



SWIBER HOLDINGS LIMITED

Financial Statements
And Dividends Announcement
For The Third Quarter
And Nine Months Ended
30 September 2010

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER (“3Q2010”) AND NINE MONTHS ENDED 30 SEPTEMBER 2010 (“9M2010”).
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			Group		
	3Q2010 US\$'000	3Q2009 US\$'000	Change	9M2010 US\$'000	9M2009 US\$'000	Change
Revenue	122,432	96,003	27.5%	313,778	293,925	6.8%
Cost of sales	(95,889)	(81,252)	18.0%	(245,746)	(237,788)	3.3%
Gross profit	26,543	14,751	79.9%	68,032	56,137	21.2%
Other operating income	7,749	14,484	-46.5%	22,818	22,699	0.5%
Administrative expenses	(10,354)	(8,575)	20.7%	(26,863)	(21,376)	25.7%
Other operating expenses	(10,042)	(1,117)	N/M	(17,771)	(732)	N/M
Share of profit of associates and joint ventures	454	1,962	-76.9%	2,076	4,882	-57.5%
Finance costs	(5,674)	(3,660)	55.0%	(15,223)	(10,028)	51.8%
Profit before tax	8,676	17,845	-51.4%	33,069	51,582	-35.9%
Income tax expense	(674)	(1,428)	-52.8%	(2,714)	(4,127)	-34.2%
Profit for the period	8,002	16,417	-51.3%	30,355	47,455	-36.0%
Attributable to :						
Owners of the company	6,968	14,448	-51.8%	28,771	41,168	-30.1%
Non-controlling interests	1,034	1,969	-47.5%	1,584	6,287	-74.8%
	8,002	16,417	-51.3%	30,355	47,455	-36.0%
Gross profit margin	21.7%	15.4%		21.7%	19.1%	
Net profit margin	6.5%	17.1%		9.7%	16.1%	
EBITDA* (US\$'000)	16,146	24,963		54,957	71,815	
EBITDA* margin	13.2%	26.0%		17.5%	24.4%	

N/M : Not meaningful

*: Denotes earnings before interest, taxes, depreciation and amortization.



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			Group		
	3Q2010 US\$'000	3Q2009 US\$'000	Change	9M2010 US\$'000	9M2009 US\$'000	Change
Profit for the period	8,002	16,417	-51.3%	30,355	47,455	-36.0%
Other comprehensive income:						
Exchange differences on translation of foreign operations	2,131	1,342	58.8%	632	2,083	-69.7%
Gain on cash flow hedges	4,900	4,449	10.1%	1,648	4,771	-65.5%
Total comprehensive income for the period	15,033	22,208	-108.4%	32,635	54,309	-302.8%
Total comprehensive income attributable to:						
Owners of the company	13,999	20,012	-30.0%	31,133	47,563	-34.5%
Non-controlling interests	1,034	2,196	-52.9%	1,502	6,746	-77.7%
Total	15,033	22,208	-32.3%	32,635	54,309	-39.9%

N/M : Not meaningful

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/ (crediting) the followings:

	Group			Group		
	3Q2010 US\$'000	3Q2009 US\$'000	Change	9M2010 US\$'000	9M2009 US\$'000	Change
Charging:						
Allowance for doubtful debts	-	286	N/M	115	286	-59.8%
Interest on borrowings	4,229	3,234	30.8%	11,294	8,795	28.4%
Depreciation of property, plant and equipment	3,241	3,884	-16.6%	10,594	11,438	-7.4%
Foreign exchange losses	5,211	148	N/M	9,276	-	N/M
Loss on disposal of associates	-	-	-	-	220	N/M
Loss on dilution/ disposal of subsidiary	-	-	-	917	-	N/M
Loss on disposal of property, plant and equipment	-	627	N/M	-	-	-
Crediting:						
Bad debts written back	-	-	-	(343)	-	N/M
Interest income	(124)	(140)	-11.4%	(382)	(415)	-8.0%
Foreign exchange gain	-	-	-	-	(253)	N/M
Gain on disposal of property, plant and equipment	(4,852)	(14,225)	-65.9%	(5,144)	(21,638)	-76.2%
Gain on disposal of assets held for sale	(2,127)	-	N/M	(12,101)	-	N/M
Gain on disposal of subsidiary	(185)	-	N/M	-	-	-

