



**SWIBER HOLDINGS LIMITED**

**Financial Statements And Dividends Announcement**

**For The Second Quarter And Six Months Ended  
30 June 2012**

**UNAUDITED SECOND QUARTER ("2Q2012") FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012 ("6M2012").**
**1(a)(i) Consolidated Income Statement**

|   | Group              |                    |        | Group              |                    |        |
|---|--------------------|--------------------|--------|--------------------|--------------------|--------|
|   | 2Q2012<br>US\$'000 | 2Q2011<br>US\$'000 | Change | HY2012<br>US\$'000 | HY2011<br>US\$'000 | Change |
| <b>Revenue</b>  | <b>229,552</b>     | 180,585            | 27.1%  | <b>423,978</b>     | 331,209            | 28.0%  |
| <b>Cost of sales</b>  | <b>(196,895)</b>   | (153,949)          | 27.9%  | <b>(352,890)</b>   | (280,149)          | 26.0%  |
| <b>Gross profit</b>   | <b>32,657</b>      | 26,636             | 22.6%  | <b>71,088</b>      | 51,060             | 39.2%  |
| Other operating income                                      | <b>11,486</b>      | 7,458              | 54.0%  | <b>9,130</b>       | 18,481             | -50.6% |
| Administrative expenses                                     | <b>(13,506)</b>    | (11,546)           | 17.0%  | <b>(27,322)</b>    | (24,232)           | 12.8%  |
| Other operating expenses                                    | <b>(1,599)</b>     | (2,224)            | -28.1% | <b>(2,803)</b>     | (6,672)            | -58.0% |
| Share of profit/ (loss) of<br>associates and joint ventures | <b>4,119</b>       | (455)              | N/M    | <b>6,595</b>       | 2,549              | 158.7% |
| Finance costs   | <b>(7,258)</b>     | (2,824)            | 157.0% | <b>(13,500)</b>    | (10,620)           | 27.1%  |
| <b>Profit before tax</b>                                    | <b>25,899</b>      | 17,045             | 51.9%  | <b>43,188</b>      | 30,566             | 41.3%  |
| Income tax expenses   | <b>(4,985)</b>     | (4,445)            | 12.1%  | <b>(9,724)</b>     | (6,113)            | 59.1%  |
| <b>Profit for the period</b>                                | <b>20,914</b>      | 12,600             | 66.0%  | <b>33,464</b>      | 24,453             | 36.9%  |
| Attributable to :   |                    |                    |        |                    |                    |        |
| Owners of the company                                       | <b>15,112</b>      | 7,410              | 103.9% | <b>23,759</b>      | 17,078             | 39.1%  |
| Non-controlling interests                                   | <b>5,802</b>       | 5,190              | 11.8%  | <b>9,705</b>       | 7,375              | 31.6%  |
|   | <b>20,914</b>      | 12,600             |        | <b>33,464</b>      | 24,453             |        |
| Gross profit margin   | <b>14.2%</b>       | 14.7%              |        | <b>16.8%</b>       | 15.4%              |        |
| Net profit margin   | <b>9.1%</b>        | 7.0%               |        | <b>7.9%</b>        | 7.4%               |        |
| EBITDA* (US\$'000)  | <b>40,064</b>      | 21,557             |        | <b>69,632</b>      | 45,777             |        |
| EBITDA* margin  | <b>17.5%</b>       | 11.9%              |        | <b>16.4%</b>       | 13.8%              |        |

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

N/M : Not Meaningful

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

|   | Group              |                    |        | Group              |                    |        |
|---|--------------------|--------------------|--------|--------------------|--------------------|--------|
|   | 2Q2012<br>US\$'000 | 2Q2011<br>US\$'000 | Change | HY2012<br>US\$'000 | HY2011<br>US\$'000 | Change |
| <b>Profit for the period</b>                              | <b>20,914</b>      | 12,600             |        | <b>33,464</b>      | 24,453             |        |
| Other comprehensive income:                               |                    |                    |        |                    |                    |        |
| (Loss)/ gain on cash flow hedges                          | <b>(1,364)</b>     | (324)              | N/M    | <b>(1,045)</b>     | 775                | N/M    |
| Exchange differences on translation of foreign operations | <b>(262)</b>       | 535                | N/M    | <b>150</b>         | 873                | N/M    |
| Total comprehensive income for the period                 | <b>19,288</b>      | 12,811             |        | <b>32,569</b>      | 26,101             |        |
| Total comprehensive income attributable to:               |                    |                    |        |                    |                    |        |
| Owners of the company                                     | <b>13,486</b>      | 7,621              | 77.0%  | <b>22,862</b>      | 18,726             | 22.1%  |
| Non-controlling interests                                 | <b>5,802</b>       | 5,190              | 11.8%  | <b>9,707</b>       | 7,375              | 31.6%  |
| Total   | <b>19,288</b>      | 12,811             |        | <b>32,569</b>      | 26,101             |        |

