



SWIBER HOLDINGS LIMITED

Financial Statements
And Dividends Announcement
For The 3 Months Ended
31 March 2010

UNAUDITED FIRST QUARTER (“1Q2010”) FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2010 (“3M2010”).

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Group		Change
	1Q2010 US\$'000	1Q2009 US\$'000	
Revenue	84,507	87,075	-2.9%
Cost of sales	(66,629)	(69,509)	-4.1%
Gross profit	17,878	17,566	1.8%
Other operating income	4,919	4,262	15.4%
Administrative expenses	(7,561)	(5,427)	39.3%
Other operating expenses	(3,754)	(1,227)	205.9%
Share of profit of associates and joint ventures	1,651	1,020	61.9%
Finance costs	(4,769)	(3,428)	39.1%
Profit before tax	8,364	12,766	-34.5%
Income tax expenses	(267)	(822)	-67.5%
Profit for the period	8,097	11,944	-32.2%
Attributable to :			
Owners of the company	8,026	9,798	-18.1%
Minority interests	71	2,146	-96.7%
	8,097	11,944	-32.2%
Gross profit margin	21.2%	20.2%	
Net profit margin	9.6%	13.7%	

1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Consolidated Statement of Comprehensive Income

	Group		Change
	1Q2010 US\$'000	1Q2009 US\$'000	
Profit for the period	8,097	11,944	-32.2%
Other comprehensive income:			
Loss on cash flow hedges	(3,748)	(8,612)	-56.5%
Exchange differences on translation of foreign operations	(748)	(756)	-1.1%
Total comprehensive income for the period	3,601	2,576	39.8%
Total comprehensive income attribute to:			
Owners of the company	3,477	440	690.2%
Minority interests	124	2,136	-94.2%
Total	3,601	2,576	39.8%

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Profit for the period is determined after charging the followings:

	Group		Change
	1Q2010 US\$'000	1Q2009 US\$'000	
Interest on borrowings	4,156	3,068	35.5%
Depreciation of property, plant and equipment	4,729	3,507	34.8%
Foreign exchange losses	3,512	1,138	208.6%
and crediting:			
Interest income	(131)	(52)	151.9%
Gain on disposal of property, plant and equipment	(78)	(873)	-91.1%
Gain on disposal of assets held for sale	-	(2,703)	-100.0%

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.

Statements of Financial Position

	Group		Company	
	3M2010 US\$'000	FY2009 US\$'000	3M2010 US\$'000	FY2009 US\$'000
ASSETS				
Current assets				
Cash and bank balances	82,729	83,158	11,298	13,664
Trade receivables	110,932	141,802	-	-
Engineering work-in-progress in excess of progress billings	174,975	202,751	-	-
Inventories	4,525	4,415	-	-
Other receivables	66,997	42,289	12,518	11,487
Amount due from subsidiaries	-	-	301,049	275,689
Assets held for sale	192,886	132,673	-	-
Total current assets	633,044	607,088	324,865	300,840
Non-current assets				
Property, plant and equipment	249,064	231,893	1,343	1,364
Subsidiaries	-	-	131,328	131,328
Associates	17,865	17,879	-	-
Joint ventures	33,286	32,480	19,967	19,967
Other receivables	47,657	45,733	7,250	3,685
Derivative financial instruments	-	1,705	-	1,705
Deferred tax assets	39	26	-	-
Total non-current assets	347,911	329,716	159,888	158,049
Total assets	980,955	936,804	484,753	458,889

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. (cont'd)

Statements of Financial Position (cont'd)