N/M : Not meaningful

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	
	9M2010 US\$'000	FY2009 US\$'000	9M2010 US\$'000	FY2009 US\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	106,798	83,158	1,157	13,664
Trade receivables	92,989	141,802	-	-
Engineering work-in-progress in excess of progress billings	208,567	202,751	-	-
Inventories	3,488	4,415	-	-
Other receivables	84,764	42,289	17,995	11,487
Amount due from subsidiaries	-	-	347,585	275,689
Assets held for sale	17,864	132,673	-	-
Total current assets	514,470	607,088	366,737	300,840
Non-current assets				
Property, plant and equipment	290,555	231,893	1,101	1,364
Intangible asset	151	-	-	-
Subsidiaries	-	-	250,207	131,328
Associates	56,697	17,879	7,173	-
Joint ventures	41,061	32,480	19,967	19,967
Other receivables	53,015	45,733	13,256	3,685
Derivative financial instruments	3,241	1,705	3,292	1,705
Deferred tax assets	-	26	-	-
Total non-current assets	444,720	329,716	294,996	158,049
Total assets	959,190	936,804	661,733	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	
	9M2010 US\$'000	FY2009 US\$'000	9M2010 US\$'000	FY2009 US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank loans	83,812	24,011	-	-
Bonds	72,046	71,147	72,046	71,147
Trade payables	71,222	82,947	-	-
Other payables	113,480	201,234	4,732	7,614
Current portion of finance leases	1,529	899	176	94
Amount due to subsidiaries	-	-	225,027	41,578
Income tax payable	4,427	7,557	518	450
Total current liabilities	346,516	387,795	302,499	120,883
Non-current liabilities				
Bank loans	55,813	63,507	-	-
Bonds	83,589	72,047	83,589	72,047
Convertible loan notes	111,440	104,500	111,440	104,500
Finance leases	2,633	1,995	446	342
Derivative financial instruments	-	61	-	-
Deferred tax liabilities	6,281	3,563	-	-
Total non-current liabilities	259,756	245,673	195,475	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	3,292	1,644	3,292	1,705
Translation reserve	1,207	493	337	337
Other reserve	(7,711)	-	-	-
Retained earnings	171,012	139,947	4,631	3,576
Equity attributable to owners of the company	323,299	297,583	163,759	161,117
Non-controlling interests	29,619	5,753	-	-
Total equity	352,918	303,336	163,759	161,117
Total liabilities and equity	959,190	936,804	661,733	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 9M2010		Group FY2009	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
85,341	72,046	24,910	71,147

Amount repayable after one year

Group 9M2010		Group FY2009	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
58,446	195,029	65,502	176,547

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.
- (iii) Assignment of earnings/charter proceeds in respect of the vessels.



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	
	3Q2010 US\$'000	3Q2009 US\$'000
Operating activities		
Profit before income tax	8,676	17,845
Adjustments for :		
Allowance for doubtful debts	-	286
Depreciation of property, plant and equipment	3,241	3,884
Property, plant and equipment written off		
Interest expense	4,229	3,234
Interest income	(124)	(140)
Gain on disposal of property, plant and equipment	(4,852)	(14,225)
Gain/ (loss) on disposal of assets held for sale	(2,127)	627
Fair value loss of financial liabilities designated as at fair value through profit or loss	4,670	-
Gain from disposal of subsidiaries	(185)	-
Share of profit of associates and joint ventures	(454)	(1,962)
Operating cash flows before movements in working capital	<u>13,074</u>	<u>9,549</u>
Trade receivables	23,767	2,105
Engineering work-in-progress in excess of progress billings	(31,251)	(3,269)
Inventories	936	18
Other receivables	(12,055)	(24,002)
Trade payables	7,729	(18,814)
Other payables	(61,150)	53,113
Cash (used in)/ generating from operations	<u>(58,950)</u>	<u>18,700</u>
Income taxes paid	(741)	(893)
Interest expense paid	(4,229)	(3,234)
Net cash (used in)/ generated from operating activities	<u>(63,920)</u>	<u>14,573</u>
Investing activities		
Interest income received	124	140
Dividend received from associates/ joint ventures	880	859
Proceeds on disposal of property, plant and equipment	10,000	53,000
Proceeds on disposal of assets held for sale	150,942	-
Proceeds from disposal of subsidiary	25	-
Proceeds from disposal of associates	-	900
Purchases of property, plant and equipment	(21,590)	(20,584)
Purchases of assets held for sale	(60,001)	(29,317)
Investment in associate	(35,851)	-
Investment in joint venture	(295)	(19,651)
Net cash generated from/ (used in) investing activities	<u>44,234</u>	<u>(14,653)</u>