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

|   | Group              |                    |        | Group              |                    |        |
|---|--------------------|--------------------|--------|--------------------|--------------------|--------|
|   | 2Q2012<br>US\$'000 | 2Q2011<br>US\$'000 | Change | HY2012<br>US\$'000 | HY2011<br>US\$'000 | Change |
| <b><u>Charging:</u></b>   |                    |                    |        |                    |                    |        |
| Bad debts written off   | 18                 | -                  | N/M    | 18                 | 12                 | N/M    |
| Interest on borrowings  | 5,052              | 925                | 446.2% | 9,352              | 6,911              | 35.3%  |
| Depreciation of property, plant<br>and equipment  | 6,560              | 3,587              | 82.9%  | 12,598             | 8,300              | 51.8%  |
| Employees' share options/ awards expense  | 182                | 596                | N/M    | 623                | 1,393              | N/M    |
| Foreign exchange losses   | -                  | 1,481              | N/M    | 1,748              | 5,607              | N/M    |
| Loss on disposal of property, plant<br>and equipment  | 14                 | 515                | N/M    | -                  | 515                | N/M    |
| <b><u>Crediting:</u></b>  |                    |                    |        |                    |                    |        |
| Interest income   | (295)              | (546)              | N/M    | (734)              | (773)              | N/M    |
| Fair value gain on financial liabilities<br>designated as at fair value through<br>profit or loss | (3,774)            | (3,467)            | 8.9%   | (1,986)            | (10,391)           | N/M    |
| Foreign exchange gain   | (1,734)            | -                  | N/M    | -                  | -                  | -      |
| Gain on disposal of property, plant<br>and equipment  | -                  | -                  | -      | (403)              | (4)                | N/M    |
| Gain on disposal of associate   | (4,934)            | -                  | N/M    | (4,934)            | -                  | N/M    |
| Gain on disposal of assets held for sale  | -                  | (2,705)            | N/M    | -                  | (3,243)            | N/M    |

N/M: Not Meaningful

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

|  | Group              |                    | Company            |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 6M2012<br>US\$'000 | FY2011<br>US\$'000 | 6M2012<br>US\$'000 | FY2011<br>US\$'000 |
| <b>ASSETS</b>                          |                    |                    |                    |                    |
| <b>Current assets</b>                  |                    |                    |                    |                    |
| Cash and bank balances                 | 129,163            | 116,458            | 19,969             | 8,476              |
| Trade receivables                      | 369,944            | 276,660            | -                  | -                  |
| Construction contract work-in progress | 5,010              | 4,768              | -                  | -                  |
| Inventories                            | 88,127             | 91,696             | -                  | -                  |
| Other assets and receivables           | 212,808            | 118,832            | 1,094,947          | 764,116            |
| Total current assets                   | <b>805,052</b>     | 608,414            | <b>1,114,916</b>   | 772,592            |
| <b>Non-current assets</b>              |                    |                    |                    |                    |
| Property, plant and equipment          | 519,667            | 552,736            | 413                | 583                |
| Goodwill                               | 309                | 309                | -                  | -                  |
| Subsidiaries                           | -                  | -                  | 249,628            | 249,628            |
| Associates                             | 122,680            | 110,447            | 33,336             | 33,428             |
| Joint ventures                         | 24,889             | 20,238             | -                  | -                  |
| Other assets and receivables           | 79,013             | 82,808             | 15,595             | 16,305             |
| Derivative financial instruments       | 2,479              | -                  | 2,879              | -                  |
| Total non-current assets               | <b>749,037</b>     | 766,538            | <b>301,851</b>     | 299,944            |
| <b>Total assets</b>                    | <b>1,554,089</b>   | 1,374,952          | <b>1,416,767</b>   | 1,072,536          |

