in this Annual Report on Form 10-K have been prepared in accordance with accounting principles generally accepted in the United States. In many cases, the accounting treatment of a particular transaction is specifically

Table of Contents

dictated by generally accepted accounting principles. In other circumstances, we are required to make estimates, judgments and assumptions that we believe are reasonable based upon available information. We base our estimates and judgments on historical experience and various other factors that we believe are reasonable based upon the information available. Actual results may differ from these estimates under different assumptions and conditions. We believe that of our significant accounting policies discussed in Note 2 to our consolidated financial statements, the following may involve estimates that are inherently more subjective.

Purchase Accounting. Purchase accounting requires extensive use of estimates and judgments to allocate the cost of an acquired enterprise to the assets acquired and liabilities assumed. The cost of each acquired operation is allocated to the assets acquired and liabilities assumed based on their estimated fair values. These estimates are revised during an allocation period as necessary when, and if, information becomes available to further define and quantify the value of the assets acquired and liabilities assumed. For example, costs related to the recertification of acquired vessels that are drydocked within the allocation period immediately following the acquisition of such vessels are reflected as an adjustment to the value of the vessels acquired and the liabilities assumed related to the drydocking. The adjusted basis of the vessel is depreciated over the estimated useful lives of the vessel. The allocation period does not exceed one year from the date of the acquisition. To the extent additional information to refine the original allocation becomes available during the allocation period, the allocation of the purchase price is adjusted. For example, if an acquired vessel was subsequently disposed of within the allocation period, the sales price of the vessel would be used to adjust the original assigned value to the vessel at the date of acquisition such that no gain or loss would be recognized upon disposition during the allocation period. If information becomes available after the allocation period, those items are reflected in operating results.

Carrying Value of Vessels. We depreciate our tugs, tank barges, and OSVs over estimated useful lives of 14 to 25 years, three to 18 years and 25 years, respectively. The useful lives used for single-hulled tank barges is based on their classification under OPA 90, and for double-hulled tank barges it is 25 years. In assigning depreciable lives to these assets, we have considered the effects of both physical deterioration largely caused by wear and tear due to operating use and other economic and regulatory factors that could impact commercial viability. To date, our experience confirms that these policies are reasonable, although there may be events or changes in circumstances in the future that indicate the recoverability of the carrying amount of a vessel might not be possible. Examples of events or changes in circumstances that could indicate that the recoverability of a vessel's carrying amount should be assessed might include a change in regulations such as OPA 90, a significant decrease in the market value of a vessel and current period operating or cash flow losses combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with a vessel. If events or changes in circumstances as set forth above indicate that a vessel's carrying amount may not be recoverable, we would then be required to estimate the undiscounted future cash flows expected to result from the use of the vessel and its eventual disposition. If the sum of the expected future cash flows is less than the carrying amount of the vessel, we would be required to recognize an impairment loss.

Table of Contents

Recertification Costs. Our tugs, tank barges and OSVs are required by regulation to be recertified after certain periods of time. These recertification costs are incurred while the vessel is in drydock where other routine repairs and maintenance are performed and, at times, major replacements and improvements are performed. We expense routine repairs and maintenance as they are incurred. Recertification costs can be accounted for in one of three ways: (1) defer and amortize, (2) accrue in advance, or (3) expense as incurred. Companies in our industry use either the defer and amortize or the expense as incurred accounting method. We defer and amortize recertification costs over the length of time in which the recertification is expected to last, which is generally 30 or 60 months. Major replacements and improvements, which extend the vessel's economic useful life or functional operating capability, are capitalized and depreciated over the vessel's remaining economic useful life. Inherent in this process are estimates we make regarding the specific cost incurred and the period that the incurred cost will benefit.

Revenue Recognition. We charter our OSVs to customers under time charters based on a daily rate of hire and recognize revenue as earned on a daily basis during the contract period of the specific vessel. Tugs and tank barges are contracted to customers primarily under contracts of affreightment, under which revenue is recognized based on the number of days incurred for the voyage as a percentage of total estimated days applied to total estimated revenues. Voyage related costs are expensed as incurred. Substantially all voyages under these contracts are less than 10 days in length. We also contract our tugs and tank barges under time charters based on a daily rate of hire. Revenue is recognized on such contracts as earned on a daily basis during the contract period of the specific vessel.

Allowance for Doubtful Accounts. Our customers are primarily major and independent, domestic and international, oil and oil service companies. Our customers are granted credit on a short-term basis and related credit risks are considered minimal. We usually do not require collateral. We provide an estimate for uncollectible accounts based primarily on management's judgment. Management uses historical losses, current economic conditions and individual evaluations of each customer to make adjustments to the allowance for doubtful accounts. Our historical losses have not been significant. However, because amounts due from individual customers can be significant, future adjustments to the allowance can be material if one or more individual customers' balances are deemed uncollectible.

Income Taxes. We follow SFAS No. 109, Accounting for Income Taxes. SFAS 109 requires the use of the liability method of computing deferred income taxes. Under this method, deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The assessment of the realization of deferred tax assets, particularly those related to tax operating loss carryforwards, involves the use of management's judgment to determine whether it is more likely than not that we will realize such tax benefits in the future.

Table of Contents**Results of Operations**

The tables below set forth, by segment, the average dayrates and utilization rates for our vessels and the average number of vessels owned during the periods indicated. These OSVs and tugs and tank barges generate substantially all of our revenues and operating profit. The table does not include the results of operations of the HOS Hotshot, a 165-ft. fast supply vessel that we had been operating under a bareboat charter since it was delivered in April 2003. We exercised our option to purchase that vessel in May 2004.

	Years Ended December 31,		
	2004	2003	2002
Offshore Supply Vessels:			
Average number of vessels	22.8	17.3	11.0
Average utilization rate(1)	87.5%	88.6%	94.9%
Average dayrate(2)	\$ 10,154	\$ 10,940	\$ 12,176
Tugs and Tank Barges:			
Average number of tank barges	16.0	15.9	16.0
Average fleet capacity (barrels)	1,156,330	1,145,064	1,130,727
Average barge size (barrels)	72,271	72,082	70,670
Average utilization rate(1)	82.2%	73.6%	78.1%
Average dayrate(3)	\$ 11,620	\$ 10,971	\$ 9,499

- (1) Utilization rates are average rates based on a 365-day year. Vessels are considered utilized when they are generating revenues.
- (2) Average dayrates represent average revenue per day, which includes charter hire and brokerage revenue, based on the number of days during the period that the OSVs generated revenue.
- (3) Average dayrates represent average revenue per day, including time charters, brokerage revenue, revenues generated on a per-barrel-transported basis, demurrage, shipdocking and fuel surcharge revenue, based on the number of days during the period that the tank barges generated revenue. For purposes of brokerage arrangements, this calculation excludes that portion of revenue that is equal to the cost paid by customers of in-chartering third-party equipment.

Table of Contents

Summarized financial information concerning our reportable segments is shown below in the following table (in thousands):

	Year Ended December 31,		
	2004	2003	2002
Revenues by segment:			
Offshore supply vessels			
Domestic	\$ 59,886	\$ 50,044	\$ 43,702
Foreign	15,407	12,358	2,676
	<u>75,293</u>	<u>62,402</u>	<u>46,378</u>
Tugs and tank barges			
Domestic	50,465	43,206	36,020
Foreign (1)	6,503	5,205	10,187
	<u>56,968</u>	<u>48,411</u>	<u>46,207</u>
	<u>\$ 132,261</u>	<u>\$ 110,813</u>	<u>\$ 92,585</u>
Operating expenses by segment:			
Offshore supply vessels	\$ 29,724	\$ 22,786	\$ 14,367
Tugs and tank barges	28,796	24,019	21,970
	<u>\$ 58,520</u>	<u>\$ 46,805</u>	<u>\$ 36,337</u>
Depreciation and amortization			
Offshore supply vessels	\$ 12,876	\$ 9,381	\$ 5,830
Tugs and tank barges	10,259	8,209	6,466
	<u>\$ 23,135</u>	<u>\$ 17,590</u>	<u>\$ 12,296</u>
Loss on early extinguishment of debt	\$ 22,443	\$	\$
General and administrative expenses	\$ 14,759	\$ 10,731	\$ 9,681
Interest expense	\$ 17,698	\$ 18,523	\$ 16,207
Interest income	\$ 356	\$ 178	\$ 667
Income tax expense (benefit)	\$ (1,320)	\$ 6,858	\$ 7,139

(1) Included are the amounts applicable to our Puerto Rico tug and tank barge operations, even though Puerto Rico is considered a possession of the United States and the Jones Act applies to vessels operating in Puerto Rican waters.

