



**SWIBER HOLDINGS LIMITED**

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**Financial Statements And Dividends Announcement**

**For The First Quarter And Three Months Ended  
31 March 2012**

**UNAUDITED FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2012 (“1Q2012”).**

**1(a)(i) Consolidated Income Statement**

	Group		Change
	1Q2012 US'000	1Q2011 US'000	
<b>Revenue</b>	<b>194,426</b>	150,624	29.1%
<b>Cost of sales</b>	<b>(155,996)</b>	(126,200)	23.6%
<b>Gross profit</b>	<b>38,430</b>	24,424	57.3%
Other operating income	<b>1,900</b>	11,023	-82.8%
Administrative expenses	<b>(13,816)</b>	(12,686)	8.9%
Other operating expenses	<b>(5,460)</b>	(4,448)	22.8%
Finance costs	<b>(6,242)</b>	(7,796)	-19.9%
Share of profit of associates and joint ventures	<b>2,476</b>	3,004	-17.6%
<b>Profit before tax</b>	<b>17,288</b>	13,521	27.9%
Income tax expenses	<b>(4,739)</b>	(1,668)	184.1%
<b>Profit for the period</b>	<b>12,549</b>	11,853	5.9%
Attributable to :			
Owners of the company	<b>8,646</b>	9,668	-10.6%
Non-controlling interests	<b>3,903</b>	2,185	78.6%
	<b>12,549</b>	11,853	
Gross profit margin	<b>19.8%</b>	16.2%	
Net profit margin	<b>6.5%</b>	7.9%	
EBITDA* (US\$'000)	<b>27,626</b>	24,220	
EBITDA* margin	<b>14.2%</b>	16.1%	

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

N/M : Not Meaningful

**1(a)(i) Consolidated Statement of Comprehensive Income**

	<b>Group</b>		
	<b>1Q2012</b>	1Q2011	
	<b>US\$'000</b>	US\$'000	Change
<b>Profit for the period</b>	<b>12,549</b>	11,853	
Other comprehensive income:			
Cash flow hedges	<b>319</b>	1,099	-71.0%
Currency translation differences on translation of foreign operations	<b>414</b>	338	22.5%
Total comprehensive income for the period	<b>13,282</b>	13,290	
Total comprehensive income attributable to:			
Owners of the company	<b>9,379</b>	11,105	-15.5%
Non-controlling interests	<b>3,903</b>	2,185	78.6%
Total	<b>13,282</b>	13,290	

**1(a)(ii) Profit for the period is determined after charging/ (crediting) the followings:**

	<b>Group</b>		
	<b>1Q2012</b>	1Q2011	
	<b>US\$'000</b>	US\$'000	
<b><u>Charging:</u></b>			
Depreciation of property, plant and equipment	<b>6,038</b>	4,713	28.1%
Employees' share option/ awards expense	<b>441</b>	797	N/M
Fair value loss on financial liabilities designated as at fair value through profit or loss	<b>1,788</b>	-	N/M
Foreign exchange losses	<b>3,482</b>	4,126	N/M
Interest on borrowings	<b>4,300</b>	5,986	-28.2%
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<b><u>Crediting:</u></b>			
Interest income	<b>(439)</b>	(227)	93.4%
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	<b>(417)</b>	(4)	N/M
Gain on disposal of assets held for sale	-	(538)	-100.0%
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N/M: Not Meaningful

**1(b)(i) Statements of Financial Position**

	<b>Group</b>		<b>Company</b>	
	<b>3M2012</b>	FY2011	<b>3M2012</b>	FY2011
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and bank balances	<b>139,333</b>	116,458	<b>24,755</b>	8,476
Trade receivables	<b>336,422</b>	276,660	-	-
Construction contract work-in progress	<b>3,746</b>	4,768	-	-
Inventories	<b>71,845</b>	91,696	-	-
Other assets and receivables	<b>186,880</b>	118,832	<b>905,797</b>	764,116
Total current assets	<b>738,226</b>	608,414	<b>930,552</b>	772,592
<b>Non-current assets</b>				
Property, plant and equipment	<b>491,570</b>	552,736	<b>474</b>	583
Goodwill	<b>309</b>	309	-	-
Subsidiaries	-	-	<b>249,628</b>	249,628
Associates	<b>111,648</b>	110,447	<b>33,428</b>	33,428
Joint ventures	<b>18,756</b>	20,238	-	-
Other assets and receivables	<b>80,154</b>	82,808	<b>15,821</b>	16,305
Derivative financial instruments	<b>6,876</b>	-	<b>6,195</b>	-
Total non-current assets	<b>709,313</b>	766,538	<b>305,546</b>	299,944
<b>Total assets</b>	<b>1,447,539</b>	1,374,952	<b>1,236,098</b>	1,072,536

