



SWIBER HOLDINGS LIMITED

Financial Statements And Dividends Announcement

**For The First Quarter And Three Months Ended
31 March 2013**

UNAUDITED FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2013 ("1Q2013").

1(a)(i) Consolidated Income Statement

	Group		Change
	1Q2013 US'000	1Q2012 US'000	
Revenue	309,743	194,426	59.3%
Cost of sales	(259,879)	(155,996)	66.6%
Gross profit	49,864	38,430	29.8%
Other operating income	6,390	1,900	N/M
Administrative expenses	(14,680)	(13,816)	6.3%
Other operating expenses	(6,065)	(5,460)	11.1%
Finance expenses	(9,273)	(6,242)	48.6%
Share of profit of associates and joint ventures	4,728	2,476	91.0%
Profit before tax	30,964	17,288	79.1%
Income tax expense	(5,368)	(4,739)	13.3%
Profit for the period	25,596	12,549	104.0%
Attributable to :			
Owners of the company	20,069	8,646	N/M
Perpetual capital securities holders	1,536	-	N/M
Non-controlling interests	3,991	3,903	2.3%
	25,596	12,549	
Gross profit margin	16.1%	19.8%	
Net profit margin	8.3%	6.5%	
EBITDA* (US\$'000)	44,306	27,626	
EBITDA* margin	14.3%	14.2%	
EBITDA* margin excluding changes in fair value of financial liabilities designated as fair value through profit or loss	15.9%	15.1%	

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

N/M : Not Meaningful

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

	Group		
	1Q2013	1Q2012	
	US\$'000	US\$'000	Change
Profit for the period	25,596	12,549	
Other comprehensive income:			
Cash flow hedges	990	319	N/M
Currency translation differences on translation of foreign operations	1,808	414	N/M
Total comprehensive income for the period	28,394	12,868	
Total comprehensive income attributable to:			
Owners of the company	22,867	9,379	N/M
Perpetual securities holders	1,536	-	N/M
Non-controlling interests	3,991	3,903	2.3%
Total	28,394	13,282	

*N/M : Not Meaningful

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

	1Q2013	Group	1Q2012	
	US\$'000		US\$'000	
<u>Charging:</u>				
Depreciation of property, plant and equipment	8,305		6,038	37.5%
Employees' share option/ awards expense	330		441	-25.2%
Fair value loss on financial liabilities designated as at fair value through profit or loss	4,853		1,788	N/M
Foreign exchange losses	-		3,482	N/M
Interest on borrowings	5,037		4,300	17.1%
<u>Crediting:</u>				
Interest income	(856)		(439)	95.0%
Foreign exchange gain	(2,884)		-	N/M
Gain on disposal of property, plant and equipment	(1,406)		(417)	N/M

N/M: Not Meaningful

1(b)(i) Statements of Financial Position

	Group		Company	
	3M2013 US\$'000	FY2012 US\$'000	3M2013 US\$'000	FY2012 US\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	167,092	129,499	2,392	8,805
Trade receivables	543,134	519,895	-	-
Other receivables	266,723	232,216	582,457	560,425
Inventories	123,367	169,199	-	-
Derivative financial instruments	-	2,803	-	2,795
Construction contract work-in-in progress	80,809	26,761	-	-
Assets held for sale	18,020	-	-	-
Total current assets	1,199,145	1,080,373	584,849	572,025
Non-current assets				
Derivative financial instruments	-	1,558	-	1,558
Investment in associates	99,776	97,225	33,336	33,336
Investment in joint ventures	57,052	21,938	-	-
Investment in subsidiaries	-	-	249,638	249,638
Other receivables	85,117	88,398	14,790	37,614
Property, plant and equipment	688,238	678,161	275	303
Goodwill	309	309	-	-
Total non-current assets	930,492	887,589	298,039	322,449
Total assets	2,129,637	1,967,962	882,888	894,474