	Group		Company	
	3M2010 US\$'000	FY2009 US\$'000	3M2010 US\$'000	FY2009 US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank loans	20,670	24,011	-	-
Bonds	149,624	71,147	149,624	71,147
Trade payables	76,707	82,947	-	-
Other payables	254,391	201,234	6,642	7,614
Current portion of finance leases	959	899	141	94
Amount due to subsidiaries	-	-	63,295	41,578
Income tax payable	6,288	7,557	518	450
Total current liabilities	508,639	387,795	220,220	120,883
Non-current liabilities				
Bank loans	53,337	63,507	-	-
Bonds	-	72,047	-	72,047
Convertible loan notes	104,500	104,500	104,500	104,500
Finance leases	1,871	1,995	408	342
Derivative financial instruments	2,104	61	2,044	-
Deferred tax liabilities	3,568	3,563	-	-
Total non-current liabilities	165,380	245,673	106,952	176,889
Capital, reserves and minority interests				
Share capital	158,006	158,006	158,006	158,006
Treasury shares	(2,507)	(2,507)	(2,507)	(2,507)
Hedging reserve	(2,104)	1,644	(2,044)	1,705
Translation reserve	(309)	493	337	337
Retained earnings	147,973	139,947	3,789	3,576
Equity attributable to owners of the company	301,059	297,583	157,581	161,117
Minority interests	5,877	5,753	-	-
Total equity	306,936	303,336	157,581	161,117
Total liabilities and equity	980,955	936,804	484,753	458,889

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

Amount repayable in one year or less, or on demand

Group		Group	
3M2010		FY2009	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
21,629	149,624	24,910	71,148

Amount repayable after one year

Group		Group	
3M2010		FY2009	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
55,207	104,500	65,502	176,545

The bank loans are secured by:

- (i) First legal mortgage over certain vessels, apartments, furniture and office equipment.
- (ii) Assignment of all marine insurances in respect of the vessels mentioned above.
- (iii) Assignment of earnings/charter proceeds in respect of the vessels mentioned above.

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

Consolidated Statement of Cash Flows

	Group	
	1Q2010 US\$'000	1Q2009 US\$'000
Operating activities		
Profit before tax	8,364	12,766
Adjustments for :		
Depreciation of property, plant and equipment	4,729	3,507
Interest expense	4,769	3,428
Interest income	(131)	(52)
Gain on disposal of property, plant and equipment	(78)	(873)
Gain on disposal of assets held for sale	-	(2,703)
Provision for employee benefits	-	(49)
Share of profit of associates and joint ventures	(1,651)	(1,020)
Operating cash flows before movements in working capital	<u>16,002</u>	15,004
Trade receivables	30,870	(20,372)
Engineering work-in-progress in excess of progress billings	27,776	26,756
Inventories	(110)	4,326
Other receivables	(26,632)	(9,039)
Other assets	-	31
Trade payables	(6,240)	10,881
Other payables	50,429	5,735
Cash generated from operations	<u>92,095</u>	33,322
Interest expense paid	(2,041)	(3,428)
Income taxes (paid)/ refunded	(1,551)	286
Net cash generated from operating activities	<u>88,503</u>	30,180

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)**

Consolidated Statement of Cash Flows (cont'd)

	Group	
	1Q2010 US\$'000	1Q2009 US\$'000
Investing activities		
Interest income received	131	52
Dividend received from joint venture	859	-
Proceeds on disposal of property, plant and equipment	481	42,630
Proceeds on disposal of assets held for sale	-	53,313
Purchases of property, plant and equipment	(22,162)	(58,339)
Purchases of assets held for sale	(60,213)	(35,889)
Investment in joint ventures	-	(18,375)
Net cash used in investing activities	<u>(80,904)</u>	<u>(16,608)</u>
Financing activities		
Pledged deposits	(264)	49
Repayment of obligations under finance leases	(205)	(293)
New bank loans raised	25,696	28,930
Repayment of bank loans	(39,207)	(80,359)
Net cash used in financing activities	<u>(13,980)</u>	<u>(51,673)</u>
Net decrease in cash and cash equivalents	(6,381)	(38,101)
Cash and cash equivalents at beginning of the period	76,567	68,087
Effect of exchange rate changes on the balance of cash held in foreign currencies	5,688	(751)
Cash and cash equivalents at end of the period	<u>75,874</u>	<u>29,235</u>
Cash and cash equivalents consist of:		
Cash at bank	75,730	28,908
Fixed deposits	6,932	6,804
Cash on hand	67	56
	<u>82,729</u>	<u>35,768</u>
Less: Pledged cash placed with banks	(6,855)	(6,533)
Total	<u>75,874</u>	<u>29,235</u>

- 1(d)(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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes In Equity