**1(b)(i) Statements of Financial Position (cont'd)**

	Group		Company	
	3M2012 US\$'000	FY2011 US\$'000	3M2012 US\$'000	FY2011 US\$'000
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	150,131	154,782	-	-
Other payables	88,702	98,106	565,946	462,180
Bank loans	128,461	105,757	-	-
Bonds	132,626	128,445	132,626	128,445
Convertible loan notes	104,358	102,570	104,358	102,570
Finance leases	7,374	4,384	153	184
Income tax payable	10,444	8,608	-	143
Total current liabilities	<b>622,096</b>	602,652	<b>803,083</b>	693,522
<b>Non-current liabilities</b>				
Bank loans	71,894	76,625	-	-
Bonds	157,898	151,330	157,898	151,330
Finance leases	3,688	7,840	170	225
Derivative financial instruments	-	3,908	-	3,855
Deferred tax liabilities	9,015	9,005	18	19
Total non-current liabilities	<b>242,495</b>	248,708	<b>158,086</b>	155,429
<b>Capital, reserves and non- controlling interests</b>				
Share capital	208,246	158,006	208,246	158,006
Treasury shares	(1,643)	(2,507)	(1,643)	(2,507)
Hedging reserve	(1,672)	(1,991)	(1,672)	(1,991)
Translation reserve	952	538	-	-
Equity reserve	(8,269)	(8,206)	(63)	-
Employees' share option reserve	3,651	4,009	3,651	4,009
Retained earnings	216,351	209,314	66,410	66,068
Equity attributable to owners of the company	<b>417,616</b>	359,163	<b>274,929</b>	223,585
Non-controlling interests	165,332	164,429	-	-
Total equity	<b>582,948</b>	523,592	<b>274,929</b>	223,585
<b>Total liabilities and equity</b>	<b>1,447,539</b>	1,374,952	<b>1,236,098</b>	1,072,536

**1(b)(ii) Group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>Group</b>		<b>Group</b>	
<b>3M2012</b>		<b>FY2011</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>135,835</b>	<b>236,984</b>	<b>110,141</b>	<b>231,015</b>

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>3M2012</b>		<b>FY2011</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>75,582</b>	<b>157,898</b>	<b>84,465</b>	<b>151,330</b>

The bank loans and finance leases are secured by:

- (i) First legal mortgage over certain vessels, 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) Consolidated Statement of Cash Flows**

	Group	
	1Q2012 US\$'000	1Q2011 US\$'000
<b>Operating activities</b>		
Profit after income tax	12,549	11,853
Adjustments for :		
Income tax expenses	4,739	1,668
Bad debts written off	-	12
Depreciation of property, plant and equipment	6,038	4,713
Employees' share options/ awards expense	441	797
Fair value loss/ (gain) on financial liabilities designated as at fair value through profit and loss	1,788	(6,924)
Finance cost	6,242	7,796
Foreign exchange loss	2,667	133
Gain on disposal of assets held for sale	-	(538)
Gain on disposal of property, plant and equipment	(417)	(4)
Interest income	(439)	(227)
Loss on disposal of subsidiary	50	-
Property, plant and equipment written off	-	1
Share of profit of associates and joint ventures	(2,476)	(3,004)
Operating cash flows before movements in working capital	<b>31,182</b>	16,276
Trade receivables	(59,762)	20,644
Construction work in progress	1,021	(2,759)
Inventories	19,851	13,645
Other assets and receivables	(73,268)	(6,871)
Trade payables	4,707	(24,155)
Other payables	38,099	(2,067)
Cash (used in)/ generated from operations	<b>(38,170)</b>	14,713
Income taxes paid	(2,896)	(33)
Interest expense paid	(1,191)	(3,674)
Net cash (used in)/ generated from operating activities	<b>(42,257)</b>	11,006
<b>Investing activities</b>		
Interest income received	439	227
Disposal of subsidiary	(885)	-
Dividend received from associates/ joint ventures	2,470	2,080
Proceeds on disposal of property, plant and equipment	35	127
Proceeds on disposal of assets held for sale	-	11,054
Purchases of property, plant and equipment	(28,846)	(47,708)
Purchases of assets held for sale	-	(5,538)
Investment in associates	-	(19,671)
Investment in joint ventures	(23)	-
Net cash used in investing activities	<b>(26,810)</b>	(59,429)



