SWIBER HOLDINGS LIMITED

Financial Statements And Dividends Announcement

For The Third Quarter And Nine Months Ended 30 September 2011

Cause No Harm

UNAUDITED THIRD QUARTER ("3Q2011") FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 ("9M2011").

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

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

Consolidated Income Statement

	Group			Group		
	3Q2011 US$'000	3Q2010 US$'000	Change	**9M2011 US$'000**	9M2010 US$'000	Change
Revenue	**137,734**	122,432	12.5%	**468,943**	313,778	49.5%
Cost of sales	**(114,899)**	(95,889)	19.8%	**(395,048)**	(245,746)	60.8%
Gross profit	**22,835**	26,543	-14.0%	**73,895**	68,032	8.6%
Other operating income	**16,148**	7,749	108.4%	**30,200**	22,818	32.4%
Administrative expenses	**(13,023)**	(10,354)	25.8%	**(37,255)**	(26,863)	38.7%
Other operating expenses	**(747)**	(10,042)	-92.6%	**(2,990)**	(17,771)	-83.2%
Share of (losses)/profit of associates and joint ventures	**(960)**	454	N/M	**1,588**	2,076	-23.5%
Finance costs	**(5,114)**	(5,674)	-9.9%	**(15,733)**	(15,223)	3.4%
Profit before tax	**19,139**	8,676	120.6%	**49,705**	33,069	50.3%
Income tax expenses	**(3,264)**	(674)	384.3%	**(9,377)**	(2,714)	245.5%
Profit for the period	**15,875**	8,002	98.4%	**40,328**	30,355	32.9%
Attributable to :						
Owners of the company	**13,522**	6,968	94.1%	**30,600**	28,771	6.4%
Non-controlling interests	**2,353**	1,034	127.6%	**9,728**	1,584	514.1%
	15,875	8,002		**40,328**	30,355	
Gross profit margin	**16.6%**	21.7%		**15.8%**	21.7%	
Net profit margin	**11.5%**	6.5%		**8.6%**	9.7%	
EBITDA* (US$'000)	**29,950**	16,146		**81,713**	54,957	
EBITDA* margin	**21.7%**	13.2%		**17.4%**	17.5%	

* : Denotes earnings before interest, taxes, depreciation and amortization.
N/M : Not Meaningful

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, 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**		
	3Q2011 US$'000	3Q2010 US$'000	Change	**9M2011 US$'000**	9M2010 US$'000	Change
Profit for the period	**15,875**	8,002		**40,328**	30,355	
Other comprehensive income:						
Gain on cash flow hedges	**1,405**	4,900	-71.3%	**2,180**	1,648	32.3%
Exchange differences on translation of foreign operations	**(1,440)**	2,131	-167.6%	**(567)**	632	-189.7%
Total comprehensive income for the period	**15,840**	15,033		**41,941**	32,635	
Total comprehensive income attributable to:						
Owners of the company	**13,487**	13,999	-3.7%	**32,213**	31,133	3.5%
Non-controlling interests	**2,353**	1,034	127.6%	**9,728**	1,502	547.7%
Total	**15,840**	15,033		**41,941**	32,635	