	Share capital US\$'000	Treasury shares US\$'000	Hedging reserve US\$'000	Translation reserve US\$'000	Retained earnings US\$'000	Equity attributable to owners of the company US\$'000	Minority interests US\$'000	Total US\$'000
GROUP								
Balance at 1 January 2010	158,006	(2,507)	1,644	493	139,947	297,583	5,753	303,336
Total comprehensive (expenses)/ income for the period	-	-	(3,748)	(802)	8,026	3,476	124	3,600
Balance at 31 March 2010	158,006	(2,507)	(2,104)	(309)	147,973	301,059	5,877	306,936
Balance at 1 January 2009								
108,205	(2,507)	(4,867)	(251)	105,270	205,850	1,221	207,071	
Total comprehensive (expenses)/ income for the period	-	-	(8,612)	(746)	9,798	440	2,136	2,576
Balance at 31 March 2009	108,205	(2,507)	(13,479)	(997)	115,068	206,290	3,357	209,647
COMPANY								
Balance at 1 January 2010	158,006	(2,507)	1,705	337	3,576	161,117	-	161,117
Total comprehensive (expenses)/ income for the period	-	-	(3,749)	-	213	(3,536)	-	(3,536)
Balance at 31 March 2010	158,006	(2,507)	(2,044)	337	3,789	157,581	-	157,581
Balance at 1 January 2009								
108,205	(2,507)	(4,867)	-	2,864	103,695	-	103,695	
Total comprehensive (expenses)/ income for the period	-	-	(8,612)	-	2,195	(6,417)	-	(6,417)
Balance at 31 March 2009	108,205	(2,507)	(13,479)	-	5,059	97,278	-	97,278

1(d)(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 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.

As announced via SGXNET on 16 October 2009, the Company had on 16 October 2009 issued US\$100.0 million 5% convertible bonds due in 2014 (the “**Convertible Bonds**”).

Key feature of the Convertible Bonds is as follow:

“The Convertible Bonds may be converted at the option of bondholders at any time on and from November 26, 2009 to October 6, 2014, at the current conversion price of S\$1.14, into fully paid-up ordinary shares of the Company at the fixed exchange rate of US\$1.00 = S\$1.44. The conversion price will be reset on each interest payment date based on the average market price, defined as the volume weighted average price of shares for up to 20 consecutive trading days immediately preceding the relevant reset date.”

Due to the reset feature on conversion price, the Company does not deliver fixed amount of equity for a fixed number of bonds based on the prevailing conversion rate. Therefore, it will not be able to determine the aggregate number of shares that may be issued on conversion of all the outstanding convertibles as at the end of current financial period reported on.

For the purpose of illustration, assuming that all the Convertible Bonds are converted at current conversion price of S\$1.14, the aggregate number of shares that may be issued on conversion would be approximately 126,315,789. This represents approximately 25.0% of the Company’s existing share capital of 505,355,000 shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the immediately preceding year.

	3M2010	FY2009
Total number of issued shares	<u>505,355,000</u>	<u>505,355,000</u>

1(d)(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.

Total number of treasury shares as at 31 March 2010 and 31 December 2009	<u>2,995,000</u>
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2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

Except for the comparative balance sheets of the Group and of the Company as at 31 December 2009, the financial statements have not been audited or reviewed by the Company's 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.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those applied in the financial statement for the year ended 31 December 2009.

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

There are no changes in the accounting policies and methods of computation.

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.

	Group	
	1Q2010	1Q2009
Net profit after tax attributable to owners of the Company	8,026	9,798
Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	1.6	2.3
b) Based on fully diluted basis (US\$ cents)	1.5	2.3
Weighted average number of shares applicable to basic earnings per share ('000)	505,355	421,355
Weighted average number of shares based on fully diluted basis ('000)	631,671	421,355

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

	Group		Company	
	3M2010	FY2009	3M2010	FY2009
Net asset value (US\$'000)	301,059	297,583	157,581	161,117
Total number of shares issued ('000)	505,355	505,355	505,355	505,355
Net asset value per share (US\$ cents per share)	59.6	58.9	31.2	31.9

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 and liabilities of the group during the current financial period reported on.**

Review of Group Performance

Consolidated Income Statement and Statement of Comprehensive Income

Revenue

As oil prices had collapsed by more than 75% from US\$140 per barrel to mid US\$30s before rallying to US\$70 per barrel in early June 2009, it was expected that oil and gas companies will delay their offshore capital expenditure.