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

|   | Group              |                    | Company            |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 6M2012<br>US\$'000 | FY2011<br>US\$'000 | 6M2012<br>US\$'000 | FY2011<br>US\$'000 |
| <b><u>LIABILITIES AND EQUITY</u></b>                    |                    |                    |                    |                    |
| <b>Current liabilities</b>                              |                    |                    |                    |                    |
| Trade payables  | 106,435            | 154,782            | -                  | -                  |
| Other payables  | 127,609            | 98,106             | 687,949            | 462,180            |
| Bank loans  | 135,315            | 105,757            | -                  | -                  |
| Bonds   | 133,262            | 128,445            | 133,262            | 128,445            |
| Convertible loan notes                                  | 100,238            | 102,570            | 100,238            | 102,570            |
| Finance leases  | 4,142              | 4,384              | 123                | 184                |
| Income tax payable                                      | 13,642             | 8,608              | 518                | 143                |
| Total current liabilities                               | <b>620,643</b>     | 602,652            | <b>922,090</b>     | 693,522            |
| <b>Non-current liabilities</b>                          |                    |                    |                    |                    |
| Bank loans  | 80,990             | 76,625             | -                  | -                  |
| Bonds   | 220,874            | 151,330            | 220,874            | 151,330            |
| Finance leases  | 5,884              | 7,840              | 154                | 225                |
| Derivative financial instruments                        | -                  | 3,908              | -                  | 3,855              |
| Deferred tax liabilities                                | 9,012              | 9,005              | 18                 | 19                 |
| Total non-current liabilities                           | <b>316,760</b>     | 248,708            | <b>221,046</b>     | 155,429            |
| <b>Capital, reserves and non- controlling interests</b> |                    |                    |                    |                    |
| Share capital   | 208,245            | 158,006            | 208,245            | 158,006            |
| Treasury shares   | (1,643)            | (2,507)            | (1,643)            | (2,507)            |
| Hedging reserve   | (3,036)            | (1,991)            | (3,036)            | (1,991)            |
| Translation reserve                                     | 688                | 538                | -                  | -                  |
| Equity reserve  | (7,582)            | (8,206)            | (63)               | -                  |
| Employees' share option reserve                         | 3,833              | 4,009              | 3,833              | 4,009              |
| Retained earnings                                       | 233,331            | 209,314            | 66,295             | 66,068             |
| Equity attributable to owners of the company            | <b>433,836</b>     | 359,163            | <b>273,631</b>     | 223,585            |
| Non-controlling interests                               | 182,850            | 164,429            | -                  | -                  |
| Total equity  | <b>616,686</b>     | 523,592            | <b>273,631</b>     | 223,585            |
| <b>Total liabilities and equity</b>                     | <b>1,554,089</b>   | 1,374,952          | <b>1,416,767</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>6M2012</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>139,457</b>  | <b>233,500</b>   | 110,141         | 231,015          |

**Amount repayable after one year**

| <b>Group</b>    |                  | <b>Group</b>    |                  |
|-----------------|------------------|-----------------|------------------|
| <b>6M2012</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>86,874</b>   | <b>220,874</b>   | 84,465          | 151,330          |

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) Consolidated Statement of Cash Flows