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		
	3Q2011 US$'000	3Q2010 US$'000	Change	**9M2011 US$'000**	9M2010 US$'000	Change
Charging:						
Allowance for doubtful debts	**-**	-	N/M	-	115	N/M
Bad debts written off	**-**	-	N/M	**12**	-	N/M
Interest on borrowings	**3,812**	4,229	-9.9%	**10,723**	11,294	-5.1%
Depreciation of property, plant and equipment	**6,074**	3,241	87.4%	**14,374**	10,594	35.7%
Employees' share options/ awards expense	**830**	-	N/M	**2,223**	-	N/M
Fair value loss on financial liabilities designated as at fair value through profit or loss	**-**	4,670	N/M	**-**	6,940	N/M
Foreign exchange losses	**-**	5,211	N/M	**1,178**	9,276	-87.3%
Loss on dilution of subsidiary/ associate	**-**	-	N/M	**-**	917	N/M
Loss on disposal of property, plant and equipment	**653**	-	N/M	**1,168**	-	N/M
Crediting:						
Bad debts written back	**-**	-	N/M	**-**	(343)	N/M
Interest income	**(843)**	(124)	N/M	**(1,616)**	(382)	323.0%
Fair value gain on financial liabilities designated as at fair value through profit or loss	**(9,399)**	-	N/M	**(19,790)**	-	N/M
Foreign exchange gain	**(4,429)**	-	N/M	**-**	-	
Gain on disposal of property, plant and equipment	**-**	(4,852)	N/M	**-**	(5,144)	N/M
Gain on disposal of assets held for sale	**(312)**	(2,127)	-85.3%	**(3,555)**	(12,101)	-70.6%
Gain on disposal of subsidiary	**(383)**	(185)	N/M	**(383)**	-	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	
	9M2011	FY2010	**9M2011**	FY2010
	US$'000	US$'000	**US$'000**	US$'000
ASSETS				
Current assets				
Cash and bank balances	**80,539**	137,847	**645**	20,085
Trade receivables	**136,892**	109,271	**-**	-
Engineering work-in-progress in excess of progress billings	**112,902**	143,715	**-**	-
Inventories	**5,397**	20,224	**-**	-
Other receivables	**98,858**	103,821	**25,325**	39,947
Amount due from subsidiaries	**-**	-	**652,017**	394,733
Assets held for sale	**-**	1,334	**-**	-
Total current assets	**434,588**	516,212	**677,987**	454,765
Non-current assets				
Property, plant and equipment	**568,516**	316,893	**677**	985
Goodwill	**309**	309	**-**	-
Subsidiaries	**-**	-	**249,628**	249,962
Associates	**100,424**	57,190	**33,598**	7,173
Joint ventures	**12,261**	18,504	**-**	-
Other receivables	**77,583**	75,666	**16,660**	17,594
Derivative financial instruments	**-**	5,783	**-**	5,783
Deferred tax assets	**1,414**	1,414	**-**	-
Total non-current assets	**760,507**	475,759	**300,563**	281,497
Total assets	**1,195,095**	991,971	**978,550**	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	
	9M2011 US$'000	FY2010 US$'000	**9M2011 US$'000**	FY2010 US$'000
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	**115,217**	83,018	**-**	-
Bonds	**83,024**	76,418	**83,024**	76,418
Finance leases	**4,543**	1,899	**181**	181
Trade payables	**48,341**	68,646	**-**	-
Other payables	**86,654**	82,137	**22,290**	16,842
Amount due to subsidiaries	**-**	-	**454,257**	215,599
Income tax payable	**5,813**	8,671	**(102)**	5,945
Total current liabilities	**343,592**	320,789	**559,650**	314,985
Non-current liabilities				
Bank loans	**69,155**	48,195	**-**	-
Bonds	**150,190**	146,249	**150,190**	146,249
Convertible loan notes	**94,050**	113,813	**94,050**	113,813
Finance leases	**8,492**	3,407	**270**	413
Derivative financial instruments	**2,891**	38	**2,880**	-
Deferred tax liabilities	**3,310**	3,208	**72**	72
Total non-current liabilities	**328,088**	314,910	**247,462**	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	**476**	(1,704)	**476**	(1,704)
Translation reserve	**(59)**	508	**-**	-
Equity reserve	**(8,206)**	(8,206)	**-**	-
Employees' share option reserve	**2,223**	-	**2,223**	-
Retained earnings	**209,398**	179,569	**13,240**	6,935
Equity attributable to owners of the company	**359,331**	325,666	**171,438**	160,730
Non-controlling interests	**164,084**	30,606	**-**	-
Total equity	**523,415**	356,272	**171,438**	160,730
Total liabilities and equity	**1,195,095**	991,971	**978,550**	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	
9M2011		FY2010	
Secured	**Unsecured**	Secured	Unsecured
US$'000	**US$'000**	US$'000	US$'000
119,760	**83,024**	84,917	76,418

