



SWIBER HOLDINGS LIMITED

(Incorporated in Singapore)

(Company Registration Number :200414721N)

2nd Quarter Financial Statement for the Period Ended 30 June 2009

1(a) A income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	GROUP			GROUP		
	2nd Qtr of 2009	2nd Qtr of 2008	+ / (-)	1H 2009	1H 2008	+ / (-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
REVENUE	110,847	124,526	(11.0)	197,922	195,402	1.3
Cost of Sales	(87,027)	(92,230)	(5.6)	(156,536)	(144,764)	8.1
GROSS PROFIT	23,820	32,296	(26.2)	41,386	50,638	(18.3)
Other operating income	5,865	1,353	nm	8,989	1,071	nm
Administrative expenses	(7,374)	(6,872)	7.3	(12,801)	(11,936)	7.2
Other operating expenses	(300)	(73)	nm	(389)	(131)	nm
Share of profit of associate and joint venture	1,900	589	nm	2,920	1,228	nm
Finance costs	(2,940)	(3,150)	(6.7)	(6,368)	(5,471)	16.4
Profit before tax	20,971	24,143	(13.1)	33,737	35,399	(4.7)
Income tax expense	(1,877)	(1,931)	(2.8)	(2,699)	(2,832)	(4.7)
Profit after tax	19,094	22,212	(14.0)	31,038	32,567	(4.7)
Attributable to :						
Equity holders of the company	16,922	20,802	(18.7)	26,720	31,119	(14.1)
Minority interest	2,172	1,410	54.0	4,318	1,448	nm
	19,094	22,212	(14.0)	31,038	32,567	(4.7)

nm : not meaningful

Notes

The Group's profit before tax is arrived at after (charging)/crediting the following :

	GROUP		GROUP	
	2nd Qtr of 2009	2nd Qtr of 2008	1H 2009	1H 2008
	US\$'000	US\$'000	US\$'000	US\$'000
Interest income	223	138	275	462
Interest on borrowings	(2,493)	(3,150)	(5,561)	(4,452)
Depreciation	(4,047)	(2,163)	(7,554)	(3,377)
Foreign exchange gain	1,538	1,026	400	284
(Loss) / Gain on disposal of property, plant and equipment	(11)	-	862	-
Gain on disposal of assets held for sale	4,475	-	7,178	-
Loss on disposal of associates	(218)	-	(218)	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets :				
Cash and bank balances	59,381	74,669	7,579	3,524
Trade receivables	76,597	61,986	-	-
Engineering work-in-progress in excess of progress billings	122,867	135,171	-	-
Inventory	125	4,905	-	-
Other receivables	77,420	59,686	1,564	1,458
Amount due from subsidiaries	-	-	228,017	191,265
Non-current assets held for sale	38,929	56,354	-	-
Total current assets	375,319	392,771	237,160	196,247
Non-current assets :				
Property, plant and equipment	340,543	282,455	1,543	1,810
Subsidiaries	-	-	131,688	131,688
Associate	116	4,181	-	-
Joint venture	29,455	9,234	-	-
Deferred tax assets	27	25	-	-
Other receivables	23,140	16,915	192	432
Other assets	-	31	-	-
Total non-current assets	393,281	312,841	133,423	133,930
Total assets	768,600	705,612	370,583	330,177
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	65,165	68,507	-	-
Bonds	172	11,904	172	11,904
Trade payables	89,847	92,473	-	574
Other payables	99,267	110,479	3,284	5,999
Current portion of finance leases	705	701	39	39
Amount due to subsidiaries	-	-	63,016	59,688
Income tax payable	5,993	3,041	-	-
Total current liabilities	261,149	287,105	66,511	78,204
Non-current liabilities:				
Bank loans	65,466	57,700	-	-
Bonds	143,194	143,194	143,194	143,194
Finance leases	1,736	2,086	252	217
Employee benefits liabilities	-	49	-	-
Deferred tax liabilities	3,537	3,540	-	-
Derivative financial instruments	4,545	4,867	4,545	4,867
Total non-current liabilities	218,478	211,436	147,991	148,278
Capital, reserves and minority interest:				
Share capital	158,006	108,205	158,006	108,205
Treasury shares	(2,507)	(2,507)	(2,507)	(2,507)
Hedging reserve	(4,545)	(4,867)	(4,545)	(4,867)
Translation reserve	258	(251)	-	-
Retained earnings	131,990	105,270	5,127	2,864
Equity attributable to equity holders of the Company	283,202	205,850	156,081	103,695
Minority interests	5,771	1,221	-	-
Total equity	288,973	207,071	156,081	103,695
Total liabilities and equity	768,600	705,612	370,583	330,177

