



SWIBER HOLDINGS LIMITED

Financial Statements And Dividends
Announcement

For The First Quarter And Three Months Ended
31 March 2011

UNAUDITED FIRST QUARTER (“1Q2011”) FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2011 (“3M2011”).

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
	1Q2011 US\$'000	1Q2010 US\$'000	
Revenue	150,624	84,507	78.2%
Cost of sales	(126,200)	(66,629)	89.4%
Gross profit	24,424	17,878	36.6%
Other operating income	11,023	4,919	124.1%
Administrative expenses	(12,686)	(7,561)	67.8%
Other operating expenses	(4,448)	(3,754)	18.5%
Share of profit of associates and joint ventures	3,004	1,651	82.0%
Finance costs	(7,796)	(4,769)	63.5%
Profit before tax	13,521	8,364	61.7%
Income tax expenses	(1,668)	(267)	524.7%
Profit for the period	11,853	8,097	46.4%
Attributable to :			
Owners of the company	9,668	8,026	20.5%
Non-controlling interests	2,185	71	2977.5%
	11,853	8,097	46.4%
Gross profit margin	16.2%	21.2%	
Net profit margin	7.9%	9.6%	
EBITDA* (US\$'000)	24,220	17,249	
EBITDA* margin	16.1%	20.4%	

*: 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		Change
	1Q2011 US\$'000	1Q2010 US\$'000	
Profit for the period	11,853	8,097	46.4%
Other comprehensive income:			
Gain/(loss) on cash flow hedges	1,099	(3,748)	-129.3%
Exchange differences on translation of foreign operations	338	(748)	-145.2%
Total comprehensive income for the period	13,290	3,601	269.1%
Total comprehensive income attribute to:			
Owners of the company	11,105	3,477	219.4%
Non-controlling interests	2,185	124	1662.1%
Total	13,290	3,601	269.1%

- 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		Change
	1Q2011 US\$'000	1Q2010 US\$'000	
Charging:			
Interest on borrowings	5,986	4,156	44.0%
Depreciation of property, plant and equipment	4,713	4,729	N/M
Foreign exchange losses	4,126	3,512	17.5%
Employees' share option expense	797	-	N/M
Crediting:			
Interest income	(227)	(131)	73.3%
Fair value gain on financial liabilities designated as at fair value through profit or loss	(6,924)	-	N/M
Gain on disposal of property, plant and equipment	(4)	(78)	-94.9%
Gain on disposal of assets held for sale	(538)	-	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	
	3M2011 US\$'000	FY2010 US\$'000	3M2011 US\$'000	FY2010 US\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	125,653	137,847	1,031	20,085
Trade receivables	139,250	109,271	-	-
Engineering work-in-progress in excess of progress billings	95,839	143,715	-	-
Inventories	6,579	20,224	-	-
Other receivables	113,379	103,821	116,718	39,947
Amount due from subsidiaries	-	-	387,729	394,733
Assets held for sale	1,833	1,334	-	-
Total current assets	482,533	516,212	505,478	454,765
Non-current assets				
Property, plant and equipment	360,815	316,893	844	985
Goodwill	309	309	-	-
Subsidiaries	-	-	249,962	249,962
Associates	79,654	57,190	13,865	7,173
Joint ventures	16,702	18,504	-	-
Other receivables	72,981	75,666	17,295	17,594
Derivative financial instruments	4,971	5,783	4,998	5,783
Deferred tax assets	1,414	1,414	-	-
Total non-current assets	536,846	475,759	286,964	281,497
Total assets	1,019,379	991,971	792,442	736,262