The Group recorded revenue of US\$84.5 million in 1Q2010, which was near stable as compared to US\$87.1 million in first quarter 2009 ("1Q2009"). In 1Q2010, the Group recognized contributions arising from the recently secured maiden Myanmar offshore installation project. The project is expected to be completed in 2Q2010. Whereas for 1Q2009, revenue was mainly contributed by project carried out in India.

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:- (cont'd)**

Cost of sales and gross profit

Cost of sales remains relatively stable, decreased slightly by US\$2.9 million, from US\$69.5 million in 1Q2009 to US\$66.6 million in 1Q2010. Cost of sales comprises mainly charter hire, sub-contractor cost, material cost, salaries and labour related cost and consumables. For 1Q2010, charter hire incurred mostly related to the sales and leaseback transactions as more vessels were delivered during the financial year 2009. As for 1Q2009, higher charter hire was incurred due to delayed deliveries of the pipelay barge and dive-support work accommodation barge. These two vessels were expected to be delivered in financial year 2008 but were delivered in January 2009 and February 2009, respectively, and without the benefit of deploying both vessels for the whole quarter, higher cost was incurred for multiple mobilizations and de-mobilization of vessels for projects.

Gross profit margin increased slightly by 1.0% from 20.2% in 1Q2009 to 21.2% in 1Q2010 as projects in 1Q2010 were mainly transportation and installation services in nature.

Other operating income

The breakdown of other operating income is as follows:

	1Q2010 US\$'000	1Q2009 US\$'000
Gain on disposal of property, plant and equipment	78	873
Gain on disposal of assets held for sale	-	2,703
Interest income	265	52
Others	4,576	634
	4,919	4,262

Included in others was US\$3.6 million gain arose from termination of cross currency interest rate swap contract ("**swap contracts**") relating to the Multicurrency Medium Term Notes ("**MTN**") series 1 and 2. The Group utilized swap contracts to hedge significant future transactions and cash flows on its fixed and floating rate MTN, and the changes of fair value of these swap contracts are recognized in hedging reserve (other comprehensive income). As a result of the termination of swap contracts in 1Q2010, the gain in hedging reserve is recognized and was reclassified to profit and loss.

Gain on disposal of property, plant and equipment and assets held for sale in 1Q2009 was attributable to sale of vessels under sale and leaseback transactions.

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:- (cont'd)**

Administrative expenses

Administrative expenses increased by US\$2.2 million or 39.3%, from US\$5.4 million in 1Q2009 to US\$7.6 million in 1Q2010 due mainly to an increase in staff costs, higher office and administrative expenses as more employees were recruited to support the Group business expansion. As at 31 March 2010 and 31 March 2009, the Group has 1,026 and 906 employees, respectively.

Other operating expenses

The breakdown of other operating income is as follows:

	1Q2010 US\$'000	1Q2009 US\$'000
Foreign exchange losses	3,512	1,137
Others	242	90
	3,754	1,227

Other operating expenses increased by US\$2.6 million or 205.9%, from US\$1.2 million in 1Q2009 to US\$3.8 million in 1Q2010 due mainly to increase in net foreign exchange losses of US\$2.4 million. The foreign exchange losses arose from the unwinding of cash flow hedges in relation to the MTN series 1 and series 2. As a result of unwinding the cash flow hedges, the Company revalued the MTN series 1 and series 2 that are denominated in Singapore dollar at quarter end exchange rate and the said foreign exchange differences were recognized in income statement.

Share of profit from associates and joint ventures

Share of profit of associates and joint ventures increased by approximately US\$ 630,000 or 61.9% from US\$1.0 million in 1Q2009 to US\$1.7 million in 1Q2010. The increase was due mainly to investment in Victorious LLC, a joint venture company in March 2009 and inclusion of its first full quarter of results of operation in 1Q2010.

Other associates and joint ventures continue to deliver positive results except for certain associates and joint ventures which are still in its start-up phase and recorded small operating losses.