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand			
As at 30/06/2009		As at 31/12/2008	
Secured (US\$'000)	Unsecured (US\$'000)	Secured (US\$'000)	Unsecured (US\$'000)
50,870	15,172	19,208	61,904

Amount repayable after one year			
As at 30/06/2009		As at 31/12/2008	
Secured (US\$'000)	Unsecured (US\$'000)	Secured (US\$'000)	Unsecured (US\$'000)
67,202	143,194	59,786	143,194

Details of any collateral :

The Group's borrowings are secured by way of :

1. Legal mortgage over certain vessels / assets
2. Corporate guarantees from Swiber Holdings Limited (for certain loans)

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP	
	2nd Qtr 2009 US\$'000	2nd Qtr 2008 US\$'000
Operating activities		
Profit before income tax	20,971	24,143
Adjustments for :		
Interest income	(223)	(138)
Interest expense	2,940	3,150
Depreciation of property, plant and equipment	4,047	2,163
Gain on disposal of assets held for sales	(4,475)	-
Loss on disposal of property, plant & equipment	11	-
Loss on disposal of associates	218	-
Share of profit of associate and joint venture	(1,900)	(589)
Operating cash flows before movement in working capital	<u>21,589</u>	<u>28,729</u>
Trade receivables	5,761	(47,590)
Engineering work-in-progress in excess of progress billings	(14,452)	(19,490)
Inventory	454	125
Other receivables	(13,962)	12,613
Other assets	-	(97)
Trade payables	(13,504)	(16,859)
Other payables	(16,947)	64,440
Cash (used in) / generated from operations	<u>(31,061)</u>	<u>21,871</u>
Income taxes paid	(38)	(239)
Interest expense paid	(2,940)	(3,150)
Net cash (used in) / generated operating activities	<u>(34,039)</u>	<u>18,482</u>
Investing activities:		
Interest income received	223	138
Dividend received from joint venture	962	-
Proceeds on disposal of property, plant and equipment	4	15
Proceeds on disposal of assets held for sale	9,999	-
Proceed from disposal of associates	3,000	-
Purchases of property, plant and equipment	(49,002)	(92,644)
Additions to non-current assets held for sale	(2,894)	(22,824)
Investment in associate	-	(98)
Investment in joint venture	-	(1,693)
Net cash used in investing activities	<u>(37,708)</u>	<u>(117,106)</u>
Financing activities:		
Repayment of bank loans	(60,335)	(24,309)
Pledged deposits	108	13
Proceed on issue of bonds	-	20,235
Proceed on issue of shares	51,204	-
Share issue expenses	(1,404)	-
Repayment of obligations under finance leases	(53)	(165)
Repayment of bonds	(11,732)	-
New bank loans raised	116,188	56,817
Net cash generated from financing activities	<u>93,976</u>	<u>52,591</u>
Net increase / (decrease) in cash and bank balances	<u>22,229</u>	<u>(46,033)</u>
Cash and cash equivalents at beginning of the period	29,235	71,199
Net effect of foreign exchange rate changes on the balance of cash held in foreign currency	1,492	(108)
Cash and cash equivalents at end of the period	<u>52,956</u>	<u>25,058</u>
Cash and cash equivalents consist of:		
Cash at bank	52,044	25,006
Cash on hand	54	52
Fixed deposits	7,283	4,036
	<u>59,381</u>	<u>29,094</u>
Less: Pledged deposits	(6,425)	(4,036)
Total	<u>52,956</u>	<u>25,058</u>

1(d) A statement of comprehensive income (for the issuer and group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP		COMPANY	
	2nd Qtr 2009	2nd Qtr 2008	2nd Qtr 2009	2nd Qtr 2008
	US\$'000	US\$'000	US\$'000	US\$'000
Profit for the period	19,094	22,212	68	91
Other Comprehensive Income / (expenses) :				
Exchange differences arising on translation of foreign operations	1,496	(108)	-	-
Net movement in hedging reserve*	8,934	1,875	8,934	1,875
Total comprehensive income for the period	29,524	23,979	9,002	1,966
Attributable to :				
Equity holders of the company	27,110	22,550	9,002	1,966
Minority interests	2,414	1,429	-	-
	29,524	23,979	9,002	1,966

* The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. These amounts are based on quoted market prices for equivalent instruments at the balance sheet date. These are designated and effective as cash flow hedges and the fair value thereof has been deferred in equity.