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	
	3M2011 US\$'000	FY2010 US\$'000	3M2011 US\$'000	FY2010 US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank loans	99,517	83,018	-	-
Bonds	-	76,418	-	76,418
Trade payables	44,491	68,646	-	-
Other payables	83,647	82,137	12,372	16,842
Current portion of finance leases	3,657	1,899	184	181
Amount due to subsidiaries	-	-	262,492	215,599
Income tax payable	10,746	8,671	5,945	5,945
Total current liabilities	242,058	320,789	280,993	314,985
Non-current liabilities				
Bank loans	48,125	48,195	-	-
Bonds	240,962	146,249	240,962	146,249
Convertible loan notes	106,900	113,813	106,900	113,813
Finance leases	7,641	3,407	375	413
Derivative financial instruments	-	38	-	-
Deferred tax liabilities	3,335	3,208	72	72
Total non-current liabilities	406,963	314,910	348,309	260,547
Capital, reserves and non-controlling interests				
Share capital	158,006	158,006	158,006	158,006
Treasury shares	(2,507)	(2,507)	(2,507)	(2,507)
Hedging reserve	(605)	(1,704)	(605)	(1,704)
Translation reserve	845	508	-	-
Equity reserve	(8,206)	(8,206)	-	-
Employees' share option reserve	797	-	797	-
Retained earnings	189,237	179,569	7,449	6,935
Equity attributable to owners of the company	337,567	325,666	163,140	160,730
Non-controlling interests	32,791	30,606	-	-
Total equity	370,358	356,272	163,140	160,730
Total liabilities and equity	1,019,379	991,971	792,442	736,262

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

Amount repayable in one year or less, or on demand

Group		Group	
3M2011		FY2010	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
103,174	-	84,917	76,418

Amount repayable after one year

Group		Group	
3M2011		FY2010	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
55,766	347,862	51,602	260,062

The bank loans and finance leases 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.
- (iv) Lessors' title to the lease assets.

- 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	
	1Q2011 US\$'000	1Q2010 US\$'000
Operating activities		
Profit before tax	13,521	8,364
Adjustments for :		
Bad and doubtful debts written off	12	-
Depreciation of property, plant and equipment	4,713	4,729
Employees' share option expense	797	-
Fair value gain on financial liabilities designated as at fair value through profit and loss	(6,924)	-
Foreign exchange losses - net	133	-
Gain on disposal of property, plant and equipment	(4)	(78)
Gain on disposal of assets held for sale	(538)	-
Interest expense	7,796	4,769
Interest income	(227)	(131)
Property, plant and equipment written off	1	-
Share of profit of associates and joint ventures	(3,004)	(1,651)
Operating cash flows before movements in working capital	<u>16,276</u>	<u>16,002</u>
Trade receivables	(29,991)	30,870
Engineering work-in-progress in excess of progress billings	47,876	27,776
Inventories	13,645	(110)
Other receivables	(6,871)	(26,632)
Trade payables	(24,155)	(6,240)
Other payables	(2,067)	50,429
Cash generated from operations	<u>14,713</u>	<u>92,095</u>
Interest expense paid	(33)	(2,041)
Income taxes paid	(3,674)	(1,551)
Net cash generated from operating activities	<u>11,006</u>	<u>88,503</u>
Investing activities		
Interest income received	227	131
Dividend received from associates	2,080	859
Proceeds on disposal of property, plant and equipment	127	481
Proceeds on disposal of assets held for sale	11,054	-
Purchases of property, plant and equipment	(47,708)	(22,162)
Purchases of assets held for sale	(5,385)	(60,213)
Investment in associates	(19,671)	-
Net cash used in investing activities	<u>(59,276)</u>	<u>(80,904)</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	
	1Q2011 US\$'000	1Q2010 US\$'000
Financing activities		
Pledged deposits	2,391	(264)
Proceed on issue of bonds	92,225	-
Repayment of obligations under finance leases	(507)	(205)
Redemption of bonds	(72,046)	-
New bank loans raised	76,801	25,696
Repayment of bank loans	(60,444)	(39,207)
Net cash generated from/ (used in) financing activities	<u>38,420</u>	<u>(13,980)</u>
Net decrease in cash and cash equivalents	(9,850)	(6,381)
Cash and cash equivalents at beginning of the period	123,908	76,567
Effect of exchange rate changes on the balance of cash held in foreign currencies	47	5,688
Cash and cash equivalents at end of the period	<u><u>114,105</u></u>	<u><u>75,874</u></u>
Cash and cash equivalents consist of:		
Cash at bank	112,309	75,730
Fixed deposits	13,278	6,932
Cash on hand	66	67
	<u>125,653</u>	<u>82,729</u>
Less: Pledged cash placed with banks	(11,548)	(6,855)
Total	<u><u>114,105</u></u>	<u><u>75,874</u></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	Equity reserve US\$'000	Employees' share option reserve US\$'000	Retained earnings US\$'000	Equity attributable to owners of the company US\$'000	Non-controlling interests US\$'000	Total US\$'000
GROUP										
Balance at 1 January 2011	158,006	(2,507)	(1,704)	508	(8,206)	-	179,569	325,666	30,606	356,272
Total comprehensive income for the period	-	-	1,099	337	-	-	9,668	11,104	2,185	13,289
Value of employee services received for issue of share options	-	-	-	-	-	797	-	797	-	797
Balance at 31 March 2011	158,006	(2,507)	(605)	845	(8,206)	797	189,237	337,567	32,791	370,358
Balance at 1 January 2010	158,006	(2,507)	1,644	493	-	-	139,947	297,583	5,753	303,336
Total comprehensive 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
COMPANY										
Balance at 1 January 2011	158,006	(2,507)	(1,704)	-	-	-	6,935	160,730	-	160,730
Total comprehensive income for the period	-	-	1,099	-	-	-	514	1,613	-	1,613
Value of employee services received for issue of share options	-	-	-	-	-	797	-	797	-	797
Balance at 31 March 2011	158,006	(2,507)	(605)	-	-	797	7,449	163,140	-	163,140
Balance at 1 January 2010	158,006	(2,507)	1,705	337	-	-	3,576	161,117	-	161,117
Total comprehensive 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