Amount repayable after one year

Group		Group	
9M2011		FY2010	
Secured	**Unsecured**	Secured	Unsecured
US$'000	**US$'000**	US$'000	US$'000
77,647	**244,240**	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	
	3Q2011	3Q2010
	US$'000	US$'000
Operating activities		
Profit before tax	**19,139**	8,676
Adjustments for :		
Depreciation of property, plant and equipment	**6,074**	3,241
Employees' share options/ awards expense	**830**	-
Fair value (gain)/ loss on financial liabilities designated as at fair value through profit and loss	**(9,399)**	4,670
Foreign exchange gain - net	**(366)**	-
Loss/ (gain) on disposal of property, plant and equipment	**653**	(4,852)
Gain on disposal of assets held for sale	**(312)**	(2,127)
Gain on disposal of subsidiary	**(383)**	(185)
Interest expense	**4,634**	4,229
Interest income	**(843)**	(124)
Share of losses/ (profit) of associates and joint ventures	**960**	(454)
Operating cash flows before movements in working capital	**20,987**	13,074
Trade receivables	**(24,178)**	23,767
Engineering work-in-progress in excess of progress billings	**(1,384)**	(31,251)
Inventories	**4,473**	936
Other receivables	**18,153**	(12,055)
Trade payables	**(17,978)**	7,729
Other payables	**(1,417)**	(61,150)
Cash used in operations	**(1,344)**	(58,950)
Income taxes paid	**(5,673)**	(741)
Interest expense paid	**(3,508)**	(4,229)
Net cash used in operating activities	**(10,525)**	(63,920)
Investing activities		
Interest income received	**843**	124
Dividend received from associate	**1,833**	880
Proceeds on disposal of property, plant and equipment	**61**	10,000
Proceeds on disposal of assets held for sale	**980**	150,942
Proceeds from disposal of subsidiary	**(243)**	25
Purchases of property, plant and equipment	**(60,703)**	(21,590)
Purchases of assets held for sale	**(43)**	(60,001)
Investment in associates	**(2,442)**	(35,851)
Investment in joint ventures	**-**	(295)
Net cash (used in)/ generated from investing activities	**(59,714)**	44,234

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	
	3Q2011	3Q2010
	US$'000	US$'000
Financing activities		
Contribution from non-controlling interests of a subsidiary	**-**	15,294
Pledged deposits	**(1)**	(1,820)
Proceed on issue of bonds	**-**	80,839
Redemption of bonds	**-**	(79,737)
Repayment of obligations under finance leases	**(1,328)**	(345)
New bank loans raised	**131,844**	68,471
Repayment of bank loans	**(86,945)**	(40,757)
Net cash generated from financing activities	**43,570**	41,945
Net (decrease)/ increase in cash and cash equivalents	**(26,669)**	22,259
Cash and cash equivalents at beginning of the period	**94,174**	71,147
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(207)**	4,215
Cash and cash equivalents at end of the period	**67,298**	97,621
Cash and cash equivalents consist of:		
Cash at bank	**67,151**	96,159
Fixed deposits	**13,340**	10,573
Cash on hand	**48**	66
	80,539	106,798
Less: Pledged cash placed with banks	**(13,241)**	(9,177)
Total	**67,298**	97,621

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	-	-	2,180	(567)	-	-	30,600	32,213	9,728	41,941
Value of employee services received for issue of share options	-	-	-	-	-	2,223	-	2,223	-	2,223
Preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	123,750	123,750
Dividends paid to non-controlling interest	-	-	-	-	-	-	(771)	(771)	-	(771)
Balance at 30 September 2011	**158,006**	**(2,507)**	**476**	**(59)**	**(8,206)**	**2,223**	**209,398**	**359,331**	**164,084**	**523,415**
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	-	-	1,648	714	-	-	28,771	31,133	1,502	32,635
Effect of dilution of subsidiary/ associates	-	-	-	-	(7,711)	-	2,294	(5,417)	22,364	16,947
Balance at 30 September 2010	158,006	(2,507)	3,292	1,207	(7,711)	-	171,012	323,299	29,619	352,918
COMPANY										
Balance at 1 January 2011	158,006	(2,507)	(1,704)	-	-	-	6,935	160,730	-	160,730
Total comprehensive income for the period	-	-	2,180	-	-	-	6,305	8,485	-	8,485
Value of employee services received for issue of share options	-	-	-	-	-	2,223	-	2,223	-	2,223
Balance at 30 September 2011	**158,006**	**(2,507)**	**476**	**-**	**-**	**2,223**	**13,240**	**171,438**	**-**	**171,438**
Balance at 1 January 2010	158,006	(2,507)	1,705	337	-	-	3,576	161,117	-	161,117
Total comprehensive income for the period	-	-	1,587	-	-	-	1,055	2,642	-	2,642
Balance at 30 September 2010	158,006	(2,507)	3,292	337	-	-	4,631	163,759	-	163,759

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$0.864[1] (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	30 September 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	30 September 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.