**1(c) Consolidated Statement of Cash Flows (cont'd)**

	<b>Group</b>	
	<b>1Q2012</b>	1Q2011
	<b>US\$'000</b>	US\$'000
<b>Financing activities</b>		
Pledged deposits	<b>(12,153)</b>	2,391
Proceeds on issuance of bonds	-	92,225
Proceeds on issuance of ordinary shares	<b>50,240</b>	-
Redemption of bonds	-	(72,046)
Redemption of preference shares issued by a subsidiary	<b>(3,000)</b>	-
Repayment of obligations under finance leases	<b>(1,162)</b>	(507)
New bank loans raised	<b>118,802</b>	76,801
Repayment of bank loans	<b>(72,932)</b>	(60,444)
Net cash generated from financing activities	<b>79,795</b>	38,420
Net increase/ (decrease) in cash and cash equivalents	<b>10,728</b>	(9,850)
Cash and cash equivalents at beginning of the period	<b>103,388</b>	123,908
Effect of exchange rate changes on the balance of cash held in foreign currencies	<b>(6)</b>	47
<b>Cash and cash equivalents at end of the period</b>	<b>114,110</b>	114,105
Cash and cash equivalents consist of:		
Cash at bank	<b>113,959</b>	112,309
Fixed deposits	<b>25,325</b>	13,278
Cash on hand	<b>49</b>	66
	<b>139,333</b>	125,653
Less: Pledged cash placed with banks	<b>(25,223)</b>	(11,548)
Total	<b>114,110</b>	114,105

**1(d)(i) Statements of Changes in Equity**

	Share capital	Treasury shares	Hedging reserve	Translation reserve	Equity reserve	Employees' share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>GROUP</b>										
<b>Balance at 1 January 2012</b>	158,006	(2,507)	(1,991)	538	(8,206)	4,009	209,314	359,163	164,429	523,592
Total comprehensive income for the period	-	-	319	414	-	-	8,646	9,379	3,903	13,282
Proceeds from shares issued	50,240	-	-	-	-	-	-	50,240	-	50,240
Value of employee services received for issue of share options	-	-	-	-	-	(358)	-	(358)	-	(358)
Performance shares awarded using treasury shares	-	864	-	-	(63)	-	-	801	-	801
Change of interest in subsidiary	-	-	-	-	-	-	53	53	-	53
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	(1,662)	(1,662)	-	(1,662)
<b>Balance at 31 March 2012</b>	<b>208,246</b>	<b>(1,643)</b>	<b>(1,672)</b>	<b>952</b>	<b>(8,269)</b>	<b>3,651</b>	<b>216,351</b>	<b>417,616</b>	<b>165,332</b>	<b>582,948</b>
<b>Balance at 1 January 2011</b>	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
<b>Balance at 31 March 2011</b>	<b>158,006</b>	<b>(2,507)</b>	<b>(1,704)</b>	<b>845</b>	<b>(8,206)</b>	<b>797</b>	<b>189,237</b>	<b>337,567</b>	<b>32,791</b>	<b>370,358</b>
<b>COMPANY</b>										
<b>Balance at 1 January 2012</b>	158,006	(2,507)	(1,991)	-	-	4,009	66,068	223,585	-	223,585
Total comprehensive income for the period	-	-	319	-	-	-	342	661	-	661
Proceeds from shares issued	50,240	-	-	-	-	-	-	50,240	-	50,240
Value of employee services received for issue of share options	-	-	-	-	-	(358)	-	(358)	-	(358)
Performance shares awarded using treasury shares	-	864	-	-	(63)	-	-	801	-	801
<b>Balance at 31 March 2011</b>	<b>208,246</b>	<b>(1,643)</b>	<b>(1,672)</b>	<b>-</b>	<b>(63)</b>	<b>3,651</b>	<b>66,410</b>	<b>274,929</b>	<b>-</b>	<b>274,929</b>
<b>Balance at 1 January 2011</b>	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
<b>Balance at 31 March 2011</b>	<b>158,006</b>	<b>(2,507)</b>	<b>(605)</b>	<b>-</b>	<b>-</b>	<b>797</b>	<b>7,449</b>	<b>162,343</b>	<b>-</b>	<b>162,343</b>

## 1(d)(ii) Changes in the company's share capital

### **A) 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 23 March 2012, the conversion price has been reset downwards to the VWAP of S\$0.84<sup>1</sup>.