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.

US\$100.0 MILLION 5% CONVERTIBLE BONDS DUE IN 2014

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 or "Convertible Loan Notes"**"). 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 April 2011, the conversion price has been reset downwards to the VWAP of S\$0.864¹ (being the floor price).

For the purpose of illustration, assuming that all the Convertible Bonds are converted at current conversion price of S\$0.864, the aggregate number of shares that may be issued on conversion would be approximately 166,666,666. This represents approximately 32.98% of the Company's existing share capital of 505,355,000 shares (net of treasury shares).

¹ please read announcement released via SGXNet on 16 April 2011 for details.

SHARE OPTIONS

Date of grant	1 January 2011	Granted	31 March 2011	Exercise price per share
26-Jan-2011	-	15,000,000 ²	15,000,000	0.97

The above-mentioned share options were all granted to the directors of the Company.

Validity period of the options:

(a) Exercisable after the first anniversary of the Date of Grant of the options.

(b) A period of five (5) years commencing from the Date of Grant of the options.

² please read announcement released via SGXNet on 26 January 2011 for details.

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. (cont'd)

SHARE AWARDS

Date of grant	1 January 2011	Granted	31 March 2011	Exercise price per share
26-Jan-2011	-	3,095,000 ³	3,095,000	0.97

Validity period of the awards:

(a) Vesting period : 3 years

(b) Release schedule : one third of the Awards shall be vested in each year on the anniversary of the Awards

³ please read announcement released via SGXNet on 26 January 2011 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 immediately preceding year.

	3M2011	FY2010
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 2011 and 31 December 2010	<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 Company and its subsidiaries (the “Group”) and of the Company as at 31 December 2010, 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 audited financial statement for the year ended 31 December 2010.

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	
	1Q2011	1Q2010
Net profit after tax attributable to owners of the Company	9,668	8,026
Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	1.9	1.6
b) Based on fully diluted basis (US\$ cents)	1.9	1.3
Weighted average number of shares applicable to basic earnings per share ('000)	505,355	505,355
Weighted average number of shares based on fully diluted basis ('000)	505,355	631,671

Convertible loan notes, share options and share awards were not included in the computation of diluted earnings per share because they were anti-dilutive.

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	
	3M2011	FY2010	3M2011	FY2010
Net asset value (US\$'000)	337,567	325,666	163,140	160,730
Total number of shares issued ('000)	505,355	505,355	505,355	505,355
Net asset value per share (US\$ cents per share)	66.8	64.4	32.3	31.8

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

(a) Revenue

The Group's revenue for 1Q2011 was US\$150.6 million, 78.2% higher than the US\$84.5 million posted for the corresponding period ended 31 March 2010 ("**1Q2010**"), the increase in revenue was due mainly to the higher work volumes as compared to 1Q2010 as the Group recognizing contributions arising from the contracts awarded to the Group since 1Q2010, concentrated in South Asia region.