	9M2011	FY2010
Total number of issued shares	**505,355,000**	505,355,000

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 30 September 2011 and 31 December 2010	**2,995,000**

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		Group	
	3Q2011	3Q2010	**9M2011**	9M2010
Net profit after tax attributable to owners of the Company	**13,522**	6,968	**30,600**	28,771
Earnings per share				
a) Based on weighted average number of ordinary shares on issue (US$ cents)	**2.7**	*1.4	**6.1**	*5.7
b) Based on fully diluted basis (US$ cents)	**0.8**	*1.3	**2.2**	*5.2
Weighted average number of shares applicable to basic earnings per share ('000)	**505,355**	505,355	**505,355**	505,355
Weighted average number of shares based on fully diluted basis ('000)	**672,022**	631,637	**672,022**	631,637

* Convertible loan notes 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	
	9M2011	FY2010	**9M2011**	FY2010
Net asset value (US$'000)	**359,331**	325,666	**171,438**	160,730
Total number of shares issued ('000)	**505,355**	505,355	**505,355**	505,355
Net asset value per share (US$ cents per share)	**71.1**	64.4	**33.9**	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

9M2011 vs 9M2010/ 3Q2011 vs 3Q2010

Group's revenue increased by US$155.1 million or 49.5%, to US$468.9 million in 9M2011 compared to US$313.8 million for the corresponding period ended 30 September 2010 ("**9M2010**"). For 3Q2011, Group's revenue was US$137.7 million, 12.5% higher than the US$122.4 million recorded in third quarter 2010 ("**3Q2010**"). The strong growth in revenue for the Group was driven by progressive revenue recognition from the various contracts awarded to the Group in year 2010 and 2011 as works progressed, concentrated in South Asia and Southeast Asia regions.

(b) Cost of sales and gross profit

9M2011 vs 9M2010/ 3Q2011 vs 3Q2010

With higher revenue earned, cost of sales increased by US$149.3 million or 60.8%, from US$245.7 million in 9M2010 to US$395.0 million in 9M2011. For 3Q2011, cost of sales increased by US$19.0 million, from US$95.9 million in 3Q2010 to US$114.9 million in 3Q2011. Cost of sales comprises mainly of charter hire, sub-contractor cost, material cost, salaries and labour related cost and consumables. Overall gross profit margin narrowed to 15.8% in 9M2011 from 21.7% in 9M2010, lower gross profit margin was also accredited to a deferred project in South Asia which was completed in first quarter 2011 ("**1Q2011**").

(c) Other operating income

The breakdown of other operating income is as follows:

	Group			
	3Q2011 US$'000	3Q2010 US$'000	**9M2011 US$'000**	9M2010 US$'000
Fair value gain on financial liabilities designated as at fair value through profit or loss	**9,399**	-	**19,790**	-
Foreign exchange gain	**4,429**	-	**-**	-
Gain on disposal of property, plant and equipment	**-**	4,852	**-**	5,144
Gain on disposal of assets held for sale	**312**	2,127	**3,555**	12,101
Interest income	**843**	124	**1,616**	382
Others	**1,165**	646	**5,239**	5,191
	16,148	7,749	**30,200**	22,818

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 (cont'd)

9M2011 vs 9M2010

Other operating income increased by US$7.4 million or 32.4%, from US$22.8 million in 9M2010 to US$30.2 million in 9M2011. The increase was due mainly to changes in fair value of financial derivative embedded in the Convertible Bonds of US$19.8 million in 9M2011, 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 first quarter 2010 ("**1Q2010**") respectively.