Year Ended December 31, 2004 Compared To Year Ended December 31, 2003

Revenues. Revenues were \$132.3 million in 2004, compared to \$110.8 million in 2003, an increase of \$21.5 million or 19.4%. The increase in revenues was primarily the result of the year-over-year increase in the size of our fleet. Our operating fleet grew from an average of 45 vessels during 2003 to an average of 51 vessels during 2004. The additional revenues generated by newly constructed or acquired vessels that were not in operation during all of 2003 and 2004 accounted for \$15.8 million of the increase in our revenues. We also experienced a \$5.7 million increase in revenues from our 45 vessels that were in service during each of the years ended December 31, 2004 and 2003 due to improving market conditions in both of our business segments.

Table of Contents

Revenues from our OSV segment increased to \$75.3 million in 2004, compared to \$62.4 million for 2003, an increase of \$12.9 million or 20.7%. Our average OSV fleet size grew by 5.5 vessels during 2004 compared to 2003. The average utilization rate was 87.5% for 2004, compared to 88.6% for 2003. Although there was a 1.1% decrease in utilization for 2004, the early stages of 2004 were marked with utilization in the mid to low-80 s while the latter part of 2004 had utilization in the low to mid-90 s. Our OSV average dayrate was \$10,154 for 2004, compared to \$10,940 for 2003, a decrease of \$786 or 7.2%. The decrease in average dayrates primarily reflected the change in our average vessel size as 2004 was the first full year of operating results for the six 220 class vessels that were acquired in mid-2003. While our annual average dayrates were lower in 2004 compared to 2003, average dayrates for the fourth quarter of 2004 have returned to annual 2003 levels. Domestic revenues were also higher in 2004 than the prior year due mainly to the recovery of the OSV market in the U.S. Gulf of Mexico. Foreign revenues were positively impacted by having two additional vessels working internationally during 2004. Based on current market trends, we anticipate that our OSV utilization and average dayrates for each vessel class will remain at least above fourth quarter 2004 levels for 2005 and 2006.

Revenues from our tug and tank barge segment totaled \$57.0 million in 2004, compared to \$48.4 million in 2003, an increase of \$8.6 million or 17.8%. Our utilization rate increased to 82.2% for 2004, compared to 73.6% for 2003, primarily due to extended cold weather in the spring of 2004, fewer days out of service for drydockings and repairs in 2004 compared to 2003, and increased movements of diesel and unleaded gasoline barrels as gasoline inventories during the summer of 2004 were at 30-year seasonal record lows. Our average dayrates were \$649 higher in 2004 than the prior year as a tightening tank barge market in the northeastern United States contributed to higher freight rates and fuel shortages during the summer of 2004 that caused higher barrel movements for gasoline and diesel fuel.

Operating Expenses. Our operating expenses increased to \$58.5 million for 2004, compared to \$46.8 million in 2003, an increase of \$11.7 million or 25.0%. The increase in operating expenses was the result of having more vessels in service during 2004 compared to 2003 and increasing costs related to newly instituted Homeland Security measures, training, repair and maintenance, and insurance.

Operating expenses for our OSV segment increased \$6.9 million, or 30.3%, in 2004 to \$29.7 million, compared to \$22.8 million in 2003. This increase was primarily the result of having an average of six more new OSVs in service during 2004 compared to 2003. Daily operating costs per vessel in the OSV segment decreased over the same period in 2003, commensurate with the change in our fleet complement with the addition of six 220 vessels in mid-2003.

Operating expenses for our tug and tank barge segment was \$28.8 million for 2004, compared to \$24.0 million in 2003, an increase of \$4.8 million or 20.0%. The increase in operating expenses was primarily the result of higher fuel, insurance and personnel costs along with the increased cost of compliance of newly instituted Homeland Security measures. Average daily operating costs per vessel for 2004 increased over 2003 commensurately with the overall increase in operating expenses discussed above.

Table of Contents

Depreciation and Amortization. Our depreciation and amortization expense of \$23.1 million for the year ended December 31, 2004 increased \$5.5 million or 31.3% compared to \$17.6 million for the same period in 2003. Depreciation and amortization were higher in 2004 as a result of having an average of six additional vessels in our fleet and increased drydocking activity compared to the same period in 2003. These expenses are expected to increase further with the recent acquisition of two ocean-going tugs, one AHTS vessel and the construction of five double-hulled tank barges, and when these and any other recently acquired and newly constructed vessels undergo their initial 30 and 60 month recertifications.

Loss on Early Extinguishment of Debt. On November 3, 2004, we commenced a cash tender offer for all of the \$175 million in aggregate principal amount of our 10.625% senior notes. Senior notes totaling approximately \$159.5 million, or 91% of such notes outstanding, were validly tendered during the designated tender period. The remaining \$15.5 million of our 10.625% senior notes were redeemed on January 14, 2005. A loss on early extinguishment of debt of approximately \$22.4 million was recorded during the fourth quarter of 2004 and includes the tender offer costs and an allocable portion of the write off of unamortized financing costs and original issue discount, and a bond redemption premium. A loss on early extinguishment of debt of approximately \$1.7 million will be recorded for the first quarter of 2005 for those costs allocable to the \$15.5 million of our 10.625% senior notes redeemed on January 14, 2005.

General and Administrative Expenses. Our general and administrative expenses were \$14.8 million for 2004, compared to \$10.7 million in 2003, an increase of \$4.1 million or 38.3%. This increase primarily resulted from increased overhead relating to the additional vessels purchased, the increased costs of operating as a public company and, during the fourth quarter 2004, several discrete charges related to increased employee bonuses, insurance and legal fees. General and administrative expenses are expected to trend higher in 2005 to accommodate our continued growth via vessel acquisitions, the construction of five double-hulled tank barges, and our increased reporting obligations under federal securities and corporate governance laws and stock exchange requirements. However, we expect the ratio of general and administrative expenses to revenues to remain at our historical levels at approximately 11% of revenues.

Interest Expense. Interest expense from debt obligations was \$17.7 million in 2004, compared to \$18.5 million in 2003, a decrease of \$0.8 million or 4.3%. The decrease in interest expense primarily relates to having an average balance outstanding under our revolving credit facility of \$12.0 million during 2004 compared to \$20.0 million during 2003 and having outstanding balances on such facility during only three months of 2004 compared to 11 months of 2003. Other factors causing a decrease in interest expense are continued increases in our capitalized interest due to the construction of double-hulled tank barges and the November 2004 issuance of 6.125% senior notes to repurchase a portion of our outstanding 10.625% senior notes. See *Liquidity and Capital Resources* for further discussion. Capitalization of interest costs relating to new construction of vessels was approximately \$3.0 million for 2004 compared to \$2.7 million for 2003.

Table of Contents

Interest Income. Interest income was \$0.4 million in 2004, compared to \$0.2 million in 2003, an increase of \$0.2 million or 100%. The increase in interest income resulted from increased interest rates along with higher average cash balances invested during 2004 compared to 2003. Average cash balances were \$33.6 million and \$17.6 million for the years ended December 31, 2004 and 2003, respectively.