1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Treasury shares	Hedging reserve	Translation reserves	Retained earnings	Equity attributable to equity holders of the company	Minority interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
GROUP								
Balance at 1 April 2008	108,205	-	4,308	1,024	76,770	190,307	646	190,953
Total comprehensive income / (expenses) for the period	-	-	1,875	(127)	20,802	22,550	1,429	23,979
Balance at 30 June 2008	108,205	-	6,183	897	97,572	212,857	2,075	214,932
Balance at 1 April 2009	108,205	(2,507)	(13,479)	(997)	115,068	206,290	3,357	209,647
Total comprehensive income for the period	-	-	8,934	1,255	16,922	27,111	2,414	29,525
Issue of shares pursuant to Private Placement	51,204	-	-	-	-	51,204	-	51,204
Share issue expenses	(1,403)	-	-	-	-	(1,403)	-	(1,403)
Balance at 30 June 2009	158,006	(2,507)	(4,545)	258	131,990	283,202	5,771	288,973
COMPANY								
Balance at 1 April 2008	108,205	-	4,308	-	2,318	114,831	-	114,831
Total comprehensive income for the period	-	-	1,875	-	91	1,966	-	1,966
Balance at 30 June 2008	108,205	-	6,183	-	2,409	116,797	-	116,797
Balance at 1 April 2009	108,205	(2,507)	(13,479)	-	5,059	97,278	-	97,278
Total comprehensive income for the period	-	-	8,934	-	68	9,002	-	9,002
Issue of shares pursuant to Private Placement	51,204	-	-	-	-	51,204	-	51,204
Share issue expenses	(1,403)	-	-	-	-	(1,403)	-	(1,403)
Balance at 30 June 2009	158,006	(2,507)	(4,545)	-	5,127	156,081	-	156,081

- 1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

On 08 June 2009, the company issued 84,000,000 ordinary shares at S\$0.88 and raised a net proceed of US\$49.8m. Total number of issued ordinary shares as at 30 June 2009 increased from 421,355,000 (excluding treasury shares) to 505,355,000 ordinary shares (excluding treasury shares).

- 1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30/06/2009	As at 31/12/2008
Total number of issued shares	505,355,000	421,355,000

Total issued shares as at 30 June 2009 excluding treasury shares of 2,995,000.

- 1(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	Treasury Shares
Total number shares as at 01/04/2009	2,995,000
Purchase of shares during the period	-
Total number shares as at 30/06/2009	2,995,000

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation as in the consolidated financial statements of the Group for financial year ended 31 December 2008.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new and revised Singapore Financial Reporting Standards ("FRSs") that are mandatory for financial years beginning on and after 1 January 2009. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the financial statements.

The followings are the new and revised FRSs that are relevant to the Group :

FRS 1 - Presentation of Financial Statements (Revised)

FRS 108 - Operating Segments

- 6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per Ordinary Share for the period based on net profit attributable to Shareholders :	GROUP		GROUP	
	2nd Qtr of 2009	2nd Qtr of 2008	1H 2009	1H 2008
(i) Based on weighted average number of ordinary shares on issue (US cents)	3.83	4.90	6.19	7.33
(ii) On a fully diluted basis (US cents)	3.83	4.90	6.19	7.33
Weighted average number of shares in issue for basic and diluted Earnings per Ordinary Share (excluding treasury shares)	441,662,692	424,350,000	431,564,945	424,350,000

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
- (a) **current financial period reported on; and**
- (b) **immediately preceding financial year.**