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:- (cont'd)**

Finance costs

Finance costs rose by US\$1.4 million or 39.1% from US\$3.4 million in 1Q2009 to US\$4.8 million in 1Q2010. The higher interest expense incurred in 1Q2010 was due mainly to the issuance of the US\$100.0 million Convertible Bond in the fourth quarter of financial year 2009.

Profit before taxation

The Group recorded a lower profit before taxation of US\$8.4 million for 1Q 2010 mainly attributed to higher operating expenses.

Statement of Financial Position

Trade receivables

Trade receivables decreased by US\$30.9 million from US\$141.8 million as at 31 December 2009 to US\$110.9 million as at 31 March 2010. The decrease was due to collection from customers. Subsequent to 31 March 2010, the Group has collected US\$17.1 million from its customers, the Company has carefully assessed the trade receivables and is confident that the trade receivables remain healthy and collectible.

Engineering work in progress in excess of progress billing

Engineering work-in-progress in excess of progress billing (“**EWIP**”) decreased by US\$27.8 million from US\$202.8 million as at 31 December 2009 to US\$175.0 million as at 31 March 2010. The decrease was due mainly to a combination of different projects being executed and the timing differences with the achievement of billing milestone.

EWIP also included deferred cost relating to a project in South Asia which has been deferred in FY2009 due to changes of scope and with the change, the Group was awarded additional works by the oil major. The work is expected to commence in fourth quarter of 2010 and is expected to be completed in first quarter of 2011.

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:- (cont'd)**

Other receivables (current)

The breakdown of other current receivables is as follows:

	3M2010	Group
	US\$'000	FY2009
		US\$'000
Deposits and prepayments	16,899	9,250
Other receivables	50,098	33,039
	66,997	42,289

Other receivables increased by US\$24.7 million from US\$42.3 million as at 31 December 2009 to US\$67.0 million as at 31 March 2010. The increase was due mainly to:

- (a) Increase in deposits and prepayments by US\$7.6 million due mainly to deposits paid to a joint venture for the purchase of vessel, namely 1MAS300.
- (b) Increase in other receivables by US\$17.1 million due mainly to higher advance payments being made to sub-contractors and suppliers.

Assets held for sales

Assets held for sales increased by US\$60.2 million from US\$132.7 million as at 31 December 2009 to US\$192.9 million as at 31 March 2010. There were 9 and 7 vessels held for sales as at 31 March 2010 and 31 December 2009, respectively. The increase in value was due mainly to increase in construction work-in-progress in relation to the construction of two high value vessels, Swiber Chai and Aziz. The accumulated construction costs of Swiber Chai and Swiber Aziz as at 31 March 2010 and 31 December 2009 was US\$156.8 million and US\$97.3 million, respectively.

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:- (cont'd)**

Property, plant and equipment

Property, plant and equipment increased by US\$17.2 million from US\$231.9 million as at 31 December 2009 to US\$249.1 million as at 31 March 2010. The increase was due mainly to increase in construction work-in-progress in relation to the construction of vessels of approximately US\$21.5 million.

Depreciation charged increased by US\$1.2 million or 34.8%, from US\$3.5 million in 1Q2009 to US\$4.7 million in 1Q2010. The increase was attributable to increase in fleet size during the financial year 2009.

Other receivables (non-current)

The breakdown of other non-current receivables is as follows:

	Group	
	3M2010	FY2009
	US\$'000	US\$'000
Deposits and prepayments	27,807	27,883
Other receivables	19,850	17,850
	47,657	45,733

Other non-current receivables increased by US\$2.0 million from US\$45.7 million as at 31 December 2009 to US\$47.7 million as at 31 March 2010. The increase was due mainly to the increase in other receivables by US\$2.0 million.

Deposits and prepayments mostly comprise of prepayment of vessels conversion and pre-operating cost and remain consistent as compared to FY 2009.

Other receivables pertain mainly to seller credits granted under the sales and leaseback transactions. The Group has entered into sales and lease back agreements ("**Agreements**") with several outside parties. Under the Agreements, the Group has granted each buyer of the vessel credit facilities in connection with their purchase of vessel. The seller credits shall serve as security for the obligations of the Group under the respective bareboat charter parties. These deposits will be refunded in the event that the Company decides not to seek for renewal upon the expiry of the Agreement. As such, the seller credits are recorded as deposits in other receivables.