Income Tax Expense. We recorded an income tax benefit for 2004, compared to an income tax provision for 2003, due to a pre-tax loss attributable to an early extinguishment of debt. See *Liquidity and Capital Resources* for further discussion. We also recorded deferred taxes due to our federal tax net operating loss carryforwards primarily generated by accelerated depreciation for tax purposes of approximately \$95 million as of December 31, 2004. These loss carryforwards are available through 2018 to offset future taxable income. Our income tax rate is higher than the federal statutory rate due primarily to expected state and foreign tax liabilities and items not deductible for federal income tax purposes.

Year Ended December 31, 2003 Compared To Year Ended December 31, 2002

Revenues. Revenues were \$110.8 million for 2003, compared to \$92.6 million for 2002, an increase of \$18.2 million or 19.7%. This increase in revenues is primarily the result of the year-over-year growth of our fleet. Our operating fleet grew from an average of 39 vessels during 2002 to an average of 45 vessels during 2003. The additional revenues generated by these six vessels accounted for \$14.5 million of the increase in our revenues. We also experienced a \$3.7 million increase in revenues from our 39 vessels that were in service during each of the years ended December 31, 2003 and 2002.

Revenues from our OSV segment increased to \$62.4 million for 2003, compared to \$46.4 million for 2002, an increase of \$16.0 million or 34.5%. Our utilization rate was 88.6% for 2003, compared to 94.9% in 2002. The increase in revenues was primarily the result of the year-over-year increase in the size of our fleet. The decrease in utilization was due to having fewer OSVs on long-term contracts and an increased proportion of vessels operating in the spot market, which is more susceptible to market fluctuations. The soft OSV spot market that began in mid-2002 continued throughout 2003, and ended in April 2004. Our OSV average dayrate was \$10,940 for 2003, compared to \$12,176 in 2002, a decrease of \$1,236 or 10.2%. The decrease in average dayrates primarily reflects the addition of six 220 class OSVs, which typically experience lower dayrates, regardless of market conditions, than our 240 or 265 class vessels and continued dayrate weakness in the U.S. Gulf of Mexico. The fourth quarter of 2003 was the first quarter that reflected a full contribution of the operating results from all six of the new 220 class OSVs we acquired in mid-2003, causing a shift in our OSV vessel mix.

Revenues from our tug and tank barge segment totaled \$48.4 million for 2003 compared to \$46.2 million for 2002, an increase of \$2.2 million or 4.8%. The segment revenue increase was primarily due to the acquisition of one 80,000-barrel double-hulled tank barge on February 28, 2003. Our utilization rate decreased to 73.6% for 2003, compared to 78.1% for the same period of 2002 primarily due to more drydocking days occurring in 2003 and an increase in vessels operating under contracts of affreightment during the 2003 period. Our average dayrate increased \$1,472, or 15.5%, to \$10,971 for 2003 compared to \$9,499 for 2002. The increased dayrates were primarily driven by higher average barge capacities and a bareboat charter contract that was replaced by a time charter contract, the latter of which commands a higher dayrate.

Table of Contents

Operating Expenses. Our operating expenses increased to \$46.8 million for 2003, compared to \$36.3 million for 2002, an increase of \$10.5 million or 28.9%. The increase in operating expenses was primarily the result of having more vessels in service in 2003 compared to 2002.

Operating expenses for our OSV segment increased \$8.4 million or 58.3% for 2003 to \$22.8 million, compared to \$14.4 million for 2002. This increase was primarily the result of five newly constructed, larger class OSVs being in service for substantially more days during 2003 compared to 2002, and the acquisition of six 220 class OSVs in mid-2003. Daily operating costs per vessel for 2003 decreased over 2002, primarily due to a change in the OSV fleet complement in the second half of 2003.

Operating expenses for our tug and tank barge segment were \$24.0 million for 2003, compared to \$22.0 million for 2002, an increase of \$2.0 million or 9.1%. The operating expense increase was primarily due to the acquisition of the *Energy 8001* in February 2003. Average daily operating expenses per vessel in the tug and tank barge segment remained fairly constant.

Depreciation and Amortization. Our depreciation and amortization expense of \$17.6 million in 2003 increased \$5.3 million or 43.1% compared to \$12.3 million for the same period in 2002. Depreciation and amortization was higher in 2003 as a result of having an average of six additional vessels in our fleet and increased drydocking activity compared to the same period in 2003. These expenses are expected to increase further with the delivery of one OSV in early 2004 and as other recently acquired or newly constructed vessels undergo their initial 30 and 60-month recertifications.

General and Administrative Expenses. Our general and administrative expenses were \$10.7 million for 2003, compared to \$9.7 million for 2002, an increase of \$1.0 million or 10.3%. This increase primarily resulted from increased overhead relating to the costs associated with increased reporting obligations under federal securities laws incurred during 2003 but not in 2002 and the expansion of our fleet during 2003.

Interest Expense. Interest expense was \$18.5 million in 2003, compared to \$16.2 million in 2002, an increase of \$2.3 million or 14.2%. The increase in interest expense resulted from lower capitalized interest in 2003 of \$2.7 million related to the construction in progress of four vessels compared to \$3.9 million related to the construction of eight vessels in progress during 2002. In addition, the net increase in interest expense was impacted by an average balance outstanding under our revolving credit facility during calendar 2003 of \$20.0 million compared to 2002, when the facility was undrawn all year.

Interest Income. Interest income was \$0.2 million in 2003 compared to \$0.7 million in 2002, a decrease of \$0.5 million or 71.4%. Average cash balances were \$17.6 million and \$37.7 million for the years ended December 31, 2003 and 2002, respectively, which substantially contributed to the decrease in interest income during the year ended December 31, 2003.

Table of Contents

Income Tax Expense. Our effective tax rate was 38.0% for 2003 and 2002. Our income tax expense primarily consists of deferred taxes due to our federal tax net operating loss carryforwards primarily generated by accelerated depreciation for tax purposes, of approximately \$37.4 million as of December 31, 2003, that are available through 2018 to offset future taxable income. Our income tax rate is higher than the federal statutory rate due primarily to expected state and foreign tax liabilities and items not deductible for federal income tax purposes.

Liquidity and Capital Resources

Our capital requirements have historically been financed with cash flow from operations, proceeds from issuances of our debt and common equity securities, and borrowings under our credit facilities. We require capital to fund ongoing operations, construction of new vessels, acquisitions, vessel recertifications, discretionary capital expenditures and debt service. The nature of our capital requirements and the types of our financing sources are not expected to change significantly during 2005.

We have a five-year \$100 million senior secured revolving credit facility with a current borrowing base of \$60 million. As of December 31, 2004, we had \$60 million of credit immediately available under such facility. We have made, and may make additional, short-term draws on our revolving credit facility from time to time to satisfy scheduled capital expenditure requirements or for other corporate purposes. Any liquidity in excess of our planned capital expenditures will be utilized to repay debt or finance the implementation of our growth strategy, which includes expanding our fleet through the construction of new vessels, retrofit of existing vessels or acquisition of additional vessels, including OSVs, and ocean-going tugs and tank barges, as needed to take advantage of the demand for such vessels. Upon completion, the five double-hulled tank barges anticipated to be delivered in 2005 will replace three single-hulled vessels that were retired from service pursuant to OPA 90 prior to January 1, 2005 and increase the net barrel-carrying capacity of our fleet by approximately 320,000 barrels or 28%.

We believe that our current working capital, projected cash flow from operations and available capacity under our revolving credit facility, will be sufficient to meet our cash requirements for the foreseeable future. Although we expect to continue generating positive working capital through our operations, events beyond our control, such as mild winter conditions, a reduction in domestic consumption of refined petroleum products, or declines in expenditures for exploration, development and production activity may affect our financial condition or results of operations. However, depending on the market demand for OSVs, tugs and tank barges and other growth opportunities that may arise, we may require additional debt or equity financing.