(b) Cost of sales and gross profit

With higher revenue earned, cost of sales increased by US\$59.6 million or 89.4%, from US\$66.6 million in 1Q2010 to US\$126.2 million in 1Q2011. Cost of sales comprises mainly of charter hire, sub-contractor cost, material cost, salaries and labour related cost and consumables. Overall gross profit margin decreased by 5.0%, from 21.2% in 1Q2010 to 16.2% in 1Q2011. Margin varies from projects due mainly to the nature and scope of work of each project. Lower margin was also accredited to a deferred project in South Asia which was completed in 1Q2011. The Group expects margin to varies between 15% to 20%.

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)

(c) Other operating income

The breakdown of other operating income is as follows:

	1Q2011 US\$'000	1Q2010 US\$'000
Fair value gain on financial liabilities designated as at fair value through profit or loss	6,924	-
Gain on disposal of property, plant and equipment	4	78
Gain on disposal of assets held for sale	538	-
Interest income	227	131
Others	3,330	4,710
	11,023	4,919

Other operating income increased by US\$6.1 million or 124.1%, from US\$4.9 million in 1Q2010 to US\$11.0 million in 1Q2011. The increase was due mainly to changes in fair value of financial derivative embedded in the Convertible Bonds of US\$6.9 million in 1Q2011, such changes in fair value was accounted for at fair value through profit or loss.

Included in others was US\$2.9 million and US\$3.6 million gain arose from termination of cross currency interest rate swap contract relating to the Multicurrency Medium Term Notes in 1Q2011 and 1Q2010 respectively.

(d) Administrative expenses

Administrative expenses increased by US\$5.1 million or 67.8%, from US\$7.6 million in 1Q2010 to US\$12.7 million in 1Q2011 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 2011 and 31 March 2010, the Group has 1,178 and 1,026 employees, respectively.

(e) Other operating expenses

The breakdown of other operating income is as follows:

	1Q2011 US\$'000	1Q2010 US\$'000
Foreign exchange losses	4,122	3,512
Others	326	242
	4,448	3,754

Other operating expenses increased by approximately US\$700,000 or 18.5%, from US\$3.8 million in 1Q2010 to US\$4.4 million in 1Q2011 due mainly to increase in foreign exchange losses of US\$610,000 as a result of the followings:

- i) depreciation of United States Dollars against Singapore Dollar; and

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)

(e) Other operating expenses

ii) the partial unwinding of cash flow hedges in relation to the MTN series 3 and series 4 in 1Q2011. As a result of the partial unwinding the cash flow hedges, the Company revalued the MTN series 3 and series 4 that are denominated in Singapore dollar at period end exchange rate and the said foreign exchange differences were recognized in income statement. In 1Q2010, cash flow hedges in relation to the MTN series 1 and series 2 which was unwound in 1Q2010.

(f) Share of profit from associates and joint ventures

Share of profit of associates and joint ventures increased by approximately US\$1.3 million or 82.0% from US\$1.7 million in 1Q2010 to US\$3.0 million in 1Q2011. The increase was due to associates and joint ventures delivering results except for certain associates and joint ventures that recorded small operating losses.

(g) Finance costs

Finance costs rose by US\$3.0 million or 63.5% from US\$4.8 million in 1Q2010 to US\$7.8 million in 1Q2011. The higher interest expense incurred in 1Q2011 was due mainly to higher principal amount of the multicurrency medium term notes series 7, series 8 and series 9 that were raised in quarter 3 of 2010, and quarter 4 of 2010 and quarter 1 of 2011, respectively.

(h) Profit for the period

With the above, profit after tax increased by approximately US\$3.8 or 46.4%, from US\$8.1 million in 1Q2010 to US\$11.9 million in 1Q2011.