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

	Group		Company	
	3M2013	FY2012	3M2013	FY2012
	US\$'000	US\$'000	US\$'000	US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	145,473	165,333	-	-
Other payables	410,043	327,293	94,756	104,868
Income tax liabilities	29,299	30,116	-	-
Bank borrowings	296,706	202,988	-	-
Derivative financial instruments	294	16	294	16
Notes payables	183,685	185,732	183,685	185,732
Finance leases	3,752	3,897	58	66
Total current liabilities	1,069,252	915,375	278,793	290,682
Non-current liabilities				
Derivative financial instruments	5,756	3,818	2,399	122
Bank borrowings	94,054	100,198	-	-
Notes payables	229,914	233,274	229,914	233,274
Convertible bonds	37,689	36,196	37,689	36,196
Finance leases	4,640	4,314	112	129
Deferred income tax liabilities	8,363	9,208	18	18
Total non-current liabilities	380,416	387,008	270,132	269,739
Capital, reserves and non- controlling interests				
Share capital	208,246	208,246	208,246	208,246
Treasury shares	(780)	(1,643)	(780)	(1,643)
Perpetual capital securities	62,054	63,627	62,054	63,627
Hedging reserve	(11,397)	(12,387)	(6,976)	(7,612)
Translation reserve	1,430	(378)	-	-
Equity reserve	(7,588)	(7,584)	-	-
Employees' share option reserve	3,707	4,236	3,707	4,236
Retained earnings	241,450	227,356	67,712	67,199
Equity attributable to owners of the Company and perpetual capital securities holders	497,122	481,473	333,963	334,053
Non-controlling interests	182,847	184,106	-	-
Total equity	679,969	665,579	333,963	334,053
Total liabilities and equity	2,129,637	1,967,962	882,888	894,474

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

Amount repayable in one year or less, or on demand

Group 3M2013		Group FY2012	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
300,458	183,685	206,885	185,732

Amount repayable after one year

Group 3M2013		Group FY2012	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
98,694	267,603	104,512	269,470

The bank loans and finance leases are secured by:

- (i) First legal mortgage over certain vessels and 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	
	1Q2013	1Q2012
	US\$'000	US\$'000
Operating activities		
Profit after income tax	25,596	12,549
Adjustments for :		
Income tax expense	5,368	4,739
Bad debts written off	8	-
Depreciation of property, plant and equipment	8,305	6,038
Employees' share options/ awards expense	330	441
Interest income	(856)	(439)
Finance expense	9,273	6,242
Fair value loss on financial liabilities designated as at fair value through profit and loss	4,853	1,788
Unrealised currency translation losses	1,271	2,667
Gain on disposal of property, plant and equipment	(1,406)	(417)
Loss on disposal of subsidiary	-	50
Share of profit of associates and joint ventures	(4,728)	(2,476)
Operating cash flows before movements in working capital	48,014	31,182
Trade receivables	(33,247)	(59,762)
Construction work in progress	(54,048)	1,021
Inventories	45,832	19,851
Other receivables	(75,291)	(73,268)
Trade payables	(19,860)	4,707
Other payables	65,813	38,099
Cash used in operations	(22,787)	(38,170)
Income taxes paid	(7,031)	(2,896)
Interest expense paid	(362)	(1,191)
Net cash used in operating activities	(30,180)	(42,257)
Investing activities		
Interest income received	856	439
Disposal of subsidiary	-	(885)
Dividend received from associates	2,291	2,470
Proceeds on disposal of property, plant and equipment	22,828	20,035
Purchases of property, plant and equipment	(39,301)	(48,846)
Investment in joint ventures	-	(23)
Net cash used in investing activities	(13,326)	(26,810)

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

	Group	
	1Q2013	1Q2012
	US\$'000	US\$'000
Financing activities		
Pledged deposits	(95)	(12,153)
Proceeds on issuance of ordinary shares	-	50,240
Redemption of preference shares issued by a subsidiary	(5,250)	(3,000)
Repayment of obligations under finance leases	(753)	(1,162)
New bank loans raised	344,556	118,802
Repayment of bank loans	(257,410)	(72,932)
Net cash generated from financing activities	81,048	79,795
Net increase in cash and cash equivalents	37,542	10,728
Cash and cash equivalents at beginning of the period	118,310	103,388
Effect of exchange rate changes on the balance of cash held in foreign currencies	(44)	(6)
Cash and cash equivalents at end of the period	155,808	114,110
Cash and cash equivalents consist of:		
Cash at bank	155,772	113,959
Fixed deposits	11,294	25,325
Cash on hand	26	49
	167,092	139,333
Less: Pledged cash placed with banks	(11,284)	(25,223)
Total	155,808	114,110