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	
	3Q2010 US\$'000	3Q2009 US\$'000
Financing activities		
Pledged deposits	(1,820)	(157)
Contribution from non-controlling interests of a subsidiary	15,294	-
Repayment of obligations under finance leases	(345)	(182)
Proceeds on issue of bonds	80,839	-
Redemption of bonds	(79,737)	-
New bank loans raised	68,471	156,025
Repayment of bank loans	(40,757)	(138,151)
Net cash generated financing activities	<u>41,945</u>	<u>17,535</u>
Net increase in cash and cash equivalents	22,259	17,455
Cash and cash equivalents at beginning of the period	71,147	52,956
Effect of exchange rate changes on the balance of cash held in foreign currencies	4,215	1,346
Cash and cash equivalents at end of the period	<u>97,621</u>	<u>71,757</u>
Cash and cash equivalents consist of:		
Cash at bank	96,159	71,620
Fixed deposits	10,573	56
Cash on hand	66	6,668
	<u>106,798</u>	<u>78,344</u>
Less: Pledged cash placed with banks	(9,177)	(6,587)
Total	<u>97,621</u>	<u>71,757</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 - GROUP

	Share capital US\$'000	Treasury shares US\$'000	Hedging reserve US\$'000	Translation reserve US\$'000	Other reserve US\$'000	Retained earnings US\$'000	Equity attributable to owners of the company US\$'000	Non-controlling interests US\$'000	Total US\$'000
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
Total comprehensive income/ (expenses) for the period	-	-	496	(615)	-	13,777	13,658	344	14,002
Effect of change in ownership interest in a subsidiary	-	-	-	-	-	2,133	2,133	(796)	1,337
Balance at 30 June 2010	158,006	(2,507)	(1,608)	(924)	-	163,883	316,850	5,425	322,275
Total comprehensive (expenses)/ income for the period	-	-	4,900	2,131	-	6,968	13,999	1,034	15,033
Effect of change in ownership interest in subsidiaries	-	-	-	-	(7,711)	161	(7,550)	23,160	15,610
Balance at 30 September 2010	158,006	(2,507)	3,292	1,207	(7,711)	171,012	323,299	29,619	352,918
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
Total comprehensive income for the period	-	-	8,934	1,255	-	16,922	27,111	2,414	29,525
Issue of share capital, net of expenses	49,801	-	-	-	-	-	49,801	-	49,801
Balance at 30 June 2009	158,006	(2,507)	(4,545)	258	-	131,990	283,202	5,771	288,973
Total comprehensive income for the period	-	-	4,449	1,115	-	14,448	20,012	2,196	22,208
Balance at 30 September 2009	158,006	(2,507)	(96)	1,373	-	146,438	303,214	7,967	311,181



- 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 - COMPANY

	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	Non-controlling interests US\$'000	Total US\$'000
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
Total comprehensive income for the period	-	-	436	-	510	946	-	946
Balance at 30 June 2010	158,006	(2,507)	(1,608)	337	4,299	158,527	-	158,527
Total comprehensive income for the period	-	-	4,900	-	332	5,232	-	5,232
Balance at 30 September 2010	158,006	(2,507)	3,292	337	4,631	163,759	-	163,759
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
Total comprehensive income for the period	-	-	8,934	-	68	9,002	-	9,002
Issue of share capital, net of expenses	49,801	-	-	-	-	49,801	-	49,801
Balance at 30 June 2009	158,006	(2,507)	(4,545)	-	5,127	156,081	-	156,081
Total comprehensive income for the period	-	-	4,449	-	158	4,607	-	4,607
Balance at 30 September 2009	158,006	(2,507)	(96)	-	5,285	160,688	-	160,688



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 well as the number of shares held as treasury shares, if any, against the total number of 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.