For the purpose of illustration, if excluding non-cash, non-operational in nature and the non-recurring gain/ losses, the Group would have recorded profit after tax as follows:

	1Q2011 US\$'000	1Q2010 US\$'000
Profit after tax	11,853	8,097
Adjusted for:		
Fair value gain on financial liabilities designated as at fair value through profit or loss	(6,924)	-
Adjusted profit	4,929	8,097
Net profit margin before adjustment	7.9%	9.6%
Adjusted net profit margin	3.3%	9.6%

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)

Statements of Financial Position

(i) Trade receivables

In line with the higher revenue as compared to 1Q2010, the Group's trade receivables increased by US\$30.0 million from US\$109.3 million as at 31 December 2010 to US\$139.3 million as at 31 March 2011. Subsequent to 31 March 2011, the Group received settlement of approximately US\$28.0 million from its customers.

(j) Engineering work-in-progress in excess of progress billing

Engineering work-in-progress in excess of progress billing ("**EWIP**") decreased by US\$47.9 million from US\$143.7 million as at 31 December 2010 to US\$95.8 million as at 31 March 2011. The decrease 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. Subsequent to 31 March 2011, progress billing of approximately US\$35.0 million has been approved for billing by customers for work performed.

As at 31 December 2010, EWIP also included a project in South Asia which has been deferred due to changes of scope and with the change, the Group was also awarded additional works by the oil major. The work for this project commenced in 4Q2010 and was completed in 1Q2011 and the related EWIP has been recognized based on percentage of completion in the relevant period.

(k) Inventories

Inventories decreased by US\$13.6 million, from US\$20.2 million as at 31 December 2010 to US\$6.6 million as at 31 March 2011, the decrease was the result of continued consumption of existing inventories in projects execution.

(l) Other receivables (current)

The breakdown of other current receivables is as follows:

	Group	
	3M2011	FY2010
	US\$'000	US\$'000
Deposits and prepayments	92,728	82,113
Other receivables	20,651	21,708
	<u>113,379</u>	<u>103,821</u>

Other receivables increased by approximately US\$9.6 million from US\$103.8 million as at 31 December 2010 to US\$113.4 million as at 31 March 2011. Other receivables comprise of prepayment of vessels conversion and pre-operating cost which are amortized over the term of the charter and prepaid chartering expenses, advance payments to sub-contractors and suppliers for projects executing in South Asia and advances to certain 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)

(m) Property, plant and equipment

Property, plant and equipment increased by US\$43.9 million from US\$316.9 million as at 31 December 2010 to US\$360.8 million as at 31 March 2011. The increase was due mainly to construction work-in-progress in relation to vessels under construction. Assets under construction are not depreciated.

Depreciation remained consistent at US\$4.7 million for 1Q2011 and 1Q2010.

(n) Associates

Investment in associates increased by US\$22.5 million, from US\$57.2 million as at 31 December 2010 to US\$79.7 million as at 31 March 2011. The increase was due mainly to acquisition of 49.31% shares in Atlantis Navigation AS (Atlantis Navigation AS is an investment holding company that own two vessels, namely Swiber Atlantis and Swiber Concorde) of approximately US\$13.1 million and subscription of rights issue shares in Vallianz Holdings Limited of approximately US\$6.6 million.

(o) Other receivables (non-current)

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

	3M2011 US\$'000	Group FY2010 US\$'000
Deposits and prepayments	48,505	51,191
Other receivables	24,476	24,475
	<u>72,981</u>	<u>75,666</u>

Other non-current receivables decreased by US\$2.8 million from US\$75.7 million as at 31 December 2010 to US\$72.9 million as at 31 March 2011. The decrease was due to the decrease in deposit and prepayments by US\$2.8 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

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)

(p) 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\$33.8 million from US\$473.0 million as at 31 December 2010 to US\$506.8 million as at 31 March 2011. The increase was due to proceed from bonds issued. Subsequent to 31 March 2011, approximately US\$39.0 million of factoring which was included in bank loans was repaid.