|  | Group              |                    |
|--|--------------------|--------------------|
|  | 2Q2012<br>US\$'000 | 2Q2011<br>US\$'000 |
| <b>Operating activities</b>  |                    |                    |
| Profit after income tax  | 20,914             | 12,600             |
| Adjustments for :  |                    |                    |
| Income tax expenses  | 4,985              | 4,445              |
| Bad debts written off  | 18                 | -                  |
| Depreciation of property, plant and equipment  | 6,560              | 3,587              |
| Employees' share options/ awards expense   | 182                | 596                |
| Fair value gain on financial liabilities designated as at fair value through profit and loss | (3,774)            | (3,467)            |
| Finance cost   | 7,258              | 2,824              |
| Foreign exchange loss  | (1,092)            | 519                |
| Gain on disposal of assets held for sale   | -                  | (2,705)            |
| Loss on disposal of property, plant and equipment  | 14                 | 515                |
| Interest income  | (295)              | (546)              |
| Gain on disposal of associate  | (4,934)            | -                  |
| Share of (profit)/ loss of associates and joint ventures                                     | (4,119)            | 455                |
| Operating cash flows before movements in working capital                                     | <u>25,717</u>      | <u>18,823</u>      |
| Trade receivables  | (33,539)           | 6,678              |
| Construction work in progress  | (1,264)            | 4,179              |
| Inventories  | (16,283)           | (3,291)            |
| Other assets and receivables   | (26,484)           | (33,395)           |
| Trade payables   | (43,696)           | 21,870             |
| Other payables   | 38,080             | 17,363             |
| Cash (used in)/ generated from operations  | <u>(57,469)</u>    | <u>32,227</u>      |
| Income taxes paid  | (2,416)            | (7,201)            |
| Interest expense paid  | (6,250)            | (2,824)            |
| Net cash (used in)/ provided by operating activities   | <u>(66,135)</u>    | <u>22,202</u>      |
| <b>Investing activities</b>  |                    |                    |
| Interest income received   | 295                | 546                |
| Disposal of subsidiary   | -                  | 3,916              |
| Dividend received from associates/ joint ventures  | 2,286              | 2,241              |
| Proceeds on disposal of property, plant and equipment  | -                  | 4,490              |
| Proceeds from disposal of associate  | 5,200              | -                  |
| Proceeds on disposal of assets held for sale   | -                  | 4,136              |
| Purchases of property, plant and equipment   | (34,805)           | (60,260)           |
| Purchases of assets held for sale  | -                  | (223)              |
| Investment in associates   | (10,681)           | -                  |
| Net cash used in investing activities  | <u>(37,705)</u>    | <u>(45,154)</u>    |



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

|   | Group                 |                      |
|---|-----------------------|----------------------|
|   | 2Q2012                | 2Q2011               |
|   | US\$'000              | US\$'000             |
| <b>Financing activities</b>   |                       |                      |
| Pledged deposits  | 13,300                | (1,695)              |
| Proceeds on issuance of bonds   | 64,461                | -                    |
| Redemption of preference shares issued by a subsidiary                            | (1,500)               | -                    |
| Repayment of obligations under finance leases                                     | (1,036)               | (1,145)              |
| New bank loans raised   | 131,191               | 245,550              |
| Repayment of bank loans   | (112,558)             | (239,759)            |
| Contribution from non-controlling interest of subsidiary                          | 13,171                | -                    |
| Net cash provided by financing activities   | <u>107,029</u>        | <u>2,951</u>         |
| Net increase/ (decrease) in cash and cash equivalents                             | 3,189                 | (20,001)             |
| Cash and cash equivalents at beginning of the period                              | 114,110               | 114,105              |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | (59)                  | 70                   |
| <b>Cash and cash equivalents at end of the period</b>                             | <u><b>117,240</b></u> | <u><b>94,174</b></u> |
| Cash and cash equivalents consist of:   |                       |                      |
| Cash at bank  | 116,870               | 94,072               |
| Fixed deposits  | 12,025                | 13,280               |
| Cash on hand  | 268                   | 65                   |
|   | <u>129,163</u>        | <u>107,417</u>       |
| Less: Pledged cash placed with banks  | (11,923)              | (13,243)             |
| Total   | <u><b>117,240</b></u> | <u><b>94,174</b></u> |