Operating Activities. We rely primarily on cash flows from operations to provide working capital for current and future operations. Cash flows from operating activities totaled \$21.4 million in 2004, \$25.5 million in 2003, and \$25.0 million in 2002. The decrease in operating cash flows from 2003 to 2004 was due to increased cash outlays associated with OSV drydocking activity and the timing of interest payments resulting from the early extinguishment of debt in November 2004. Our cash flows from operations is expected to trend higher as we will have a full year of revenue contribution from one OSV added in 2004 and partial year

Table of Contents

contributions from the five new double-hulled tank barges that we expect to be delivered during 2005 and one AHTS acquired during January 2005. In 2005, we expect to drydock a total of eight OSVs, two tugs, and four tank barges for recertification and/or discretionary vessel enhancements, which together with non-vessel capital expenditures related primarily to information technology initiatives, is estimated to cost in the range of \$13.0 million to \$14.0 million.

As of December 31, 2004, we had federal tax net operating loss carryforwards of approximately \$95 million available through 2018 to offset future federal taxable income. These federal tax net operating losses were generated primarily through accelerated tax depreciation applied to our vessels. Our use of these tax net operating losses and additional tax benefits may be limited due to U.S. tax laws. Based on the age and composition of our projected fleet, we expect to continue generating federal tax net operating losses over the near term.

Investing Activities. Investing activities for 2004 were approximately \$61.4 million, primarily for the construction of new double-hulled tank barges, acquisition of a fast supply vessel and the acquisition and retrofitting of two ocean-going tugs, and miscellaneous capital expenditures. During 2003 investing activities were approximately \$99.8 million, primarily for the construction of new vessels, acquisitions of six OSVs and a double-hulled tank barge, and miscellaneous capital expenditures. These 2003 expenditures were offset by \$1.7 million in cash proceeds from the sale of one tank barge. During 2002, investing activities were \$56.1 million for new construction of vessels offset by \$0.3 million in cash proceeds from the sale of a tug. In 2005, investing activities are anticipated to include costs to complete construction of our five double-hulled tank barges, the acquisition of one AHTS vessel, and miscellaneous capital expenditures, including discretionary vessel modifications and various corporate projects. See *Contractual Obligations* for a brief overview of anticipated vessel construction commitments in 2005.

Financing Activities. Financing activities during 2004 generated \$81.4 million and consisted of cash inflows generated by the November 2004 issuance of 6.125% senior notes and the initial public offering of our common stock, which was completed in March 2004. These cash inflows were offset by the repurchase of 91% of our outstanding 10.625% senior notes and the repayment of amounts then outstanding on our revolving credit facility in March 2004. Financing activities during 2003 consisted primarily of the private placement of approximately 1.9 million shares of our common stock, raising net cash proceeds of approximately \$23.3 million that were used in part, together with borrowings under our revolving credit facility of \$40 million, to fund certain vessel purchases. In 2002, financing activities consisted primarily of the incurrence of variable rate debt financing under our revolving credit facility for asset purchases.

On November 3, 2004, we commenced a tender offer and solicitation of consents relating to the repurchase of our existing 10.625% senior notes. The tender offer expired on December 3, 2004. On November 23, 2004, we completed the private placement of our 6.125% Series A senior notes, resulting in offering proceeds of approximately \$219 million, net of estimated transaction costs. In connection with the tender offer and related consent solicitation, we used \$181 million, plus accrued interest, of such proceeds to repurchase approximately 91% of our outstanding \$175 million aggregate principal amount of 10.625%

Table of Contents

senior notes. In addition, approximately \$17 million, plus accrued interest, of the offering proceeds was used to redeem the remaining 10.625% senior notes on January 14, 2005.

As a result of the repurchase of 91% of the 10.625% senior notes in the fourth quarter of 2004, we recorded a charge for a pre-tax loss on early extinguishment of debt of approximately \$22.4 million. The per share impact of this loss is \$0.75 per diluted share for the year ended December 31, 2004 and \$0.70 per diluted share for the fourth quarter 2004. For the first quarter of 2005, we expect to record an after-tax loss on early extinguishment of debt of approximately \$1.1 million, or \$0.05 per diluted share, in connection with the redemption of the remaining 10.625% senior notes on January 14, 2005. We expect the issuance of the 6.125% Series A notes and the repurchase and redemption of the outstanding 10.625% senior notes to result in pre-tax savings, before allocation of construction period interest, of approximately \$5.2 million in annualized net interest expense, even though our long-term debt has increased by \$50 million. This bond refinancing lowered our effective interest rate on our long-term fixed rate debt obligations from 11.18% to 6.38%.

Contractual Obligations

The following table sets forth our aggregate contractual obligations as of December 31, 2004 (in thousands).

Contractual Obligations	Total	Less than			Thereafter
		1 Year	1-3 Years	3-5 Years	
Senior notes(1)	\$ 240,449	\$ 15,449	\$	\$	\$ 225,000
Operating leases(2)	2,130	1,074	797	259	
Vessel construction commitments(3)	53,224	53,224			
Total	\$ 295,803,	\$ 69,747	\$ 797	\$ 259	\$ 225,000

- (1) The current portion of the outstanding senior notes represents the remaining balance of our 10.625% senior notes that were not repurchased in November 2004 and includes original issue discount of \$97. The current portion of debt was redeemed in January 2005. The long-term portion of the senior notes represents the outstanding balance of our 6.125% senior notes.
- (2) Included in operating leases are commitments for office space, vessel rentals, office equipment, and vehicles. On June 30, 2003, we entered into a lease for our principal executive offices in Covington, Louisiana. The lease covers 23,756 sq. ft. and has an initial term of five years, which commenced September 1, 2003, with two optional five-year renewal periods. The cost of leasing this new facility is included in the table.
- (3) The timing of the incurrence of these costs is subject to change among periods based on the achievement of shipyard milestones, however, the amounts are not expected to change materially in the aggregate.

We have a \$100 million revolving credit facility with a current borrowing base of \$60 million. As of December 31, 2004, we had no outstanding balance thereunder, as we used a portion of the net proceeds from our March 2004 initial public offering of our common stock to re-pay all borrowings thereunder. Thus, we have \$60 million of borrowing capacity immediately available under that facility.

As of December 31, 2004, we had outstanding debt of \$240.5 million, net of original issue discount, that was comprised of \$225 million in aggregate principal amount of 6.125% senior notes and \$15.5 million in remaining principal amount of 10.625% senior notes, the latter of which were redeemed in January 2005. The effective interest rate on the 6.125% senior notes is 6.38% and is

payable semi-annually each June 1 and December 1. The 6.125% senior notes do not require any payments of principal prior to their stated maturity of December 1, 2014, but pursuant to the indenture under which they were issued, we are required to make offers to purchase such senior notes upon the occurrence of specified events, such as certain asset sales or a change in control.

Table of Contents

In February 2005, we commenced a registered exchange offer to exchange our 6.125% senior notes due December 1, 2014, which were initially sold pursuant to exemptions under the Securities Act of 1933, or Securities Act, for 6.125% senior notes with substantially the same terms, except that the issuance of the senior notes issued in the exchange offer was registered under the Securities Act. Both series of senior notes were issued under and are entitled to the benefits of the same indenture. The exchange offer was completed on March 7, 2005.

For additional information with respect to our revolving credit facility and our senior notes, please refer to Note 7 of our consolidated financial statements included herein.

For the year ended December 31, 2004, we expended \$41.8 million for acquisitions and new vessel construction, before allocation of construction period interest, which was comprised of a final construction draw of \$1.5 million for an OSV and \$40.3 million for our tank barge newbuild program and the acquisition and retrofit of two ocean-going tugs. The five barges now under construction, along with the purchase of the two higher horsepower, ocean-going tugs, are expected to cost approximately \$105 million in the aggregate, of which approximately \$51.4 million has been incurred and paid from October 2003 through the end of 2004. We expect to incur the remaining balance of \$53.6 million in 2005. The timing of the incurrence of these costs is subject to change among periods based on the achievement of shipyard milestones. However, the amounts are not expected to change materially in the aggregate.

Inflation

To date, general inflationary trends have not had a material effect on our operating revenues or expenses.