Net debt to equity is as follows:

Financial period ended	31 March 2011	31 December 2010	30 September 2010	30 June 2010	31 March 2010
Net debt to equity	1.03	0.94	0.86	0.91	0.81

For the 3M2011, the Group has the following outstanding bonds and convertible loan notes:

Bonds

Multicurrency medium term notes	Due Date	Group	
		3M2011 US\$'000	FY2010 US\$'000
Current			
- series 3	March 2011	-	38,209
- series 4	March 2011	-	38,209
		-	76,418
Non-current			
- series 7	August 2012	85,636	84,337
- series 8	October 2013	62,198	61,912
- series 9	July 2014	93,128	-
		240,962	146,249

Series 3 and series 4 was matured and redeemed in March 2011.

In 1Q2011, series 9 of S\$120,000,000 in principal amount was issued with 5.90 per cent. fixed rate notes due 25 July 2014.

Cross currency interest rate swap contracts relating to the above-mentioned issued notes have been established and creating an effective cash flow hedge against the foreign currency and interest rate movement.

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)

Convertible loan notes

	Group		Due Date
	3M2011 US\$'000	FY2010 US\$'000	
<u>Non-current</u>			
Nominal value of the Convertible Bonds	100,000	100,000	October 2014
Fair value through profit or loss	6,900	13,813	
	106,900	113,813	

The decreased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US\$6.9 million in 1Q2011, such changes in fair value was accounted for at fair value through profit or loss.

(q) Other payables (current)

The breakdown of other payables is as follows:

	Group	
	3M2011 US\$'000	FY2010 US\$'000
Accruals	51,506	51,836
Deposits received from customers	2,782	2,752
Other payables	29,359	27,549
	83,647	82,137

Other payables decreased by US\$1.5 million from US\$82.1 million as at 31 December 2010 to US\$83.6 million as at 31 March 2011. The decrease was due mainly to payment made to certain accrued expenses.

Consolidated Statement of Cash Flows

(r) Cash flow from operating activities

In 1Q2011, the Group generated net cash from operating activities of US\$11.0 million. This comprised operating cash flow before working capital changes of US\$16.3 million, and adjusted for net working capital outflows of approximately US\$1.6 million and income tax and interest payment of US\$3.7 million. The net working capital inflows were mainly the result of the followings:

- (i) a decrease in engineering work-in-progress in excess of progress billing of US\$47.9 million;
- (ii) a decrease in inventories of US\$13.6 million; and

The above cash inflows were however offset by:

- (i) an increase in trade and other receivables of US\$36.9 million; and
- (ii) a decrease in trade and other payables of US\$26.2 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)**

(s) Cash flow used in investing activities

In 1Q2011, the Group's net cash used in investing activities amounted to US\$59.3 million, which was due mainly to addition to property, plant and equipment and assets held for sale of total US\$53.1 million and investment in associates of US\$19.7 million.

(t) Cash flow from financing activities

In 1Q2011, the Group recorded a net cash inflow from financing activities of US\$38.4 million, which was due to new bank borrowings amounting to US\$76.8 million and proceeds from the issuance of multicurrency medium term notes of US\$92.2 million. This cash inflow was however offset by repayment of bank loans amounting to US\$60.4 million and redemption of multicurrency medium term notes of US\$72.0 million.

(u) Cash and cash equivalents

Cash and cash equivalents increased by approximately US\$38.2 million from US\$75.9 million as at 31 March 2010 to US\$114.1 million as at 31 March 2011.

The Group has positive working capital of US\$240.5 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 recent increase in crude oil prices and expects the momentum of offshore activities to continue. The Group has build up a sizeable fleet in the recent years and has established itself as an experienced and reputable offshore service provider in the market. With a strong fleet of vessels and experienced management team, the Group is well positioned to bid for major contracts and continue to focus on winning new contracts

The Group remains prudent in managing its business operations and cost efficiencies to improve its margins; and continuously exploring new opportunities to leverage on the strong track record. As of March 2011, the Group has an order book of approximately US\$720 million and it is expected to contribute to the Group's results over the next two years, 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 2011 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 2011** to be false or misleading in any material aspect.

On behalf of the Board of Directors

Raymond Kim Goh @ Goh Kim Teck
Director
Executive Chairman

Francis Wong Chin Sing
Director
Group Chief Executive Officer and President

BY ORDER OF THE BOARD

Shee Shin Yee
Company secretary
13 May 2011