3Q2011 vs 3Q2010

For 3Q2011, other operating income increased by US$8.4 million or 108.4%, from US$7.7 million in 3Q2010 to US$16.1 million in 3Q2011. The increase was due mainly to foreign exchange gain of US$4.4 million and changes in fair value of financial derivative embedded in the Convertible Bonds of US$9.4 million.

(d) Administrative expenses

9M2011 vs 9M2010/ 3Q2011 vs 3Q2010

Administrative expenses for 9M2011 increased by US$10.4 million or 38.7%, from US$26.9 million in 9M2010 to US$37.3 million in 9M2011. As for 3Q2011, administrative expenses increased by US$2.6 million or 25.8%, from US$10.4 million in 3Q2010 to US$13.0 million in 3Q2011. As at 30 September 2011 and 30 September 2010, the Group had 1,676 and 1,290 employees respectively (inclusive of onshore and offshore personnel).

(e) Other operating expenses

The breakdown of other operating expenses is as follows:

	Group			
	3Q2011 US$'000	3Q2010 US$'000	**9M2011 US$'000**	9M2010 US$'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	**1,178**	9,276
Loss on dilution of subsidiaries/ associate	**-**	-	**-**	917
Loss on disposal of property, plant and equipment	**653**	-	**1,168**	-
Others	**94**	161	**644**	638
	747	10,042	**2,990**	17,771

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 (cont'd)

9M2011 vs 9M2010/ 3Q2011 vs 3Q2010

Other operating expenses decreased by approximately US$14.8 million or 83.2%, from US$17.8 million in 9M2010 to US$3.0 million in 9M2011. As for 3Q2011, other operating expenses decreased by US$9.3 million or 92.6%, from US$10.0 million in 3Q2010 to approximately US$747,000 in 3Q2011. The decrease was due mainly to the changes in fair value of financial derivative embedded in the Convertible Bonds and higher foreign exchange losses recorded in 9M2010/3Q2010.

The foreign exchange losses incurred for the periods under review were due to the partial unwinding of cash flow hedges in relation to the MTN series 3 and series 4 in the beginning of 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 (series 3 and series 4 were redeemed in March 2011). This realized exchange loss was however partially offset with unrealized foreign exchange gain in Q32011 as a result of appreciation of United State Dollars in September 2011. Cash flow hedges in relation to the MTN series 1 and series 2 were unwounded in 1Q2010.

(f) Share of (losses)/ profit from associates and joint ventures

9M2011 vs 9M2010/ 3Q2011 vs 3Q2010

Share of profit of associates and joint ventures decreased by approximately US$488,000 or 23.5%, from US$2.1 million in 9M2010 to US$1.6 million in 9M2011. For 3Q2011, the Group recorded higher share of losses from associates and joint ventures of approximately US$960,000, as compared to share of marginal profit from associates and joint ventures of US$454,000 in 3Q2010. The decrease was due mainly to certain associates and joint ventures recorded operating losses.

(g) Finance costs

9M2011 vs 9M2010/ 3Q2011 vs 3Q2010

Finance costs rose by approximately US$510,000 or 3.4% from US$15.2 million in 9M2010 to US$15.7 million in 9M2011 (net of capitalization). The higher interest expense incurred in 9M2011 was due mainly to higher bank borrowing and higher principal amount of the multicurrency medium term notes series 7, series 8 and series 9 issued in quarter 3 of 2010, quarter 4 of 2010 and quarter 1 of 2011, respectively. This was offset by the redemption of series 1 and 2 in third quarter 2010 and series 3 and series 4 in first quarter 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)**

(h) Profit for the period

9M2011 vs 9M2010/ 3Q2011 vs 3Q2010

With the above, profit for 9M2011 increased by US$9.9 million or 32.9%, from US$ 30.4 million in 9M2010 to US$40.3 million in 9M2011. As for 3Q2011, profit increased by approximately US$7.9 million or 98.4%, from US$8.0 million in 3Q2010 to US$15.9 million in 3Q2011.