**For the purpose of illustration**, assuming that all the Convertible Bonds are converted at current conversion price of S\$0.84, the aggregate number of shares that may be issued on conversion would be approximately 172,413,793. This represents approximately 28.4% of the Company's existing share capital of 607,457,666 shares (net of treasury shares).

<sup>1</sup> please read announcement released via SGXNet on 23 March 2012 for details.

### **B) SHARE OPTION SCHEME**

Date of grant	1 January 2012	Granted	31 March 2012	Exercise price per share
26-Jan-2011	15,000,000	-	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.

## 1(d)(ii) Changes in the company's share capital. (cont'd)

### C) PERFORMANCE SHARE PLAN

Date of grant	1 January 2012	Granted	Vested	31 March 2012
26-Jan-2011	3,095,000	-	(1,031,666)	2,063,334

The above-mentioned share awards were all granted to the senior management of the Company.

Validity period of the awards:

- (a) Vesting period : over 3 years
- (b) Release schedule : one third of the awards shall be vested in each year on the anniversary of the awards.

### D) SHARES PLACEMENT

The Company had on 15 March 2012, 20 March 2012 and 23 March 2012 announced the proposed and completion of placement of 101,071,000 new ordinary shares ("**Placement**") at S\$0.635 for each placement share.

The placement shares were issued pursuant to the shareholders' general mandate issued at the Company's annual general meeting held on 14 April 2011.

Following the Placement exercises, the number of issued and paid up ordinary shares of the Company increased to 607,457,666 shares (net of treasury shares).

## 1(d)(iii) Issued shares (excluding treasury shares)

	3M2012	FY2011
Total number of issued shares	<b>607,457,666</b>	505,355,000

## 1(d)(iv) Treasury shares

	3M2012	FY2011
Total number of treasury shares	<b>1,963,334</b>	2,995,000

On 26 January 2012, 1,031,666 treasury shares were transferred for the purpose of the performance share plan.

## 2. Audit

Except for the comparative balance sheets of the Company and its subsidiaries (the “Group”) and of the Company as at 31 December 2011, the financial statements have not been audited or reviewed by the Company's auditors.

## 3. Auditors' report

Not applicable.

## 4. Accounting policies.

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 2011.

## 5. Changes in the accounting policies.

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 2012. The adoption of these new and revised FRSs have no material impact to the result of the Group and of the Company for 1Q2012.

## 6. Earnings per ordinary share

	Group	
	1Q2012	1Q2011
Net profit after tax attributable to owners of the Company	8,646	9,668
Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	1.5	1.9
b) Based on fully diluted basis (US\$ cents)	1.5	1.9
Weighted average number of shares applicable to basic earnings per share ('000)	594,359	505,355
Weighted average number of shares based on fully diluted basis ('000)	594,359	505,355

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

	Group		Company	
	3M2012	FY2011	3M2012	FY2011
Net asset value (US\$'000)	<b>417,616</b>	359,163	<b>274,929</b>	223,585
Total number of shares issued ('000)	<b>607,458</b>	505,355	<b>607,458</b>	505,355
Net asset value per share (US\$ cents per share)	<b>68.7</b>	71.1	<b>45.3</b>	44.2

## 8. Review of the group performance

### Consolidated Income Statement and Statement of Comprehensive Income

#### **(a) Revenue**

Group's revenue increased by US\$43.8 million or 29.1%, from US\$150.6 million in first quarter ended 31 March 2011 ("**1Q2011**") to US\$194.4 million in 1Q2012. The growth in revenue was due to progressive revenue recognition from the various contracts awarded to the Group in year 2010 and 2011 as works progressed, concentrated in South East Asia and South Asia regions.

#### **(b) Cost of sales and gross profit**

In consistent with a higher proportion of revenue, cost of sales increased by US\$29.8 million or 23.6%, from US\$126.2 million in 1Q2011 to US\$156.0 million in 1Q2012. Cost of sales comprises mainly charter hire, sub-contractor cost, material cost, crew salaries and related expenses, depreciation and labor related cost and consumables. In 1Q2012, the Group also recorded higher gross profit margin of 19.8%, as compared to 16.2% in 1Q2011.

#### **(c) Other operating income**

Other operating income decreased by US\$9.1 million or 82.8%, from US\$11.0 million in 1Q2011 to US\$1.9 million in 1Q2012. The decrease was due mainly to the followings:

- i) gain on changes in fair value of financial derivative embedded in the Convertible Bonds of US\$6.9 million recorded in 1Q2011; and
- ii) realized gain on interest rate swap contract (related to the multicurrency medium term note) of US\$2.9 million in 1Q 2011.