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

|  | <b>Share capital</b> | <b>Treasury shares</b> | <b>Hedging reserve</b> | <b>Translation reserve</b> | <b>Equity reserve</b> | <b>Employees' share option reserve</b> | <b>Retained earnings</b> | <b>Equity attributable to owners of the company</b> | <b>Non-controlling interests</b> | <b>Total</b>   |
|--|----------------------|------------------------|------------------------|----------------------------|-----------------------|--|--------------------------|---|----------------------------------|----------------|
|  | 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                      | -                    | -                      | (1,045)                | 150                        | -                     | -                                      | 23,759                   | 22,864  | 9,705                            | 32,569         |
| Proceeds from shares issued                                    | 50,239               | -                      | -                      | -                          | -                     | -                                      | -                        | 50,239  | -                                | 50,239         |
| Value of employee services received for issue of share options | -                    | -                      | -                      | -                          | -                     | (176)                                  | -                        | (176)   | -                                | (176)          |
| Performance shares awarded using treasury shares               | -                    | 864                    | -                      | -                          | (63)                  | -                                      | -                        | 801   | -                                | 801            |
| Change of interest in subsidiary                               | -                    | -                      | -                      | -                          | 687                   | -                                      | 3,479                    | 4,166   | 13,216                           | 17,382         |
| Redemption of preference shares issued by a subsidiary         | -                    | -                      | -                      | -                          | -                     | -                                      | -                        | -   | (4,500)                          | (4,500)        |
| Dividends paid on preference shares issued by a subsidiary     | -                    | -                      | -                      | -                          | -                     | -                                      | (3,221)                  | (3,221)   | -                                | (3,221)        |
| <b>Balance at 30 June 2012</b>                                 | <b>208,245</b>       | <b>(1,643)</b>         | <b>(3,036)</b>         | <b>688</b>                 | <b>(7,582)</b>        | <b>3,833</b>                           | <b>233,331</b>           | <b>433,836</b>                                      | <b>182,850</b>                   | <b>616,686</b> |
| <b>Balance at 1 January 2011</b>                               |                      |                        |                        |                            |                       |  |                          |   |                                  |                |
| Total comprehensive income for the period                      | 158,006              | (2,507)                | (1,704)                | 508                        | (8,206)               | -                                      | 179,569                  | 325,666   | 30,606                           | 356,272        |
| Value of employee services received for issue of share options | -                    | -                      | 775                    | 873                        | -                     | -                                      | 17,078                   | 18,726  | 7,375                            | 26,101         |
|  | -                    | -                      | -                      | -                          | -                     | 1,393                                  | -                        | 1,393   | -                                | 1,393          |
| <b>Balance at 30 June 2011</b>                                 | <b>158,006</b>       | <b>(2,507)</b>         | <b>(929)</b>           | <b>1,381</b>               | <b>(8,206)</b>        | <b>1,393</b>                           | <b>196,647</b>           | <b>345,785</b>                                      | <b>37,981</b>                    | <b>383,766</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                      | -                    | -                      | (1,045)                | -                          | -                     | -                                      | 227                      | (818)   | -                                | (818)          |
| Proceeds from shares issued                                    | 50,239               | -                      | -                      | -                          | -                     | -                                      | -                        | 50,239  | -                                | 50,239         |
| Value of employee services received for issue of share options | -                    | -                      | -                      | -                          | -                     | (176)                                  | -                        | (176)   | -                                | (176)          |
| Performance shares awarded using treasury shares               | -                    | 864                    | -                      | -                          | (63)                  | -                                      | -                        | 801   | -                                | 801            |
| <b>Balance at 30 June 2012</b>                                 | <b>208,245</b>       | <b>(1,643)</b>         | <b>(3,036)</b>         | <b>-</b>                   | <b>(63)</b>           | <b>3,833</b>                           | <b>66,295</b>            | <b>273,631</b>                                      | <b>-</b>                         | <b>273,631</b> |
| <b>Balance at 1 January 2011</b>                               |                      |                        |                        |                            |                       |  |                          |   |                                  |                |
| Total comprehensive income for the period                      | 158,006              | (2,507)                | (1,704)                | -                          | -                     | -                                      | 6,935                    | 160,730   | -                                | 160,730        |
| Value of employee services received for issue of share options | -                    | -                      | 775                    | -                          | -                     | -                                      | 1,018                    | 1,793   | -                                | 1,793          |
|  | -                    | -                      | -                      | -                          | -                     | 1,393                                  | -                        | 1,393   | -                                | 1,393          |
| <b>Balance at 30 June 2011</b>                                 | <b>158,006</b>       | <b>(2,507)</b>         | <b>(929)</b>           | <b>-</b>                   | <b>-</b>              | <b>1,393</b>                           | <b>7,953</b>             | <b>163,916</b>                                      | <b>-</b>                         | <b>163,916</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\$0.841.

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).

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

| Date of grant | 1 January<br>2012 | Granted | 30 June<br>2012 | Exercise price per<br>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<br>2012 | Granted | Vested      | 30 June<br>2012 |
|---------------|-------------------|---------|-------------|-----------------|
| 26-Jan-2011   | 3,095,000         | -       | (1,031,666) | 2,063,334       |

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

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

|                               | <b>6M2012</b>             | FY2011      |
|-------------------------------|---------------------------|-------------|
| Total number of issued shares | <b><u>607,457,666</u></b> | 505,355,000 |

**1(d)(iv) Treasury shares**

|  | <b>6M2012</b>           | FY2011    |
|--|-------------------------|-----------|
| Total number of treasury shares as at<br>30 June 2012 and 31 December 2011 | <b><u>1,963,334</u></b> | 2,995,000 |