	Group		Company	
	as at 30/06/2009	as at 31/12/2008	as at 30/06/2009	as at 31/12/2008
Net asset value per ordinary share based on issued share capital at the end of the financial period (US cents)	56.04	48.85	30.89	24.61
Issue share capital at the end of the period (excluding treasury shares)	505,355,000	421,355,000	505,355,000	421,355,000

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the financial period reported on.**

Review of Group's performance :

The Group's revenue for 2nd quarter FY2009 declined by approximately US\$13.7m or 11.0% from US\$124.5m in the 2nd quarter of FY2008 to US\$110.9m in the 2nd quarter of FY2009. The drop in revenue resulted mainly from completion of projects in Malaysia. The Group was executing 4 projects in the 2nd quarter of FY2009 as compared to 6 projects in the 2nd quarter of FY2008.

The gross profit declined by US\$8.5m or 26.2% from US\$32.3m in the 2nd quarter of FY2008 to US\$23.8m in the 2nd quarter of FY2009. Gross profit margin for the 2nd quarter of FY2009 dropped from approximately 25.9% in the 2nd quarter of FY2008 to 21.5% in the 2nd quarter of FY2009 due to higher cost of sales.

Other operating income rose by US\$4.5m from US\$1.4m in the 2nd quarter of FY2008 to US\$5.9m in the 2nd quarter of FY2009. The rise in other operating income can be attributable to the gain on disposal of assets amounting to US\$4.5m in the 2nd quarter of FY2009 arising primarily from the sale of vessels under sales and leaseback transactions.

Administrative expenses recorded a slight increase by approximately by US\$0.5m or 7.3% from US\$6.9m in the 2nd quarter of FY2008 to US\$7.4m in the 2nd quarter of FY2009.

Share of profit of associate and joint venture grew US\$1.3m or 222.6% from US\$0.6m in the 2nd quarter of FY2008 to US\$1.9m in the 2nd quarter of FY2009. The growth was due to improved contribution from our joint venture partners namely Swiwar Offshore Pte Limited, Principia Asia Pacific Engineering Pte Ltd and Victorious LLC.

Finance costs for the Group declined marginally by approximately US\$0.2m from US\$3.2m in the 2nd quarter of FY2008 to US\$2.9m in the 2nd quarter of FY2009 due to repayment of bonds during the quarter.

With the increase in vessel fleet, depreciation rose by US\$1.9m or 87.1% from US\$2.2m in the 2nd quarter of FY2008 to US\$4.0m in the 2nd quarter of FY2009. There were 27 owned vessels as at 30 June 2009 as compared to 20 vessels as at 30 June 2008.

The Group's profit after tax for the quarter declined by US\$3.1m or 14.0% from US\$22.2m in the 2nd quarter of FY2008 to US\$19.1m in the 2nd quarter of FY2009. Net profit margin remained stable at 17.8% and 17.2% for 2nd quarter of FY2008 and 2nd quarter of FY2009, respectively.

Review of Financial Position :

The successful issuance of 84,000,000 ordinary shares together with the Group's profit for the 6-month period ended 30 June 2009, net debt to equity ratio as at 30 June 2009 was 0.75 times as compared to 0.94 times as at 31 March 2009 and 1.01 times as at 31 December 2008. The lower debt ratio also reflects the success of the Group's strategy of being asset light through sales and leaseback as well as joint venture arrangements.

The increase in the Group's trade receivables of US\$14.6m or 23.6% from US\$ 62.0m as at 31 December 2008 to US\$76.6m as at 30 June 2009 was mainly due to timing difference with the achievement of billing milestones.

Engineering work-in-progress in excess of progress billings declined by US\$12.3m or 9.1% from US\$135.2m as at 31 December 2008 to US\$122.9m as at 30 June 2009 was primarily due to completion of project milestones in Brunei, Malaysia and India.

Inventory decrease by US\$4.8m or 97.5% from US\$4.9m as at 31 December 2008 to US\$0.1m as at 30 June 2009 was mainly due to inventory being consumed by the project during the period.

Current other receivables rose by US\$17.7m or 29.7% from US\$59.7m as at 31 December 2008 to US\$77.4m as at 30 June 2009. Non-current other receivables rose by US\$6.2m or 36.8% from US\$16.9m as at 31 December 2008 to US\$23.1m as at 30 June 2009. The increase in both current and non-current other receivables was mainly due to increase in deposits and prepayments paid in advance relating to vessel and equipment expenditure as well as project related work.