Recent Accounting Pronouncements

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123 (revised 2004), Share-Based Payment (SFAS 123R), which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation (SFAS 123). SFAS 123R supersedes Accounting Principles Board Opinion No. 25 (APB 25), Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach in SFAS 123R is similar to the approach described in SFAS 123. However, SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Accordingly, the adoption of SFAS 123R's fair value method will have a significant impact on our results of operations, although it will have no impact on our overall financial position. The impact of adoption of SFAS 123R cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted SFAS 123R in prior periods, the impact of that standard would have approximated the impact of SFAS 123 as described in the disclosure of pro forma net income (loss) and earnings (loss) per share in Note 8 to our consolidated financial statements. SFAS 123R also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in

Table of Contents

periods after adoption. While we cannot estimate what those amounts will be in the future because they depend on, among other things, when employees exercise stock options, the amount of operating cash flows recognized for such excess tax deductions was \$0.4 million in 2004. SFAS 123R must be adopted no later than July 1, 2005 and we expect to adopt this standard at such time.

Forward-Looking Statements

We make forward-looking statements in this Annual Report on Form 10-K/A, including certain information set forth in the sections entitled Business and Properties and Management's Discussion and Analysis of Financial Condition and Results of Operations. We have based these forward-looking statements on our current views and assumptions about future events and our future financial performance. You can generally identify forward-looking statements by the appearance in such a statement of words like anticipate, believe, continue, could, estimate, expect, intend, may, plan, potential, predict, project, should or will or other comparable words or the negative of these words. You should consider our forward-looking statements in light of the risks discussed under the heading Risk Factors below, as well as our consolidated financial statements, related notes, and the other financial information appearing elsewhere in this Annual Report on Form 10-K/A and our filings with the Commission.

Our forward-looking statements are only predictions based on expectations that we believe are reasonable. Actual events or results may differ materially from those described in any forward-looking statement. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. To the extent these risks, uncertainties and assumptions give rise to events that vary from our expectations, the forward-looking events discussed in this Annual Report on Form 10-K may not occur.

Risk Factors

The risks and uncertainties described below are not the only ones facing us. Other events that we do not currently anticipate or that we currently deem immaterial may also impair or affect our business operations.

Demand for our OSV services substantially depends on the level of activity in offshore oil and gas exploration, development and production.

The level of offshore oil and gas exploration, development and production activity has historically been volatile and is likely to continue to be so in the future. The level of activity is subject to large fluctuations in response to relatively minor changes in a variety of factors that are beyond our control, including:

prevailing oil and natural gas prices and expectations about future prices and price volatility;

the cost of offshore exploration for, and production and transportation of, oil and natural gas;

worldwide demand for oil and natural gas;

consolidation of oil and gas and oil service companies operating offshore;

availability and rate of discovery of new oil and natural gas reserves in offshore areas;

Table of Contents

local and international political and economic conditions and policies;

technological advances affecting energy production and consumption;

weather conditions;

environmental regulation; and

the ability of oil and gas companies to generate or otherwise obtain funds for exploration and production.

We expect levels of oil and gas exploration, development and production activity to continue to be volatile and affect the demand for our OSVs.

A prolonged, material downturn in oil and natural gas prices is likely to cause a substantial decline in expenditures for exploration, development and production activity, which would likely result in a corresponding decline in the demand for OSVs and thus decrease the utilization and dayrates of our OSVs. Such decreases could have a material adverse effect on our financial condition and results of operations. Moreover, increases in oil and natural gas prices and higher levels of expenditure by oil and gas companies for exploration, development and production may not necessarily result in increased demand for our OSVs.

Increases in the supply of new generation OSVs could decrease dayrates.

Certain of our competitors have announced plans to construct new OSVs to be deployed in domestic and foreign locations. A remobilization to the U.S. Gulf of Mexico of U.S.-flagged OSVs currently operating in other regions or a repeal or significant modification of the Jones Act, or the administrative erosion of its benefits, permitting OSVs that are either foreign-flagged, foreign-built, foreign-owned, foreign-controlled or foreign-operated to engage in the U.S. coastwise trade, would also result in an increase in capacity. Any increase in the supply of OSVs, whether through new construction, refurbishment or conversion of vessels from other uses, remobilization or changes in law or its application, could not only increase competition for charters and lower utilization and dayrates, which would adversely affect our revenues and profitability, but could also worsen the impact of any downturn in oil and natural gas prices on our results of operations and financial condition.

Intense competition in our industry could reduce our profitability and market share.

Contracts for our OSVs and tank barges are generally awarded on an intensely competitive basis. The most important factors determining whether a contract will be awarded include:

quality and capability of the vessels;

ability to meet the customer's schedule;

safety record;

reputation;

price; and

experience.

Some of our competitors, including diversified multinational companies in the OSV segment, have substantially greater financial resources and larger operating staffs than we do. They may be better able to compete in making vessels available more quickly and efficiently, meeting the customer's schedule and withstanding the effect of declines in

Table of Contents

dayrates and utilization rates. They may also be better able to weather a downturn in the oil and gas industry. As a result, we could lose customers and market share to these competitors. Some of our competitors may also be willing to accept lower dayrates in order to maintain utilization, which can have a negative impact upon dayrates and utilization in our OSV segment.

The failure to successfully complete construction or conversion of our vessels on schedule and on budget and to utilize those and the other vessels in our fleet at profitable levels could adversely affect our financial condition and results of operations.

We have three double-hulled, ocean-going tank barges currently under construction and two coastwise sulfur tankers currently undergoing conversion into multi-purpose supply vessels. We also plan to construct additional new generation OSVs and double-hulled tank barges as market conditions warrant. Our construction projects are subject to the risks of delay and cost overruns inherent in any large construction project, including shortages of equipment, unforeseen engineering problems, work stoppages, weather interference, unanticipated cost increases, inability to obtain necessary certifications and approvals and shortages of materials or skilled labor. Significant delays could have a material adverse effect on anticipated contract commitments with respect to vessels under construction or conversion, while significant cost overruns or delays not adequately protected by liquidated damages provisions, in general could adversely affect our financial condition and results of operations. Moreover, customer demand for vessels currently under construction or conversion may not be as strong as we presently anticipate, and our inability to obtain contracts on anticipated terms or at all may have a material adverse effect on our revenues and profitability. In addition, our OSVs are typically chartered or hired to provide services to a specified drilling rig. A delay in the availability of the drilling rig to our customer may have an adverse impact on our utilization of the contracted vessel and thus on our financial condition and results of operations.

If we are unable to acquire additional vessels or businesses and successfully integrate them into our operations, our ability to grow may be limited.

We regularly consider possible acquisitions of single vessels, vessel fleets and businesses that complement our existing operations to enable us to grow our business. We can give no assurance that we will be able to identify desirable acquisition candidates or that we will be successful in entering into definitive agreements on satisfactory terms. An inability to acquire additional vessels or businesses may limit our growth potential. Even if we consummate an acquisition, we may be unable to integrate it into our existing operations successfully or realize the anticipated benefits of the acquisition. The process of integrating acquired operations into our own may result in unforeseen operating difficulties, may require significant management attention and financial resources.

Revenues from our tug and tank barge business could be adversely affected by a decline in demand for domestic refined petroleum products and crude oil or a change in existing methods of delivery in response to insufficient availability of tug and tank barge services and other conditions.

A reduction in domestic consumption of refined petroleum products or crude oil may adversely affect the revenues of our tug and tank barge business and, therefore, our financial

Table of Contents

condition and results of operation. Weather conditions also affect demand for our tug and tank barge services. For example, a mild winter may reduce demand for heating oil in the northeastern United States.

Moreover, alternative methods of delivery of refined petroleum products or crude oil may develop as a result of insufficient availability of tug and tank barge services, the cost of compliance with homeland security, environmental regulations or increased liabilities connected with the transportation of refined petroleum products and crude oil. For example, long-haul transportation of refined petroleum products and crude oil is generally less costly by pipeline than by tank barge. While there are significant impediments to building new pipelines, such as high capital costs and environmental concerns, entities may propose new pipeline construction to meet demand for petroleum products. To the extent new pipeline segments are built or existing pipelines converted to carry petroleum products, such activity could have an adverse effect on our ability to compete in particular markets.