As announced via SGXNET on 16 October 2009, Swiber Holdings Limited ("**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 (the "**Reset Date**") based on the average market price, defined as the Volume Weighted Average Price of shares for up to 20 consecutive trading days ("**VWAP**") 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.

On 16 October 2010, the conversion price has been reset downwards to the VWAP of S\$1.08¹. The conversion price before the adjustment was S\$1.14.

For the purpose of illustration, assuming that all the Convertible Bonds are converted at current conversion price of S\$1.08, the aggregate number of shares that may be issued on conversion would be approximately 133,333,333. This represents approximately 26.38% of the Company's existing share capital of 505,355,000 shares (net of treasury shares).

¹ please read announcement released via SGXNet on 15 October 2010 for details.

1(d)(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.

	9M2010	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.

	9M2010	FY2009
Total number of treasury shares	<u>2,995,000</u>	<u>2,995,000</u>

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the nine months ended 30 September 2010.

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 Company and its subsidiaries ("**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.

The Group has adopted the new or revised Financial Reporting Standard ("**FRS**") and the interpretation of FRS that become effective for the entities with financial period commencing 1 January 2010. The adoption of these new and revised FRSs have no material impact to the result of the Group and of the Company for the third quarter and nine months ended 30 September 2010.

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		
	3Q2010	3Q2009	9M2010	9M2009
Net profit after tax attributable to owners of the Company (US\$'000)	6,968	14,448	28,771	41,168
Earnings per share				
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	1.4	3.2	5.7	9.0
b) Based on fully diluted basis (US\$ cents)	1.3	3.2	5.2	9.0
Weighted average number of shares applicable to basic earnings per share ('000)	505,355	458,283	505,355	458,283
Weighted average number of shares based on fully diluted basis ('000)*	631,671	458,283	631,671	458,283

* The fully diluted earnings per share is arrived at after taking into consideration the potential ordinary shares arising from the conversion of outstanding Convertible Bonds which would dilute the basic earnings per share.

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	
	9M2010	FY2009	9M2010	FY2009
Net asset value (US\$'000)	323,299	297,583	163,759	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)	64.0	58.9	32.4	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

9M2010 vs 9M2009/ 3Q2010 vs 3Q2009

The Group achieved revenue of US\$313.8 million in 9M2010, which was 6.8% higher as compared to the previous corresponding period ended 30 September 2009 ("**9M2009**"). Group's revenue for 3Q2010 grew by 27.5% to US\$122.4 million from US\$96.0 million as compared to the corresponding quarter in third quarter 2009 ("**3Q2009**"). The increase in revenue was due mainly to the Group recognizing contributions arising from the contracts awarded to the Group since November 2009, concentrated in the South East Asia and South Asia region.

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:-**

Cost of sales and gross profit

9M2010 vs 9M2009

In consistent with a higher proportion of revenue, cost of sales increased by US\$7.9 million or 3.3%, from US\$237.8 million in 9M2009 to US\$245.7 million in 9M2010. Cost of sales comprises mainly charter hire, sub-contractor cost, material cost, salaries and labour related cost and consumables. Overall gross profit margin remained relatively stable, 21.7% in 9M2010 and 19.1% in 9M2009.

3Q2010 vs 3Q2009

As the Group recorded higher revenue in 3Q2010, cost of sales increased by US\$14.6 million or 18.0%, from US\$81.3 million in 3Q2009 to US\$95.9 million in 3Q2010. Gross profit margin was 21.7% in 3Q2010 and 15.4% in 3Q2009. Lower gross profit margin for 3Q2009 was due mainly to lesser projects being executed resulting in higher cost.

Other operating income

The breakdown of other operating income is as follows:

	Group			
	3Q2010 US\$'000	3Q2009 US\$'000	9M2010 US\$'000	9M2009 US\$'000
Gain on disposal of property, plant and equipment	4,852	-	5,144	234
Gain on disposal of assets held for sale	2,127	14,225	12,101	21,404
Interest income	124	140	382	414
Foreign exchange gain	-	-	-	253
Others	646	119	5,191	394
	7,749	14,484	22,818	22,699

9M2010 vs 9M2009

Other operating income for 9M2010 increased slightly by approximately US\$119,000 or 0.5%, from US\$22.7 million in 9M2009 to US\$22.8 million in 9M2010.