**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.

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

#### 6. Earnings per ordinary share

|   | Group          |         | Group          |         |
|---|----------------|---------|----------------|---------|
|   | 2Q2012         | 2Q2011  | 6M2012         | 6M2011  |
| Net profit after tax attributable to owners of the Company                      | <b>15,112</b>  | 7,410   | <b>23,759</b>  | 17,078  |
| Earnings per share  |                |         |                |         |
| a) Based on weighted average number of ordinary shares on issue (US\$ cents)    | <b>2.5</b>     | 1.5     | <b>4.0</b>     | 3.4     |
| b) Based on fully diluted basis (US\$ cents)                                    | <b>2.5*</b>    | 0.8     | <b>3.0</b>     | 1.4     |
| Weighted average number of shares applicable to basic earnings per share ('000) | <b>594,359</b> | 505,355 | <b>594,359</b> | 505,355 |
| Weighted average number of shares based on fully diluted basis ('000)           | <b>594,359</b> | 631,637 | <b>778,682</b> | 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

|  | Group          |         | Company        |         |
|--|----------------|---------|----------------|---------|
|  | 6M2012         | FY2011  | 6M2012         | FY2011  |
| Net asset value (US\$'000)                       | <b>433,836</b> | 359,163 | <b>273,631</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>71.4</b>    | 71.1    | <b>45.0</b>    | 44.2    |

## 8. Review of the group performance

### Consolidated Income Statement and Statement of Comprehensive Income

#### *(a) Revenue*

##### **HY2012 vs HY2011/ 2Q2012 vs 2Q2011**

Group's revenue increased by US\$92.8 million or 28.0%, to US\$424.0 million in HY2012 compared to US\$331.2 million for the corresponding period ended 30 June 2011 ("**HY2011**"). For 2Q2012, Group's revenue was US\$229.6 million, 27.1% higher than the US\$180.6 million recorded in second quarter 2011 ("**2Q2011**"). The strong growth in revenue for the Group was driven by progressive revenue recognition from the offshore construction contracts awarded to the Group in South Asia and Southeast Asia region.

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

##### **HY2012 vs HY2011/ 2Q2012 vs 2Q2011**

With higher revenue earned, cost of sales increased by US\$72.8 million or 26.0%, from US\$280.1 million in HY2011 to US\$352.9 million in HY2012. For 2Q2012, cost of sales increased by US\$42.9 million or 27.9%, from US\$154.0 million in 2Q2011 to US\$196.9 million in 2Q2012. Cost of sales comprises mainly of charter hire, sub-contractor cost, material cost, salaries and labour related cost and consumables. Overall gross profit margin remained in the range of 15% - 16%.

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

##### **HY2012 vs HY2011**

Other operating income decreased by US\$9.4 million or 50.6%, from US\$18.5 million in HY2011 to US\$9.1 million in HY2012. Other operating income in HY2012 included gain on disposal of associate of US\$4.9 million and gain on changes in fair value of financial derivative embedded in the Convertible Bonds of US\$4.1 million. For HY2011, other operating income included gain on changes in fair value of financial derivative embedded in the Convertible Bonds of US\$10.4 million, gain on assets held for sale of US\$3.2 million and realized gain on interest rate swap contract (related to the multicurrency medium term note) of US\$2.9 million in 1Q 2011.

##### **2Q2012 vs 2Q2011**

Other operating income in 2Q2012 included gain on disposal of associate of US\$4.9 million and gain on changes in fair value of financial derivative embedded in the Convertible Bonds of US\$4.1 million. For 2Q2011, other operating income included gain on assets held for sale of US\$2.7 million and on changes in fair value of financial derivative embedded in the Convertible Bonds of US\$3.5 million.

## **8. Review of the group performance (cont'd)**

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

#### **HY2012 vs HY2011/ 2Q2012 vs 2Q2011**

Administrative expenses for HY2012 increased by US\$3.1 million or 12.8%, from US\$24.2 million in HY2011 to US\$27.3 million in HY2012. As for 2Q2012, administrative expenses increased by US\$1.9 million or 17.0%, from US\$11.6 million in 2Q2011 to US\$13.5 million in 2Q2012. 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 to support the Group business expansion. As at 30 June 2012 and 30 June 2011, the Group had 2,356 and 1,822 employees, respectively (inclusive of onshore and offshore personnel).