The US\$17.4m or 30.9% decrease in assets held for sale from US\$56.4m as at 31 December 2008 to US\$38.9m as at 30 June 2009 was attributable to disposals of vessels in relation to sale and lease back transactions.

The US\$58.1m or 20.6% increase in the property, plant and equipment from US\$282.5m as at 31 December 2008 to US\$340.5m as at 30 June 2009 was primarily due to the increase of vessels as part of our 5 years capex programme which was put in place during FY2006. The operating fleet of owned vessels increased from 22 vessels as at 31 December 2008 to 27 vessels as at 30 June 2009.

Investment in associate decrease by US\$4.1m or 97.2% from US\$4.2m as at 31 December 2008 to US\$0.1m as at 30 June 2009 was mainly due to the divestment of OBT Holdings Pte Ltd and Perfect Motive Sdn Bhd.

Joint venture rose significantly by US\$20.2m or 219.0% from US\$9.2m as at 31 December 2008 to US\$29.5m as at 30 June 2009 was mainly due to the subscription by ICON Capital Corp in Victorious LLC.

Total bank loans increased marginally by US\$4.4m or 3.5% from US\$126.2m as at 31 December 2008 to US\$130.6m as at 30 June 2009.

As a result of bond repayment during the quarter current bonds balance decrease by US\$11.7m or 98.6% from US\$11.9m as at 31 December 2008 to US\$0.2m. This amount is due in the 3rd quarter of 2009. The non-current bonds quantum of US\$143.2m; US\$71.2m will be due in the 3rd quarter of 2010 and US\$72.0m will be due in the 1st quarter of 2011.

Review of Cash flow statement :

The Group's net cash outflow from operating activities for 2nd quarter of FY2009 of (US\$34.0m) was mainly attributable to cashflow from operating activities of US\$21.6m and (US\$55.7m) used in working capital requirements during the 2nd quarter of FY2009.

The net cash outflow of (US\$37.7m) in investing activities was mainly attributed to acquisition of assets of (US\$51.9m) offset by the proceed of US\$10.0m from the disposal of vessels and US\$3.0m from the divestment of investment in associates.

The net cash inflow from financing activities of US\$94.0m was mainly due to net bank loan raised of US\$55.9m and net proceed from issue of ordinary shares of US\$49.8m; offset by (US\$11.7m) of bond repayments.

As a result of the above movements, the cash and cash equivalent increased to US\$53.0m in the 2nd quarter of FY2009.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

N/A

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

During the 2nd quarter of FY 2009, the industry witnessed stabilization of oil prices in the region of US\$60 to US\$75 per barrel. The Group currently has a healthy order book of US\$509m and is confident in the long term fundamentals of the oil and gas industry. Requirements for EPCIC work is also expected to be firm. Although the outlook is optimistic and the oil and gas industry is expected to strengthen in the next 12 months, the Group will remain vigilant and is in a position to act responsively and proactively to any changes in market conditions.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No interim dividend has been declared for the period ended 30 June 2009

13. Update on the Use of Proceeds Raised from a Share Placement of 84,000,000 New Ordinary Shares

Further to the announcements made by the Board of Directors on 29 May 2009 and 5 June 2009 (the "8 June 2009 Announcement") in connection with the share placement of 84,000,000 new ordinary shares ("Placement Shares") in the capital of the Company ("Share Placement"), the Company wishes to provide an update on the use of the proceeds raised under the Share Placement.

From 9 June 2009 when the Placement Shares were listed and quoted on the SGX-ST and as disclosed in the 8 June 2009 Announcement, the company used US\$34.9m out of US\$49.8m of the net proceeds raised under the Share Placement for working capital requirements, thus leaving a balance of US\$14.9m as at 13 August 2009.

14. Statement By Directors Pursuant to SGX Listing Rule 705 (5)

To the best of our knowledge, nothing has come to the attention of the Directors which may render the unaudited interim financial results (comprising the comprehensive income statement, statement of financial position, cash flow statement and statement of changes in equity, together with the accompanying notes) presented in this announcement to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Goh Kim Teck
Executive Chairman and CEO
13-Aug-09