Gain on disposal of assets held for sale decreased by US\$9.3 million, from US\$21.4 million in 9M2009 to US\$12.1 million in 9M2010. The decrease was due to 4 vessels being sold through the sale and leaseback arrangement in 9M2009 as compared to 2 vessels in 9M2010.

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 in first quarter 2010 ("**1Q2010**"). 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.



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 operating income (cont'd)

3Q2010 vs 3Q2009

For 3Q2010, other operating income decreased by US\$6.7 million or 46.5%, from US\$14.5 million in 3Q2009 to US\$7.8 million in 3Q2010 was mainly due to less gain was recognized through sale and leaseback arrangement in 3Q2010.

Administrative expenses

9M2010 vs 9M2009/ 3Q2010 vs 3Q2009

Administrative expenses for 9M2010 increased by US\$5.5 million or 25.7%, from US\$21.4 million in 9M2009 to US\$26.9 million in 9M2010. As for 3Q2010, administrative expenses increased by US\$1.8 million or 20.7%, from US\$8.6 million in 9M2009 to US\$10.4 million in 9M2010. The increase was due mainly to the followings:

- i) one-off expenses incurred for the Initial Public Offering ("**IPO**") of a subsidiary, Kreuz Holdings Limited ("**KHL**") of US\$1.0 million; and
- ii) increase in business development cost, staff related costs, higher office and administrative expenses as more employees were hired to support the Group business expansion. As at 30 September 2010 and 30 September 2009, the Group had 1,290 and 948 employees respectively.

Other operating expenses

The breakdown of other operating expenses is as follows:

	Group			
	3Q2010	3Q2009	9M2010	9M2009
	US\$'000	US\$'000	US\$'000	US\$'000
Fair value loss on financial liabilities designated as at fair value through profit or loss	4,670	-	6,940	-
Foreign exchange losses	5,211	148	9,276	-
Loss on disposal of associates	-	-	-	220
(Gain)/ loss on dilution/ disposal of subsidiaries	(185)	-	917	-
Loss on disposal of property, plant and equipment	-	627	-	-
Others	346	342	638	512
	10,042	1,117	17,771	732

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 operating expenses (cont'd)

9M2010 vs 9M2009/ 3Q2010 vs 3Q2009

Other operating expenses for 9M2010 increased by US\$17.1 million, from approximately US\$732,000 in 9M2009 to US\$17.8 million in 9M2010. As for 3Q2010, other operating expenses increased by US\$8.9 million, from US\$1.1 million in 3Q2009 to US\$10.0 million in 3Q2010. The increase was due mainly to the followings:

- (i) changes in fair value of financial derivative embedded in the Convertible Bonds of US\$4.7 million for 3Q 2010 and US\$6.9 million for 9M2010, such changes in fair value was accounted for at fair value through profit or loss. The fair value of financial derivative embedded in the Convertible Bonds is reviewed periodically.
- (ii) increase in net foreign exchange losses by US\$5.1 million for 3Q2010 and US\$9.3 million for 9M2010. Foreign exchange losses mainly arose from:
 - (a) the unwinding of cash flow hedges in relation to the MTN series 1 and series 2 in 1Q2010. 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; and
 - (b) the depreciation of United States Dollars against Singapore Dollar. Higher foreign exchange losses also arose from the revaluation of MTN denominated in Singapore Dollar as a result of the weakening of United States Dollars. From second quarter end to third quarter end, United States Dollars has been depreciated from S\$1 : US\$ 0.7599 to S\$1 : US\$0.7153.
- (iii) loss on dilution/ disposal of subsidiaries of approximately US\$917,000. The loss was mainly the result of the Company not participating in the share issue of a former subsidiary, namely PT Swiber Berjaya ("**PTSB**") on a pro-rata basis. In 2Q2010, PTSB increased its paid up and issue share capital by allotting 2,500 ordinary shares to the Company (the "**Subscription**"), and 4,500 ordinary shares to other existing shareholder of PTSB ("**Share Increase**"). Following the Share Increase, the Company's interest in PTSB was diluted to 49%. Thus, PTSB has ceased to be a subsidiary and become an associated company of the Company.