### ***(e) Other operating expenses***

#### **HY2012 vs HY2011/ 2Q2012 vs 2Q2011**

Other operating expenses decreased by approximately US\$3.9 million or 58.0%, from US\$6.7 million in HY2011 to US\$2.8 million in HY2012. As for 2Q2012, other operating expenses decreased by approximately US\$600,000 or 28.1%, from US\$2.2 million in 2Q2011 to approximately US\$1.6 million in 2Q2012. The decrease was due mainly to the foreign exchange losses of US\$5.6 million and US\$1.7 million recorded in HY2011 and 2Q2011 respectively. The foreign exchange losses incurred in HY2011/2Q2011 was due to:

- i) 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.
- ii) depreciation of United State Dollar against Singapore Dollar.

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

#### **HY2012 vs HY2011/ 2Q2012 vs 2Q2011**

Share of profit of associates and joint ventures for HY2012 increased by US\$4.1 million or 158.7%, from US\$2.5 million in HY2011 to US\$6.6 million in HY2012. As for 2Q2012, the Group recorded share of profit of associates and joint ventures of US\$4.1 million as compared to share of losses of approximately US\$455,000 in 2Q2011. The increase was due to certain associates and joint ventures deliver positive results.

## **8. Review of the group performance (cont'd)**

### ***(g) Finance costs***

#### **HY2012 vs HY2011/ 2Q2012 vs 2Q2011**

Finance cost for HY2012 increased by US\$2.9 million or 27.1%, from US\$10.6 million in HY2011 to US\$13.5 million in HY2012. As for 2Q2012, finance costs increased by US\$4.5 million or 157.0%, from US\$2.8 million in 2Q2011 to US\$7.3 million in 2Q2012. The higher interest expense incurred was due mainly to higher bank borrowing and higher principal amount and interest rate 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.

### ***(h) Profit for the period***

#### **HY2012 vs HY2011/ 2Q2012 vs 2Q2011**

With the above, profit for HY2012 increased by US\$9.0 million or 36.9%, from US\$24.5 million in HY2011 to US\$33.5 million in HY2012. As for 2Q2012, profit increased by approximately US\$8.3 million or 66.0%, from US\$12.6 million in 2Q2011 to US\$20.9 million in 2Q2012.

## **Statements of Financial Position**

### ***(i) Trade receivables***

Revenue is recognized based on percentage of completion method. This is computed based on the percentage of costs incurred to date on contracts to their estimated total costs.

Invoices are issued to customer upon the achievement of billing milestones.

Due to the strong growth of revenue in HY2012, the Group's trade receivables increased by US\$93.2 million from US\$276.7 million as at 31 December 2011 to US\$369.9 million as at 30 June 2012. The timing difference between the achievement of milestone and revenue recognized for projects in progress has resulted in an increase in trade receivables. Subsequent to 30 June 2012 the Group received settlement and billing of approximately US\$86.7 million.

### ***(j) Inventories***

Inventories decreased by US\$3.6 million, from US\$91.7 million as at 31 December 2011 to US\$88.1 million as at 30 June 2012, the decrease was due to continued consumption of materials in project execution.



## **8. Review of the group performance (cont'd)**

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

- i) Other current assets and receivables increased by US\$94.0 million from US\$118.8 million as at 31 December 2011 to US\$212.8 million as at 30 June 2012. The increase was due mainly to advances to/ amounts due from certain joint ventures and associates.

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

Property, plant and equipment decreased by US\$33.0 million from US\$552.7 million as at 31 December 2011 to US\$519.7 million as at 30 June 2012. The decrease was due to partial disposal of shares in a subsidiary with retention of an associate status.

Depreciation increased by US\$4.3 million or 51.8%, from US\$8.3 million in HY2011 to US\$12.6 million in HY2012. The increase was due mainly to addition of the derrick pipelay barge in financial year 2011.

Assets under construction are not depreciated.

### ***(m) Associates***

Investment in associates increased by US\$12.3 million, from US\$110.4 million as at 31 December 2011 to US\$122.7 million as at 30 June 2012. The increase was due mainly to share of profit of associates and reclassification of US\$10.3 million due from associates as quasi-equity.

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

Other non-current assets and receivables decreased by US\$3.8 million from US\$82.8 million as at 31 December 2011 to US\$79.0 million as at 30 June 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.