The loss of our contract of affreightment with Amerada Hess Corporation or the early termination of contracts on our OSVs could have an adverse effect on our operations.

The revenues we derived from our long-term contract of affreightment with Amerada Hess for the year ended December 31, 2004, constituted more than 10% of our total revenues for such period. Under the terms of the contract of affreightment, we are required to meet certain performance criteria and, if we fail to meet such criteria, Amerada Hess would be entitled to terminate the contract. Should we fail to fulfill our performance obligations under the contract of affreightment, and Amerada Hess terminates the contract, it would adversely affect our financial condition and results of operations. Our contract of affreightment provides for minimum annual cargo volume to be transported and allows Amerada Hess to reduce its minimum commitment, subject to a significant adjustment penalty. Most of the long-term contracts for our OSVs contain early termination options in favor of the customer; however, some have substantial early termination penalties or other provisions designed to discourage the customers from exercising such options. We cannot assure that our customers would not choose to exercise their termination rights in spite of such penalties. Unless extended, our contract with Amerada Hess is scheduled to expire on March 31, 2006. Any termination could temporarily disrupt our business or otherwise adversely affect our financial condition and results of operations.

We are subject to complex laws and regulations, including environmental regulations, that can adversely affect the cost, manner or feasibility of doing business.

Increasingly stringent federal, state, local and foreign laws and regulations governing worker health and safety and the manning, construction and operation of vessels significantly affect our operations. Many aspects of the marine industry are subject to extensive governmental regulation by the United States Coast Guard, the National Transportation Safety Board and the United States Customs Service, and their foreign equivalents, and to regulation by private industry organizations such as the American Bureau of Shipping. The Coast Guard and the National Transportation Safety Board set safety standards and are authorized to investigate vessel accidents and recommend improved safety standards, while

Table of Contents

the Customs Service is authorized to inspect vessels at will. Our operations are also subject to federal, state, local and international laws and regulations that control the discharge of pollutants into the environment or otherwise relate to environmental protection. Compliance with such laws, regulations and standards may require installation of costly equipment, increased manning, or operational changes. Failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions, imposition of remedial obligations or the suspension or termination of our operations. Some environmental laws impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, others, including charterers. Moreover, these laws and regulations could change in ways that substantially increase costs that we may not be able to pass along to our customers. Any changes in laws, regulations or standards that would impose additional requirements or restrictions could adversely affect our financial condition and results of operations.

We are also subject to the Merchant Marine Act of 1936, which provides that, upon proclamation by the President of a national emergency or a threat to the security of the national defense, the Secretary of Transportation may requisition or purchase any vessel or other watercraft owned by United States citizens (which includes United States corporations), including vessels under construction in the United States. If one of our OSVs, tugs or tank barges were purchased or requisitioned by the federal government under this law, we would be entitled to be paid the fair market value of the vessel in the case of a purchase or, in the case of a requisition, the fair market value of charter hire. However, if one of our tugs is requisitioned or purchased and its associated tank barge is left idle, we would not be entitled to receive any compensation for the lost revenues resulting from the idled barge. We would also not be entitled to be compensated for any consequential damages we suffer as a result of the requisition or purchase of any of our OSVs, tugs or tank barges. The purchase or the requisition for an extended period of time of one or more of our OSVs, tugs or tank barges could adversely affect our results of operations and financial condition.

Finally, we are subject to the Jones Act, which requires that vessels engaged in coastwise trade to carry cargo between U.S. ports be documented under the laws of the United States and be controlled by U.S. citizens. To ensure that we are determined to be a U.S. citizen as defined under these laws, our certificate of incorporation contains certain restrictions on the ownership of our capital stock by non-U.S. citizens and establishes certain mechanisms to maintain compliance with these laws. If we are determined at any time not to be in compliance with these citizenship requirements, our vessels would become ineligible to engage in the coastwise trade in U.S. domestic waters, and our business and operating results would be adversely affected. The Jones Act's provisions restricting coastwise trade to vessels controlled by U.S. citizens have recently been circumvented by foreign interests that seek to engage in trade reserved for vessels controlled by U.S. citizens and otherwise qualifying for coastwise trade. Legal challenges against such actions are difficult, costly to pursue and are of uncertain outcome. To the extent such efforts are successful and permit foreign competition, such competition could have a material adverse effect on domestic companies in the offshore service vessel industry and on our financial condition and results of operations.

Table of Contents

Our business involves many operating risks that may disrupt our business or otherwise result in substantial losses, and insurance may be unavailable or inadequate to protect us against these risks.

Our vessels are subject to operating risks such as:

catastrophic marine disaster;

adverse weather and sea conditions;

mechanical failure;

collisions;

oil and hazardous substance spills;

navigation errors;

acts of God; and

war and terrorism.

The occurrence of any of these events may result in damage to or loss of our vessels and their tow or cargo or other property and injury to passengers and personnel. If any of these events were to occur, we could be exposed to liability for resulting damages and possible penalties, that pursuant to typical marine indemnity policies, we must pay and then seek reimbursement from our insurer. Affected vessels may also be removed from service and thus be unavailable for income-generating activity. While we believe our insurance coverage is at adequate levels and insures us against risks that are customary in the industry, we may be unable to renew such coverage in the future at commercially reasonable rates. Moreover, existing or future coverage may not be sufficient to cover claims that may arise.

Our expansion into international markets subjects us to risks inherent in conducting business internationally.

Over the past three years we have derived an increasing portion of our revenues from foreign sources. We therefore face risks inherent in conducting business internationally, such as legal and governmental regulatory requirements, potential vessel seizure or nationalization of assets, import-export quotas or other trade barriers, difficulties in collecting accounts receivable and longer collection periods, political and economic instability, adverse tax consequences, difficulties and costs of staffing international operations, currency exchange rate fluctuations and language and cultural differences. All of these risks are beyond our control. We cannot predict the nature and the likelihood of any such events. If such an event should occur, however, it could have a material adverse effect on our financial condition and results of operations.

Future results of operations depend on the long-term financial stability of our customers.

Many of the contracts we enter into for our vessels are full utilization contracts with initial terms ranging from one to five years. We enter into these long-term contracts with our customers based on a credit assessment at the time of execution. Our financial condition in any period may therefore depend on the long-term stability and creditworthiness of our

Table of Contents

customers. We can provide no assurance that our customers will fulfill their obligations under our long-term contracts and the insolvency or other failure of a customer to fulfill its obligations under such contract could adversely affect our financial condition and results of operations.

We may be unable to attract and retain qualified, skilled employees necessary to operate our business.

Our success depends in large part on our ability to attract and retain highly skilled and qualified personnel. Our inability to hire, train and retain a sufficient number of qualified employees could impair our ability to manage, maintain and grow our business.

We require skilled employees who can perform physically demanding work. As a result of the volatility of the oil and gas industry and the demanding nature of the work, potential employees may choose to pursue employment in fields that offer a more desirable work environment at wage rates that are competitive with ours. With a reduced pool of workers, it is possible that we will have to raise wage rates to attract workers from other fields and to retain our current employees. If we are not able to increase our service rates to our customers to compensate for wage-rate increases, our financial condition and results of operations may be adversely affected.

Our employees are covered by federal laws that may subject us to job-related claims in addition to those provided by state laws.

Some of our employees are covered by provisions of the Jones Act, the Death on the High Seas Act and general maritime law. These laws preempt state workers' compensation laws and permit these employees and their representatives to pursue actions against employers for job-related incidents in federal courts. Because we are not generally protected by the limits imposed by state workers' compensation statutes, we may have greater exposure for any claims made by these employees.

Our success depends on key members of our management, the loss of whom could disrupt our business operations.

We depend to a large extent on the efforts and continued employment of our executive officers and key management personnel. We do not maintain key-man insurance. The loss of services of one or more of our executive officers or key management personnel could have a negative impact on our financial condition and results of operations.