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:

	Group			
	3Q2011 US$'000	3Q2010 US$'000	**9M2011 US$'000**	9M2010 US$'000
Profit after tax	**15,875**	8,002	**40,328**	30,355
Adjusted for:				
Fair value (gain)/loss on financial liabilities designated as at fair value through profit or loss	**(9,399)**	4,670	**(19,790)**	6,940
One-off IPO expenses incurred by subsidiary	**-**	1,000	**-**	1,000
Adjusted profit	**6,476**	13,672	**20,538**	38,295
Net profit margin before adjustment	**11.5%**	6.5%	**8.6%**	9.7%
Adjusted net profit margin	**4.7%**	11.2%	**4.4%**	12.2%

Statements of Financial Position

(i) Trade receivables

In line with the increase in revenue, Group's trade receivables increased by US$27.6 million from US$109.3 million as at 31 December 2010 to US$136.9 million as at 30 September 2011. Subsequent to 30 September 2011, the Group received settlement of approximately US$49.5 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$30.8 million from US$143.7 million as at 31 December 2010 to US$112.9 million as at 30 September 2011. The decrease was due mainly to progressive billing to customers for the works performed during the period under review, the movement of EWIP was also due 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.

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.

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)**

(k) Inventories

Inventories decreased by US$14.8 million, from US$20.2 million as at 31 December 2010 to US$5.4 million as at 30 September 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	
	9M2011	FY2010
	US$'000	US$'000
Deposits and prepayments	**28,039**	21,708
Other receivables	**70,819**	82,113
	98,858	103,821

Other current receivables decreased by approximately US$4.9 million from US$103.8 million as at 31 December 2010 to US$98.9 million as at 30 September 2011. Other current receivables mainly comprise:

i) prepaid vessels conversion and pre-operating cost which are amortized over the term of the charter;

ii) prepaid chartering expenses;

iii) advance payments to sub-contractors and suppliers for projects executing in South Asia; and

iv) advances to/ amounts due from certain joint ventures and associates.

Decrease in other current receivables was due mainly to repayment from other debtors, this was however partially offset by the increase of vessel conversion cost.

(m) Property, plant and equipment

Property, plant and equipment increased by US$251.6 million from US$316.9 million as at 31 December 2010 to US$568.5 million as at 30 September 2011. The increase was due to:

1) An acquisition of a derrick pipelay barge which was previously owned by a joint venture.

2) increase in construction work-in-progress in relation to vessels under construction and acquisition of office building. Assets under construction are not depreciated.

Depreciation increased by approximately US$3.8 million or 35.7%, from US$10.6 million in 9M2010 to US$14.4 million in 9M2011. The increase was due mainly to addition of the derrick pipelay barge.

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)**

(n) Associates

Investment in associates increased by US$43.2 million, from US$57.2 million as at 31 December 2010 to US$100.4 million as at 30 September 2011. The increase was due mainly to:

1) acquisition of 49.31% shares in Atlantis Navigation AS (Atlantis Navigation AS is an investment holding company that own two vessels),

2) subscription of rights issue shares in Vallianz Holdings Limited; and

3) acquisition of 49% of Resolute Pte Ltd.

(o) Other receivables (non-current)

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

	Group	
	9M2011	FY2010
	US$'000	US$'000
Deposits and prepayments	**53,108**	51,191
Other receivables	**24,475**	24,475
	77,583	75,666

Other non-current receivables increased slightly by US$1.9 million from US$75.7 million as at 31 December 2010 to US$77.6 million as at 30 September 2011.

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.

(p) Total current and non-current borrowings

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

	9M2011	FY2010
	US$'000	US$'000
Current borrowings	**202,784**	161,335
Non-current borrowings	**321,887**	311,664
	524,671	472,999

Total current and non-current borrowings increased by US$51.7 million from US$473.0 million as at 31 December 2010 to US$524.7 million as at 30 September 2011. The increase was due to proceed from bonds issued, and higher bank borrowings and finance leases to finance the acquisition of office building and equipment.

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 (cont'd)

Net debt-to-equity ratio is as follows:

Financial period ended	30 September 2011	30 June 2011	31 March 2011	31 December 2010	30 September 2010
Net debt-to-equity ratio	0.85	1.06	1.03	0.94	0.86

For the 9M2011, the Group has the following outstanding bonds and convertible loan notes:

Bonds

		Group	
Multicurrency medium term notes	Due Date	**9M2011 US$'000**	FY2010 US$'000
Current			
- series 3	March 2011	**-**	38,209
- series 4	March 2011	**-**	38,209
- series 7	August 2012	**83,024**	-
		83,024	76,418
Non-current			
- series 7	August 2012	**-**	84,337
- series 8	October 2013	**60,146**	61,912
- series 9	July 2014	**90,044**	-
		150,190	146,249

Series 3 and series 4 were 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.