#### **(d) Administrative expenses**

Administrative expenses for 1Q2012 increased by US\$1.1 million or 8.9%, from US\$12.7 million in 1Q2011 to US\$13.8 million in 1Q2012. The increase was due mainly to inclusion of first three months depreciation of an office building acquired at end of 1Q2011 and increase in head count. As at 31 March 2012 and 31 March 2011, the Group had 2,604 and 1,962 employees respectively (inclusive of onshore and offshore personnel).

**(e) Other operating expenses**

Other operating expenses increased by approximately US\$1.0 million or 22.8%, from US\$4.4 million in 1Q2011 to US\$5.5 million in 1Q2012. The increase was due mainly to the changes in fair value of financial derivative embedded in the Convertible Bonds of US\$1.8 million.

**(f) Share of profit from associates and joint ventures**

Share of profit of associates and joint ventures decreased by approximately US\$528,000 or 17.6%, from US\$3.0 million in 1Q2011 to US\$2.5 million in 1Q2012. The decrease was due mainly to certain joint ventures recorded operating losses.

**(g) Finance costs**

Finance costs decreased by US\$1.6 million or 19.9% from US\$7.8 million in 1Q2011 to US\$6.2 million in 1Q2012. Lower interest expense recorded in 1Q2012 was due to capitalization of borrowing costs that are directly attributable to the construction of a derrick crane barge.

**(h) Profit for the period**

Given the above, profit for 1Q2012 increased marginally by approximately US\$696,000 or 5.9%, from US\$11.9 million in 1Q2011 to US\$12.5 million in 1Q2012.

**Statements of Financial Position**

**(i) Trade receivables and construction work in progress ("CWIP")**

In line with the increase in revenue, Group's trade receivables and CWIP increased by US\$58.7 million from US\$281.4 million as at 31 December 2011 to US\$340.2 million as at 31 March 2012. Subsequent to 31 December 2011, the Group received settlement and billing of approximately US\$75.0 million.

**(j) Inventories**

Inventories decreased by US\$19.9 million, from US\$91.7 million as at 31 December 2011 to US\$71.8 million as at 31 March 2012, the decrease was due to continued consumption of materials in project execution.

**(k) Other assets and receivables (current)**

Other current receivables increased by US\$68.0 million from US\$118.8 million as at 31 December 2011 to US\$186.9 million as at 31 March 2012. The increase was due to:

- i) increase in various output taxes; and
- ii) advance payments to sub-contractors and suppliers for projects executing in South Asia and advances to associates and joint ventures.
- iii) increase in amount due from associate as a result of partial disposal of shares in a subsidiary with retention of an associate status.

**(l) Property, plant and equipment**

Property, plant and equipment decreased by US\$61.2 million from US\$552.7 million as at 31 December 2011 to US\$491.6 million as at 31 March 2012. The decrease was due to partial disposal of shares in a subsidiary with retention of an associate status.

Depreciation increased by US\$1.3 million or 28.1%, from US\$4.7 million in 1Q2011 to US\$6.0 million in 1Q2012. The increase was due mainly to addition of the derrick pipelay barge in financial year 2011.

Assets under construction are not depreciated.

**(m) Associates and joint ventures**

Investment in associates increased by US\$1.2 million, from US\$110.4 million as at 31 December 2011 to US\$111.7 million as at 31 March 2012. The increase was due mainly to share of profit of associates.

Investment in joint ventures decreased by US\$1.5 million, from US\$20.2 million as at 31 December 2011 to US\$18.8 million as at 31 March 2012. The decrease was due mainly to operating losses incurred by the certain joint ventures.

**(n) Other assets and receivables (non-current)**

Other non-current receivables decreased by US\$2.7 million from US\$82.8 million as at 31 December 2011 to US\$80.2 million as at 31 March 2012, the decrease was due mainly to amortization of capitalized vessel cost.

Other assets and receivables include 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.



**(o) Total current and non-current borrowings**

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

	<b>3M2012</b>	FY2011
	<b>US\$'000</b>	US\$'000
Current borrowings	<b>372,819</b>	341,156
Non-current borrowings	<b>233,480</b>	235,795
	<b>606,299</b>	576,951

Total current and non-current borrowings increased by US\$29.3 million from US\$577.0 million as at 31 December 2011 to US\$606.3 million as at 31 March 2012. The increase was due to higher bank borrowings.