Restrictions contained in the indenture governing our senior notes and in the agreement governing our revolving credit facility may limit our ability to obtain additional financing and to pursue other business opportunities.

Covenants contained in the indenture governing our 6.125% senior notes and in the agreement governing our revolving credit facility require us to meet certain financial tests, which may limit or otherwise restrict:

our flexibility in operating, planning for, and reacting to changes, in our business;

our ability to dispose of assets, withstand current or future economic or industry downturns and compete with others in our industry for strategic opportunities; and

Table of Contents

our ability to obtain additional financing for working capital, capital expenditures, including our newbuild programs, acquisitions, general corporate and other purposes.

We have high levels of fixed costs that will be incurred regardless of our level of business activity.

Our business has high fixed costs, and downtime or low productivity due to reduced demand, weather interruptions or other causes can have a significant negative effect on our operating results and financial condition.

If we are required to retire our existing single-hulled tank barges earlier than anticipated due to either regulatory or other requirements, it could adversely affect our business.

OPA 90 requires that all newly-built tank vessels used in the transport of petroleum products be built with double hulls and provides for a phase-out period for existing single hull vessels. Modifying or replacing existing vessels to provide for double hulls will be required for all tank barges and tankers in the industry by the year 2015. A significant number of vessels in our tank barge fleet measure less than 5,000 gross tons. Under current law, certain of our vessels may continue to operate without double hulls through 2014. However, if there are changes in the law that accelerate the time frame for retirement of such vessels, or if customer policies or preferences that mandate the use of double-hulled vessels become significantly more prevalent, absent our implementation of an aggressive replacement or newbuild program, such changes in law or in customer mandates could adversely affect our results of operations and financial condition.

Table of Contents**PART IV****Item 15 Exhibits and Financial Statement Schedules**

(a) The following items are filed as part of this report:

1. *Financial Statements.* The financial statements and information required by Item 8 appear on pages F-1 through F-24 of this report. The Index to Consolidated Financial Statements appears on page F-1.
2. *Financial Statement Schedules.* All schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.
3. Exhibits.

Exhibit Number	Description of Exhibit
3.1	Second Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware on March 5, 2004 (incorporated by reference to Exhibit 3.1 to the Company's Form 10-K for the period ended December 31, 2003).
3.2	Certificate of Designation of Series A Junior Participating Preferred Stock filed with the Secretary of State of the State of Delaware on June 20, 2003 (incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
3.3	Fourth Restated Bylaws of the Company adopted June 30, 2004 (incorporated by reference to Exhibit 3.3 to the Company's Form 10-Q for the quarter ended June 30, 2004).
4.1	Indenture dated as of November 23, 2004 between the Company, the guarantors named therein and Wells Fargo Bank, National Association (as Trustee), including table of contents and cross-reference sheet (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated November 18, 2004).
4.2	Registration Rights Agreement, dated as of November 23, 2004, among Goldman, Sachs & Co., Bear, Stearns & Co., Inc., Jefferies & Company, Inc., Hornbeck Offshore Services, Inc. and the guarantors party thereto (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated November 18, 2004).
4.3	Specimen 6.125% Series B Senior Note due 2014 (incorporated by reference to Exhibit 4.5 to the Company's Amendment No. 1 to Registration Statement on Form S-4 dated February 7, 2005, Registration No. 333-121557).

Table of Contents

Exhibit Number	Description of Exhibit
4.4	Rights Agreement dated as of June 18, 2003 between the Company and Mellon Investor Services LLC as Rights Agent, which includes as Exhibit A the Certificate of Designations of Series A Junior Participating Preferred Stock, as Exhibit B the form of Right Certificate and as Exhibit C the form of Summary of Rights to Purchase Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 2, 2003).
4.5	Amendment to Rights Agreement dated as of March 5, 2004 between the Company and Mellon Investor Services LLC as Rights Agent (incorporated by reference to Exhibit 4.13 to the Company's Form 10-K for the period ended December 31, 2003).
4.6	Second Amendment to Rights Agreement dated as of September 3, 2004 by and between the Company and Mellon Investor Services, LLC as Rights Agent (incorporated by reference to Exhibit 4.3 to the Company's Form 8-A/A file September 3, 2004, Registration No. 333-108943).
4.7	Stockholders' Agreement dated as of October 27, 2000 between the Company, Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and SCF-IV, L.P. (incorporated by reference to Exhibit 4.6 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
10.1	Amended and Restated Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the period ended September 30, 2003).
10.2	Senior Employment Agreement dated effective January 1, 2001 by and between Todd M. Hornbeck and the Company (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.3	Employment Agreement dated effective January 1, 2001 by and between Carl Annessa and the Company (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.4	Employment Agreement dated effective January 1, 2001 by and between James O. Harp, Jr. and the Company (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.5	Amendment to Senior Employment Agreement dated effective February 17, 2003 by and between Todd M. Hornbeck and the Company (incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
10.6	Amendment to Employment Agreement dated effective February 17, 2003 by and between Carl G. Annessa and the Company (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).

Table of Contents

Exhibit Number	Description of Exhibit
10.7	Amendment to Employment Agreement dated effective February 17, 2003 by and between James O. Harp, Jr. and the Company (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
*10.8	Second Amendment to Employment Agreement dated effective March 11, 2005 by and between Todd M. Hornbeck and the Company
*10.9	Second Amendment to Employment Agreement dated effective March 11, 2005 by and between Carl G. Annessa and the Company
*10.10	Second Amendment to Employment Agreement dated effective March 11, 2005 by and between James O. Harp, Jr. and the Company
10.11	Amended and Restated Credit Agreement dated as of February 13, 2004 among Hornbeck Offshore Services, Inc. and Hibernia National Bank, as agent, and Hibernia National Bank, Fortis Capital Corp., Southwest Bank of Texas, N.A., DVB Bank Aktiengesellschaft and Wells Fargo Bank, N.A., as lenders (incorporated by reference to Exhibit 10.5 to the Company's Form 10-K for the period ended December 31, 2003).
10.12	Form of Indemnification Agreement for directors, officers and key employees (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement of Form S-1 filed July 22, 2002, Registration No. 333-96833).
10.13	Form of First Amendment to Indemnification Agreement for Directors, Officers and Key Employees (incorporated by reference to Exhibit 10.6 to the Company's Form 10-Q for the period ended September 30, 2003).
10.14	Asset Purchase Agreement dated as of June 20, 2003 by and among HOS-IV, LLC, Candy Marine Investment Corporation, Candy Fleet Corporation and Kenneth I. Nelkin, and joined for limited purposes by Hornbeck Offshore Services, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed July 7, 2003).
*10.15	Director & Advisory Director Compensation Policy.
*10.16	Form of Executive Non-Qualified Stock Option Agreement.
*10.17	Form of Director Non-Qualified Stock Option Agreement.
*10.18	Form of Employee Non-Qualified Stock Option Agreement.
10.19	Stockholders' Agreement dated as of June 5, 1997 between the Company, Todd M. Hornbeck, Troy A. Hornbeck and Cari Investment Company (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
10.20	Registration Rights Agreement dated as of October 27, 2000 between the Company and SCF-IV, L.P. (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).

Table of Contents

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.21	Registration Rights Agreement dated as of June 24, 2003 between the Company and certain purchasers of securities (incorporated by reference to Exhibit 4.11 to the Company's Registration Statement on Form S-1 filed September 19, 2003, Registration No. 333-108943).
10.22	Agreement Concerning Registration Rights dated as of October 27, 2000 between the Company, SCF IV, LP, Joint Energy Development Investments II, LP and Sundance Assets, LP (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
10.23	Letter Agreement dated September 24, 2001 between the Company, Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and SCF-IV, L.P. (incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-1 filed September 19, 2003, Registration No. 333-108943).
*21	Subsidiaries of the Company.
*23.1	Consent of Ernst & Young, LLP.
**31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Amended and Restated Credit Agreement Confirmation dated December 29, 2004 (incorporated by reference to Exhibit 99.4 to the Company's Amendment No. 1 to Registration Statement on Form S-4 dated February 7, 2005, Registration No. 333-121557).