Convertible loan notes

	Group		
	9M2011 US$'000	FY2010 US$'000	**Due Date**
Non-current			
Nominal value of the Convertible Bonds	**100,000**	100,000	October 2014
Fair value through profit or loss	**(5,950)**	13,813	
	94,050	113,813	

The decreased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US$19.8 million in 9M2011, such changes in fair value was accounted for at fair value through profit or 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)**

(q) Other payables (current)

The breakdown of other payables is as follows:

	Group	
	9M2011	FY2010
	US$'000	US$'000
Accruals	**45,383**	51,836
Deposits received from customers	**5,205**	2,752
Other payables	**36,066**	27,549
	86,654	82,137

Other current payables increased by US$4.6 million from US$82.1 million as at 31 December 2010 to US$86.7 million as at 30 September 2011. The increase was due mainly to increase in various input taxes but was however offset by the decrease accrued operating cost.

(r) Non-controlling interests

Non-controlling interests increased by US$133.5 million from US$30.6 million as at 31 December 2010 to US$164.1 million as at 30 September 2011. This was due to the Group acquired a derrick pipelay barge by way of issuance of 1,237,500 redeemable preference shares of US$100 per share.

Consolidated Statement of Cash Flows

(s) Cash flow used in operating activities

In 3Q2011, the Group net cash used in operating activities amounted US$10.5 million. This comprised operating cash flow before working capital changes of US$21.0 million, and adjusted for net working capital outflows of US$22.3 million and income tax and interest payment of US$9.2 million. The net working capital outflows were mainly the result of the followings:

(i) an increase in trade receivables and EWIP of US$25.6 million;

(ii) a decrease in other receivables of US$18.2 million; and

(iii) an decrease in trade and other payables of US$19.4 million.

(t) Cash flow used in investing activities

In 3Q2011, the Group's net cash used in investing activities amounted to US$59.7 million, which was due mainly to addition to property, plant and equipment and investment in associates of total US$63.1 million.

(u) Cash flow from financing activities

In 3Q2011, the Group recorded a net cash inflow from financing activities of US$43.6 million, which was due to new bank borrowings amounting to US$131.8 million. This cash inflow was however offset by repayment of bank loans amounting to US$86.9 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)**

(v) Cash and cash equivalents

Cash and cash equivalents decreased by approximately US$30.3 million from US$97.6 million as at 30 September 2010 to US$67.3 million as at 30 September 2011.

The Group has positive working capital of US$91.0 million and together with its strong balance sheet; there are sufficient funds to satisfy both maturing short-term debts 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 has secured to date, new contract wins amounting to US$758.0 million in 2011 from oil and gas majors for work in South Asia and Southeast Asia and the Middle East and the bidding activity in the industry remains active.

The Group continues to strengthen its position as an experienced and reputable offshore service provider within the market. Offshore exploration and development is forecast to increase in prominence in the near-term, notwithstanding the fears of a new dip into recession, the management remains confident in the long-term value of oil, and the need to repair and maintain ageing oilfield structure, replace and locate new reserves has encouraged oil and gas companies to explore in offshore locations. With the right resources, 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; and continuously exploring new opportunities to leverage on the strong track record. As of November 2011, the Group has an order book of approximately US$1 billion and it is expected to contribute to the Group's results over the next two years, barring unforeseen circumstances. The Group will also conservatively manage its debts, and leverage should benefit from the positive outlook of the offshore industry.

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 2011 is declared or recommended.

13. Interested person transaction

There was no interested person transaction during the period under review.

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 2011** to be false or misleading in any material aspect.

On behalf of the Board of Directors

Raymond Kim Goh
Director
Executive Chairman

Francis Wong Chin Sing
Director
Group Chief Executive Officer and President

BY ORDER OF THE BOARD

Lee Bee Fong
Company secretary
14 November 2011