Share of profit from associates and joint ventures

9M2010 vs 9M2009/ 3Q2010 vs 3Q2009

Share of profit of associates and joint ventures decreased by US\$2.8 million or 57.5%, from US\$4.9 million in 9M2009 to US\$2.1 million in 9M2010. As for 3Q2010, share of profit of associates and joint ventures decreased by US\$1.4 million or 76.9%, from US\$1.9 million in 9M2009 to approximately US\$454,000 in 9M2010. The decrease was due mainly to a joint venture experiencing operational deficit during its initial stage of operations.



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

9M2010 vs 9M2009/ 3Q2010 vs 3Q2009

Finance cost for 9M2010 increased by US\$5.2 million or 51.8%, from US\$10.0 million in 9M2009 to US\$15.2 million in 9M2010. As for 3Q2010, finance costs increased by US\$2.0 million or 55.0%, from US\$3.7 million in 3Q2009 to US\$5.7 million in 3Q2010. Higher finance cost was incurred due mainly to the issuance of the Convertible Bond in the fourth quarter of financial year 2009.

Profit before taxation

9M2010 vs 9M2009/ 3Q2010 vs 3Q2009

Profit before taxation for 9M2010 decreased by US\$18.5 million or 35.9%, from US\$51.6 million in 9M2009 to US\$33.0 million in 9M2010. As for 3Q2010, profit before taxation decreased by US\$9.1 million or 51.4%, from US\$17.8 million in 3Q2009 to US\$8.7 million in 3Q2010. The decrease mainly attributed to higher operating expenses, changes in fair value of financial derivative embedded in the Convertible Bonds, one-off IPO expenses incurred by KHL and foreign exchange losses.

For the purpose of illustration, if excluding the changes in fair value of financial derivative embedded in the Convertible Bonds which is non-cash and non-operational in nature and the one-off IPO expenses incurred by KHL in 3Q2010, the Group would have recorded profit after tax as follows:

	Group			
	3Q2010	3Q2009	9M2010	9M2009
	US\$'000	US\$'000	US\$'000	US\$'000
Profit after tax	8,002	16,417	30,355	47,455
Adjusted for:				
Fair value loss on financial liabilities designated as at fair value through profit or loss	4,670	-	6,940	-
One-off IPO expenses incurred by KHL	1,000	-	1,000	-
Adjusted profit	13,672	16,417	38,295	47,455
Net profit margin before adjustment	6.5%	17.1%	9.7%	16.1%
Adjusted net profit margin	11.2%	17.1%	12.2%	16.1%

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)**

Statement of Financial Position

Trade receivables

Trade receivables decreased by US\$48.9 million from US\$141.8 million as at 31 December 2009 to US\$92.9 million as at 30 September 2010. Subsequent to 30 September 2010, the Group received settlement of approximately US\$28.6 million from its customers. The Company has carefully assessed the trade receivables and believes that there is no significant change in credit quality.

Engineering work in progress in excess of progress billing

Engineering work-in-progress in excess of progress billing ("**EWIP**") increased slightly by US\$5.8 million from US\$202.8 million as at 31 December 2009 to US\$208.6 million as at 30 September 2010. The increase was due mainly to combination of projects that vary in scope, value and duration being executed and timing difference between the billing and revenue recognized for projects in progress.

EWIP included cost relating to projects in South East Asia which is experiencing high volume of works in 3Q2010 and also cost incurred in preparation for projects to be executed in South Asia.

Subsequent to 30 September 2010, progress billing of approximately US\$57.4 million has been approved for billing by customers for work performed.

Other receivables (current)

The breakdown of other current receivables is as follows:

	Group	
	9M2010	FY2009
	US\$'000	US\$'000
Deposits and prepayments	27,672	9,250
Other receivables	57,092	33,039
	84,764	42,289

Other receivables increased by US\$42.5 million from US\$42.3 million as at 31 December 2009 to US\$84.8 million as at 30 September 2010. The increase was due mainly to:

- (i) increase in deposits and prepayments by US\$18.4 million due mainly to prepayment of vessels conversion and pre-operating cost which are amortized over the term of the charter and prepaid chartering expenses.
- (ii) increase in other receivables by US\$24.1 million due mainly to higher advance payments being made to sub-contractors and suppliers in preparation for projects execution in South Asia and advances to joint ventures and associates.