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:- (cont'd)**

Total current and non-current borrowings

Total current and non-current borrowings include bank loans, bonds, convertible loan notes and finance leases.

Total current and non-current borrowings decreased by US\$7.1 million from US\$338.1 million as at 31 December 2009 to US\$331.0 million as at 31 March 2010. The decrease was due to net repayments of bank loans.

Net gearing ratio decreased from 0.84 times as at 31 December 2009 to 0.81 times as at 31 March 2010.

For the 3M2010, the Group has the following outstanding bonds and convertible loan notes:

Bonds

	3M2010 US\$'000	Due
Multicurrency medium term notes		
Current		
- series 1	38,610	August 2010
- series 2	38,967	August 2010
- series 3	36,023	March 2011
- series 4	36,023	March 2011
	149,624	

Convertible loan notes

	3M2010 US\$'000	Due
Convertible Bonds		
Non-current	104,500	October 2014

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:- (cont'd)**

Other payables

The breakdown of other payables is as follows:

	Group	
	3M2010	YE2009
	US\$'000	US\$'000
Accruals	37,759	45,755
Deposits received from customers	176,982	78,332
Other payables	39,650	77,147
	254,391	201,234

Other payables increased by US\$53.2 million from US\$201.2 million as at 31 December 2009 to US\$254.4 million as at 31 March 2010. The increase was due mainly to increase in deposits received from customers for the purchase of vessels, namely Swiber Chai and Aziz. Total deposits received for these two vessels was US\$148.1 million as at 31 March 2010, this was however offset by the decrease in accruals and other payables.

Consolidated Statement of Cash Flows

Cash flow from operating activities

In 1Q2010, the Group generated net cash from operating activities of US\$88.5 million. This comprised operating cash flow before working capital changes of US\$16.0 million, and adjusted for net working capital inflows of approximately US\$76.1 million which was offset by income tax and interest payment of US\$3.6 million.

Cash flow from operating activities

The net working capital inflows were mainly the result of the followings:

- (i) a decrease in trade receivables of US\$30.9 million;
- (ii) a decrease in engineering work-in-progress in excess of progress billing of US\$27.8 million;
- (iii) an increase in other payables of US\$50.4 million.

The above cash inflows were however offset by:

- (i) an increase in other receivables of US\$26.6 million;
- (ii) a decrease in trade payables of US\$6.2 million.

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:- (cont'd)**

Cash flow used in investing activities

In 1Q2010, the Group's net cash used in investing activities amounted to US\$80.9 million, which was due mainly to the purchases of property, plant and equipment and assets held for sale of total US\$82.4 million.

Cash flow from financing activities

In 1Q2010, the Group recorded a net cash outflow from financing activities of US\$14.0 million, which was due to repayment of bank loans and interest amounting to US\$39.2 million. This cash outflow was however offset by new bank borrowings amounting to US\$25.7 million being obtained.

Cash and cash equivalents

Cash and cash equivalents decreased slightly by approximately US\$429,000 from US\$83.2 million as at 31 December 2009 to US\$82.7 million as at 31 March 2010.

The Group has positive working capital of US\$124.4 million and together with its strong balance sheet, there are sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses.

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

Not applicable.

10. **A commentary at the date of 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.**

With the recovery in global economy and encouraged by the increasing activities in the offshore oil and gas sector, the Group is cautiously optimistic but will remain prudent in managing its business operations and cost efficiencies. The Group will continuously explore new opportunities to leverage on the strong track record, as of 13 May 2010, the Group has an order book of approximately US\$839.0 million and the order book is expected to contribute to the Group's results, barring unforeseen circumstances.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not applicable.

(d) Book Closure Date.

Not applicable.

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

No dividend for the 3 months ended 31 March 2010 is declared or recommended.

13. Interested person transaction

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nil	Nil	Nil

Note: Rule 920(1)(a)(ii) of the Listing Manual – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705.

STATEMENT BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the **first quarter and three months' financial results for the period ended 31 March 2010** to be false or misleading in any material respect.

On behalf of the Board of Directors

Goh Kim Teck, Raymond
Director

Wong Chin Sing, Francis
Director

BY ORDER OF THE BOARD

Lee Bee Fong
Company secretary
13 May 2010