## 8. Review of the group performance (cont'd)

### (o) 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\$103.7 million from US\$577.0 million as at 31 December 2011 to US\$680.7 million as at 30 June 2012. 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.

Net debt-to-equity ratio is as follows:

| Financial period ended   | 30 June<br>2012 | 31 March<br>2012 | 31 December<br>2011 | 30 September<br>2011 | 30 June<br>2011 |
|--------------------------|-----------------|------------------|---------------------|----------------------|-----------------|
| Net debt-to-equity ratio | 0.89            | 0.80             | 0.88                | 0.85                 | 1.06            |

For the 6M2012, the Group has the following outstanding bonds and convertible loan notes:

### Bonds

Multicurrency medium term note

|                    | Tenure<br>(year) | Interest<br>rate | Due Date        | Group             |                    |                    |
|--------------------|------------------|------------------|-----------------|-------------------|--------------------|--------------------|
|                    |                  |                  |                 | 6M2012<br>S\$'000 | 6M2012<br>US\$'000 | FY2011<br>US\$'000 |
| <u>Current</u>     |                  |                  |                 |                   |                    |                    |
| - series 7         | 2                | 5.75%            | 31 August 2012  | <b>110,000</b>    | <b>86,450</b>      | 83,694             |
| - series 10        | 1                | 5.0%             | 25 October 2012 | <b>60,000</b>     | <b>46,812</b>      | 44,751             |
|                    |                  |                  |                 | <b>170,000</b>    | <b>133,262</b>     | 128,445            |
| <u>Non-current</u> |                  |                  |                 |                   |                    |                    |
| - series 8         | 3                | 5.8%             | 11 October 2013 | <b>80,000</b>     | <b>62,444</b>      | 60,620             |
| - series 9         | 3.5              | 5.9%             | 25 July 2014    | <b>120,000</b>    | <b>93,309</b>      | 90,710             |
| - series 11        | 3                | 6.25%            | 8 June 2015     | <b>85,000</b>     | <b>65,121</b>      |                    |
|                    |                  |                  |                 | <b>285,000</b>    | <b>220,874</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.

## 8. Review of the group performance (cont'd)

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

#### Convertible loan notes

|  | Group              |                    | Due Date     |
|--|--------------------|--------------------|--------------|
|  | 6M2012<br>US\$'000 | FY2011<br>US\$'000 |              |
| <u>Non-current</u>                     |                    |                    |              |
| Nominal value of the Convertible Bonds | 100,000            | 100,000            | October 2014 |
| Fair value through profit or loss      | 238                | 2,570              |              |
|  | <b>100,238</b>     | <b>102,570</b>     |              |

The decreased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US\$2.3 million in HY2012, such changes in fair value was accounted for at fair value through profit or loss.

### (p) Other payables (current)

Other current payables increased by US\$29.5 million from US\$98.1 million as at 31 December 2011 to US\$127.6 million as at 30 June 2012. The increase was due mainly to accrual of project related expenses.

#### Consolidated Statement of Cash Flows

### (q) Cash flow from operating activities

In 2Q2012, the Group net cash used in operating activities amounted to US\$66.1 million, this comprised operating cash flow before working capital changes of US\$25.7 million, and adjusted for net working capital outflows of US\$83.1 million and income tax and interest payment of US\$8.7 million. The net working capital outflows were mainly the result of the followings:

- (i) increase in trade receivables, other assets and receivables and construction work in progress of US\$61.3 million;
- (ii) net decrease in trade and other payables of US\$5.6 million; and
- (iii) decrease in inventories of US\$16.3 million.

## **8. Review of the group performance (cont'd)**

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

In 2Q2012, the Group's net cash used in investing activities amounted to US\$37.7 million, which was due mainly to purchase of property, plant and equipment and capital expenditure of US\$34.8 million. This cash out flow was however partially offset by proceeds from disposal of associate of US\$5.2 million and dividend received from associates of US\$2.3 million.

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

In 2Q2012, the Group recorded a net cash inflow from financing activities of US\$107.0 million, which was due to new bank borrowings amounting to US\$131.2 million and proceeds on issuance of bond of US\$64.5 million. These cash inflow was however partially offset by repayment of bank loans amounting to US\$112.6 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 continue 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 August 2012, the Group has an order book of approximately US\$1.6 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. 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 six months ended 30 June 2012 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.*



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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 **second quarter and six months' financial results for the period ended 30 June 2012** 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 August 2012