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)**

Assets held for sales

Assets held for sales decreased by US\$114.8 million from US\$132.7 million as at 31 December 2009 to US\$17.9 million as at 30 September 2010. The decrease was due mainly to the deliveries and sales of the following vessels:

- i) one diving support vessel under a sale and leaseback arrangement;
- ii) one derrick pipe-lay barge to a joint venture;
- iii) one pipe-lay barges to a joint venture;
- iv) one jack up barge to third party; and
- v) two anchor handling tug/supply to a joint venture and under a sale and leaseback arrangement.

Property, plant and equipment

Property, plant and equipment increased by approximately US\$58.7 million from US\$231.9 million as at 31 December 2009 to US\$290.6 million as at 30 September 2010. The increase was due mainly to increase in construction work-in-progress in relation to the construction of a derrick crane barge and an accommodation work barge.

Depreciation charged from the balance of net book value of certain property, plant and equipment decreased slightly by approximately US\$800,000 or 7.4%, from US\$11.4 million in 9M2009 to US\$10.6 million in 9M2010.

Associates

Investment in associates increased by approximately US\$38.8 million from US\$17.9 million as at 31 December 2009 to US\$56.7 million as at 30 September 2010. The increase was due mainly to the followings:

- (i) dilution of equity interest/ deemed disposal in a former subsidiary, PTSB, as a result of the Company not participating in the share issue on a pro-rata basis. Following the share increase, the Company's interest in PTSB was diluted from 80.0% to 49.0%, thus PTSB has ceased to be a subsidiary and become an associate of the Company¹;
- (ii) partial disposal of shares in a former subsidiary, PT Swiber Offshore ("**PTSO**") with retention of an associate status. Following the sale of shares, the Company's interest in PTSO reduced from 99.5% to 49.0%, thus PTSO has ceased to be a subsidiary and become an associate of the Company²;
- (iii) acquisition of 28.9% equity interest in Vallianz Holdings Limited³; and
- (iv) subscription for shares representing 33.3% equity interest in PJW 3000 LLC⁴.

¹ please read announcement released via SGXNet on 8 June 2010 for details.

² please read announcement released via SGXNet on 21 June 2010 for details.

³ please read announcement released via SGXNet on 11 June 2010 and 9 July 2010 for details.

⁴ please read announcement released via SGXNet on 29 September 2010 for details.

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)**

Joint ventures

Investment in joint ventures increased by approximately US\$8.6 million from US\$32.5 million as at 31 December 2009 to US\$41.1 million as at 30 September 2010. The increase was due mainly to the Company further subscribed for shares representing 50% equity interest in Alam Swiber DLB 1 (L) Inc¹.

¹please read announcement released via SGXNet on 20 May 2010 for details.

Other receivables (non-current)

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

	9M2010 US\$'000	Group FY2009 US\$'000
Deposits and prepayments	16,220	24,258
Other receivables	36,795	21,475
	53,015	45,733

Other non-current receivables increased by US\$7.3 million from US\$45.7 million as at 31 December 2009 to US\$53.0 million as at 30 September 2010. The net increase was due to partial offsetting of the followings:

- i) decrease in deposit and prepayments by US\$8.0 million. Deposit and prepayments mostly comprise of prepayments of vessels conversion and pre-operating cost and are amortised over the term of the charter; and
- ii) increase in other receivables by US\$15.3 million. Other receivables pertain mainly to seller credits and optional loans 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 and optional loans 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 increased by US\$72.8 million from US\$338.1 million as at 31 December 2009 to US\$410.9 million as at 30 September 2010.

Net debt to equity ratio is as follows:

Financial period ended	30 September 2010	30 June 2010	31 March 2010	31 December 2009
Net debt to equity	0.86	0.91	0.81	0.84

As at 30 September 2010, the Group has the following outstanding bonds and convertible loan notes:

Bonds

	9M2010 US\$'000	FY2009 US\$'000	Due
Multicurrency medium term notes			
Current			
- series 1	-	35,411	August 2010
- series 2	-	35,737	August 2010
- series 3	36,023	36,023	March 2011
- series 4	36,023	36,023	March 2011
- series 7	83,589	-	August 2012
	155,635	143,194	

On 22 July 2010, the Company has increase the programme limit from S\$300 million to S\$500 million with effect from 22 July 2010 and appointed DBS as the new arranger of the MTN programme (the "**MTN Programme**") with effect from 7 June 2010¹.