Net debt-to-equity ratio is as follows:

Financial period ended	31 March 2012	31 December 2011	30 September 2011	30 June 2011	31 March 2011
Net debt-to-equity ratio	0.80	0.88	0.85	1.06	1.03

As at 31 March 2012, the Group has the following outstanding bonds and convertible loan notes:

**Bonds**

Multicurrency medium term notes	Interest rate	Due Date	<b>3M2012</b>	<b>3M2012</b>	FY2011
			<b>S\$'000</b>	<b>US\$'000</b>	US\$'000
<b>Group</b>					
<u>Current</u>					
- series 7	5.75%	31 August 2012	<b>110,000</b>	<b>86,864</b>	83,694
- series 10	5.0%	25 October 2012	<b>60,000</b>	<b>45,762</b>	44,751
			<b>170,000</b>	<b>132,626</b>	128,445
<u>Non-current</u>					
- series 8	5.8%	11 October 2013	<b>80,000</b>	<b>63,293</b>	60,620
- series 9	5.9%	25 July 2014	<b>120,000</b>	<b>94,605</b>	90,710
			<b>200,000</b>	<b>157,898</b>	151,330

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.

**(o) Total current and non-current borrowings (cont'd)**

**Convertible loan notes**

	Group		Due Date
	3M2012 US\$'000	FY2011 US\$'000	
<u>Current</u>			
Nominal value of the Convertible Bonds	100,000	100,000	October 2014
Fair value through profit or loss	4,358	2,570	
	104,358	102,570	

The increased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US\$4.4 million in 1Q2012, such changes in fair value was accounted for at fair value through profit or loss.

All or some of the Convertible Loan Notes may be redeemed at the option of the relevant holder on 16 October 2012 at 100% of their principal amount.

**(p) Other payables (current)**

Other current payables decreased by US\$9.4 million from US\$98.1 million as at 31 December 2011 to US\$88.7 million as at 31 March 2012. The decrease was due mainly to lower accrual of project related expenses.

**Consolidated Statement of Cash Flows**

**(q) Cash flow used in operating activities**

In 1Q2012, the Group net cash used in operating activities amounted to US\$42.3 million, this comprised operating cash flow before working capital changes of US\$31.2 million, and adjusted for net working capital outflows of US\$69.4 million and income tax and interest payment of US\$4.1 million. The net working capital outflows were mainly the result of the followings:

- (i) increase in trade receivables of US\$59.8 million;
- (ii) increase in other assets receivables of US\$73.3 million;
- (iii) increase in trade and other payables of US\$42.8 million; and
- (iv) decrease in inventories of US\$19.9 million.

***(r) Cash flow used in investing activities***

In 1Q2012, the Group's net cash used in investing activities amounting to US\$26.8 million, which was due mainly to purchase of property, plant and equipment and capital expenditure of US\$28.8 million.

***(s) Cash flow generated from financing activities***

In 1Q2012, the Group recorded net cash inflow from financing activities of US\$79.8 million, which was due mainly to new bank borrowings and proceed on issuance of ordinary shares amounted to total US\$169.0 million. This cash inflow was however partially offset by repayment of bank loans amounting to US\$72.9 million.

**9. Forecast or a prospect statement**

Not applicable.

**10. Commentary of the significant trends and competitive conditions of the industry.**

Notwithstanding that world economy remains uncertain, largely due to financial instability of the European countries, global offshore oil production has been forecasted to grow steadily, and there is also the constant need for repair and maintenance of oil field infrastructure to ensure smooth production from the oil wells. The growth in offshore production is expected to drive global operation and capital expenditure. With oil prices forecasted to be at sustainable level, the demand for offshore engineering, procurement, installation and construction and support services should remain robust.

As of May 2012, the Group has an order book of approximately US\$1.2 billion and it is expected to contribute to the Group's results over the next two years, barring unforeseen circumstances.

The Group continues to strengthen its position as an experienced and reputable offshore service provider within the market and will continue to penetrate into new market. Offshore exploration and development is forecast to increase in prominence in the near-term. Notwithstanding the macro-economic uncertainty, the management remains confident in the long-term value of oil. 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.

**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 three months ended 31 March 2012 is declared or recommended.

**13. Interested person transaction**

The Group did not obtain a general mandate from its shareholders for interested person transactions.

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

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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 2012** 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**

Lee Bee Fong  
Company secretary  
14 May 2012