* Previously filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2004 as filed with the Securities and Exchange Commission on March 11, 2005.

** Filed herewith.
Compensatory plan or arrangement under which executive officers or directors of the Company may participate.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment No. 1 to Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Covington, the State of Louisiana, on August 10, 2005.

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ TODD M. HORNBECK
Todd M. Hornbeck

Chairman of the Board,

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Amendment No. 1 to Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ TODD M. HORNBECK <hr/> (Todd M. Hornbeck)	Chairman of the Board, President, Chief Executive Officer, Secretary and Director (Principal Executive Officer)	August 10, 2005
/s/ JAMES O. HARP, JR. <hr/> (James O. Harp, Jr.)	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	August 10, 2005
/s/ LARRY D. HORNBECK <hr/> (Larry D. Hornbeck)	Director	August 10, 2005
/s/ BRUCE W. HUNT <hr/> (Bruce W. Hunt)	Director	August 10, 2005
/s/ PATRICIA B. MELCHER <hr/> (Patricia B. Melcher)	Director	August 10, 2005
/s/ STEVEN W. KRABLIN <hr/> (Steven W. Krablin)	Director	August 10, 2005
/s/ BERNIE W. STEWART <hr/> (Bernie W. Stewart)	Director	August 10, 2005

Edgar Filing: IBEX TECHNOLOGIES INC - Form CB/A

(Bernie W. Stewart)

/s/ DAVID A. TRICE

Director

August 10, 2005

(David A. Trice)

/s/ ANDREW L. WAITE

Director

August 10, 2005

(Andrew L. Waite)

S-1

Table of Contents**Exhibit Index**

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1	Second Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware on March 5, 2004 (incorporated by reference to Exhibit 3.1 to the Company's Form 10-K for the period ended December 31, 2003).
3.2	Certificate of Designation of Series A Junior Participating Preferred Stock filed with the Secretary of State of the State of Delaware on June 20, 2003 (incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
3.3	Fourth Restated Bylaws of the Company adopted June 30, 2004 (incorporated by reference to Exhibit 3.3 to the Company's Form 10-Q for the quarter ended June 30, 2004).
4.1	Indenture dated as of November 23, 2004 between the Company, the guarantors named therein and Wells Fargo Bank, National Association (as Trustee), including table of contents and cross-reference sheet (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated November 18, 2004).
4.2	Registration Rights Agreement, dated as of November 23, 2004, among Goldman, Sachs & Co., Bear, Stearns & Co., Inc., Jefferies & Company, Inc., Hornbeck Offshore Services, Inc. and the guarantors party thereto (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated November 18, 2004).
4.3	Specimen 6.125% Series B Senior Note due 2014 (incorporated by reference to Exhibit 4.5 to the Company's Amendment No. 1 to Registration Statement on Form S-4 dated February 7, 2005, Registration No. 333-121557).
4.4	Rights Agreement dated as of June 18, 2003 between the Company and Mellon Investor Services LLC as Rights Agent, which includes as Exhibit A the Certificate of Designations of Series A Junior Participating Preferred Stock, as Exhibit B the form of Right Certificate and as Exhibit C the form of Summary of Rights to Purchase Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 2, 2003).
4.5	Amendment to Rights Agreement dated as of March 5, 2004 between the Company and Mellon Investor Services LLC as Rights Agent (incorporated by reference to Exhibit 4.13 to the Company's Form 10-K for the period ended December 31, 2003).
4.6	Second Amendment to Rights Agreement dated as of September 3, 2004 by and between the Company and Mellon Investor Services, LLC as Rights Agent (incorporated by reference to Exhibit 4.3 to the Company's Form 8-A/A file September 3, 2004, Registration No. 333-108943).

Table of Contents

Exhibit Number	Description of Exhibit
10.1	Amended and Restated Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the period ended September 30, 2003).
10.2	Senior Employment Agreement dated effective January 1, 2001 by and between Todd M. Hornbeck and the Company (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.3	Employment Agreement dated effective January 1, 2001 by and between Carl Annessa and the Company (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.4	Employment Agreement dated effective January 1, 2001 by and between James O. Harp, Jr. and the Company (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.5	Amendment to Senior Employment Agreement dated effective February 17, 2003 by and between Todd M. Hornbeck and the Company (incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
10.6	Amendment to Employment Agreement dated effective February 17, 2003 by and between Carl G. Annessa and the Company (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
10.7	Amendment to Employment Agreement dated effective February 17, 2003 by and between James O. Harp, Jr. and the Company (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
*10.8	Second Amendment to Employment Agreement dated March 11, 2005 by and between Todd M. Hornbeck and the Company
*10.9	Second Amendment to Employment Agreement dated March 11, 2005 by and between Carl G. Annessa and the Company
*10.10	Second Amendment to Employment Agreement dated March 11, 2005 by and between James O. Harp, Jr. and the Company
10.11	Amended and Restated Credit Agreement dated as of February 13, 2004 among Hornbeck Offshore Services, Inc. and Hibernia National Bank, as agent, and Hibernia National Bank, Fortis Capital Corp., Southwest Bank of Texas, N.A., DVB Bank Aktiengesellschaft and Wells Fargo Bank, N.A., as lenders (incorporated by reference to Exhibit 10.5 to the Company's Form 10-K for the period ended December 31, 2003).
10.12	Form of Indemnification Agreement for directors, officers and key employees (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement of Form S-1 filed July 22, 2002, Registration No. 333-96833).

Table of Contents

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.13	Form of First Amendment to Indemnification Agreement for Directors, Officers and Key Employees (incorporated by reference to Exhibit 10.6 to the Company's Form 10-Q for the period ended September 30, 2003).
10.14	Asset Purchase Agreement dated as of June 20, 2003 by and among HOS-IV, LLC, Candy Marine Investment Corporation, Candy Fleet Corporation and Kenneth I. Nelkin, and joined for limited purposes by Hornbeck Offshore Services, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed July 7, 2003).
*10.15	Director & Advisory Director Compensation Policy.
*10.16	Form of Executive Non-Qualified Stock Option Agreement.
*10.17	Form of Director Non-Qualified Stock Option Agreement.
*10.18	Form of Employee Non-Qualified Stock Option Agreement.
10.19	Stockholders' Agreement dated as of June 5, 1997 between the Company, Todd M. Hornbeck, Troy A. Hornbeck and Cari Investment Company (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
10.20	Registration Rights Agreement dated as of October 27, 2000 between the Company and SCF-IV, L.P. (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
10.21	Registration Rights Agreement dated as of June 24, 2003 between the Company and certain purchasers of securities (incorporated by reference to Exhibit 4.11 to the Company's Registration Statement on Form S-1 filed September 19, 2003, Registration No. 333-108943).
10.22	Agreement Concerning Registration Rights dated as of October 27, 2000 between the Company, SCF IV, LP, Joint Energy Development Investments II, LP and Sundance Assets, LP (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
10.23	Letter Agreement dated September 24, 2001 between the Company, Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and SCF-IV, L.P. (incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-1 filed September 19, 2003, Registration No. 333-108943).
10.24	Stockholders' Agreement dated as of October 27, 2000 between the Company, Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and SCF-IV, L.P. (incorporated by reference to Exhibit 4.6 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
*21	Subsidiaries of the Company.
*23.1	Consent of Ernst & Young, LLP.
**31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Table of Contents

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
**31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Amended and Restated Credit Agreement Confirmation dated December 29, 2004 (incorporated by reference to Exhibit 99.4 to the Company's Amendment No. 1 to Registration Statement on Form S-4 dated February 7, 2005, Registration No. 333-121557).

* Previously filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2004 as filed with the Securities and Exchange Commission on March 11, 2005.

** Filed herewith.
Compensatory plan or arrangement under which executive officers or directors of the Company may participate.