Series 1 and series 2 was matured and redeemed on 21 August 2010.

The Company had issued the following MTN under the S\$500,000,000 MTN Programme:

- i) on 31 August 2010, the Company issued S\$110,000,000 in principal amount of 5.75 per cent. fixed rate notes due 31 August 2012 (series 7)².
- ii) on 4 October 2010, the Company issued S\$80,000,000 in principal amount of 5.80 per cent. fixed rate notes due 11 October 2013 (series 8)³.

¹ please read announcement released via SGXNet on 22 July 2010 for details.

² please read announcement released via SGXNet on 31 August 2010 for details.

³ please read announcement released via SGXNet on 4 October 2010 for details.

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

Convertible loan notes

	9M2010	FY2009	
	US\$'000	US\$'000	Due
Convertible Bonds Non-current	111,440	104,500	October 2014

Other payables

The breakdown of other payables is as follows:

	Group	
	9M2010	FY2009
	US\$'000	US\$'000
Accruals	51,631	45,755
Deposits received from customers	-	78,332
Other payables	61,849	77,147
	113,480	201,234

Other payables decreased by US\$87.7 million from US\$201.2 million as at 31 December 2009 to US\$113.5 million as at 30 September 2010. The net decrease was due to partial offsetting of the followings:

- i) increase in accruals by US\$5.9 million due main to accrued interest on the Convertible Bond, the MTN and operational costs;
- ii) decrease in deposits received from customer by US\$78.3 million due to delivery of a derrick pipe-lay barge and a pipe-lay barge; and
- iii) decrease in other payables by US\$15.3 million due mainly to repayment of trust receipts.

Consolidated Statement of Cash Flows

Cash flow used in activities

In 3Q2010, the Group's net cash used in operating activities amounted to US\$63.9 million. This comprised operating cash flow before working capital changes of US\$13.1 million, and adjusted for net working capital outflows of approximately US\$72.0 million.

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

- (i) an increase in trade and other receivables of US\$19.5 million; and
- (ii) a decrease in other payables of US\$61.2 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 from investing activities

In 3Q2010, the Group generated net cash inflow from investing activities of US\$44.2 million, which was due mainly to proceeds from disposal of assets held for sale of total US\$150.9 million. This cash inflow was however partially offset by purchase of property, plant and equipment and assets held for sales of US\$81.6 million and investment in associates of US\$35.9 million.

Cash flow from financing activities

In 3Q2010, the Group generated net cash inflow from financing activities of US\$41.9 million as a result of the followings:

- (i) new bank borrowings amounted to US\$68.5 million;
- (ii) proceed on issue of bonds amounted to US\$80.8 million; and
- (iii) contribution from non-controlling interest as a result of the IPO of a subsidiary, KHL, amounted to US\$15.3 million.

The above cash inflow was however partially offset by repayment of bank loans and redemption of bonds total amounted to US\$120.5 million.

Cash and cash equivalents

Cash and cash equivalents increased by approximately US\$25.9 million from US\$71.8 million as at 31 December 2009 to US\$97.6 million as at 30 September 2010. The Group has positive working capital of US\$167.9 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.**

The Group is encouraged by the increasing activities in the oil and gas sector supported by stable oil prices. The Group is cautiously optimistic about the long-term outlook of the offshore industry, remain prudent in managing its business operations and cost efficiencies; and continuously exploring new opportunities to leverage on the strong track record. As of November 2010, the Group has an order book of approximately US\$800 million and it is expected to contribute to the Group's results over the next two years, barring unforeseen circumstances.

The Company's subsidiary, KHL, was successfully listed on the Official List of the Catalist board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 29 July 2010. The successful IPO of KHL is a major milestone in the Company's corporate history. KHL plans to expand its range of services through the acquisition of new operating assets, intensify its marketing and bidding efforts, increasing its penetration in its existing markets as well as explore opportunities in new markets.



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 nine months ended 30 September 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 **third quarter and nine months' financial results for the period ended 30 September 2010** to be false or misleading in any material aspect.

On behalf of the Board of Directors

Goh Kim Teck, Raymond
Director
Executive Chairman

Wong Chin Sing, Francis
Director
Group Chief Executive Officer and President

BY ORDER OF THE BOARD

Shee Shin Yee
Company secretary
11 November 2010