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

	←----- Equity attributable to owners of the company -----→										
	Share capital	Treasury	Hedging	Translation	Equity	Employees'	Retained	Perpetual		Non-	Total
	US\$'000	shares	reserve	reserve	reserve	share option	earnings	capital	Subtotal	controlling	US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	reserve	US\$'000	securities	US\$'000	interests	US\$'000
GROUP											
Balance at 1 January 2013	208,246	(1,643)	(12,387)	(378)	(7,584)	4,236	227,356	63,627	481,473	184,106	665,579
Total comprehensive income for the period	-	-	990	1,808	-	-	20,069	-	22,867	3,991	26,858
Value of employee services received for issue of share options	-	-	-	-	-	330	-	-	330	-	330
Performance shares awarded using issued by a subsidiary	-	863	-	-	(4)	(859)	-	-	-	(5,250)	(5,250)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	(1,475)	(1,536)	(3,011)	-	(3,011)
Dividends paid relating on interim FY2013 by a subsidiary	-	-	-	-	-	-	(4,500)	-	(4,500)	-	(4,500)
Transaction costs relating to issuance of perpetual capital securities	-	-	-	-	-	-	-	(37)	(37)	-	(37)
Balance at 31 March 2013	208,246	(780)	(11,397)	1,430	(7,588)	3,707	241,450	62,054	497,122	182,847	679,969
Balance at 1 January 2012	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	-	-	-	-	733	3,903	4,636
Proceeds from shares issued	50,240	-	-	-	-	-	-	-	-	-	50,240
Value of employee services received for issue of share options	-	-	-	-	-	(358)	-	-	-	-	(358)
Performance shares awarded using treasury shares	-	864	-	-	(63)	-	-	-	-	-	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)
Balance at 31 March 2012	208,246	(1,643)	(1,672)	952	(8,269)	3,651	207,705	408,970	408,970	165,332	574,302

1(d)(i) Statements of Changes in Equity (cont'd)
COMPANY

	Share capital US\$'000	Treasury shares US\$'000	Hedging reserve US\$'000	Equity reserve US\$'000	Employees' share option reserve US\$'000	Retained earnings US\$'000	Perpetual capital securities US\$'000	Total US\$'000
Balance at 1 January 2013	208,246	(1,643)	(7,612)	-	4,236	67,199	63,627	334,053
Total comprehensive income for the period	-	-	636	-	-	513	(1,536)	(387)
Proceeds from shares issued	-	-	-	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	-	330	-	-	330
Performance shares awarded using treasury shares	-	863	-	-	(859)	-	-	4
Transaction costs relating to issuance of perpetual capital securities	-	-	-	-	-	-	(37)	(37)
Balance at 31 March 2013	208,246	(780)	(6,976)	-	3,707	67,712	62,054	333,963
Balance at 1 January 2012	158,006	-	(1,991)	-	4,009	66,068	-	226,092
Total comprehensive income for the period	-	-	319	-	-	280	-	599
Proceeds from shares issued	50,240	-	-	-	-	-	-	50,240
Value of employee services received for issue of share options	-	-	-	-	(358)	-	-	(358)
Performance shares awarded using treasury shares	-	864	-	(63)	-	-	-	801
Balance at 31 March 2012	208,246	864	(1,672)	(63)	3,651	66,348	-	227,134

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**") 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.

As announced on 16 October 2012, certain holders of the Convertible Bonds had exercised their option (the "**Put Option**") to require the Company to redeem their Convertible Bonds on the Put Option Date, being 16 October 2012. Pursuant to the exercise of the Put Option, the Company has redeemed US\$64,400,000 in principal amount of the Convertible Bonds on the Put Option Date. As at 31 March 2013, US\$35,600,000 in aggregate principal amount of the Convertible Bonds is outstanding.

The current Conversion Price per Share of the outstanding Convertible Bonds is S\$0.82.

For the purpose of illustration, assuming that all the Convertible Bonds are converted at current conversion price of S\$0.82, the aggregate number of shares that may be issued on conversion would be approximately 62,517,073 shares. This represents approximately 10.3% 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 2013	Granted	31 March 2013	Exercise price per share
26-Jan-2011	15,000,000	-	15,000,000	S\$0.97
19-Mar-2013	-	15,000,000	15,000,000	S\$0.64

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 2013	Granted	Vested	31 March 2013
26-Jan-2011	2,063,334	-	(1,031,667)	1,031,667
19-Mar-2013	-	6,000,000	-	6,000,000

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.

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

	3M2013	FY2012
Total number of issued shares	<u>608,489,332</u>	<u>607,457,666</u>

1(d)(iv) Treasury shares

	3M2013	FY2012
Total number of treasury shares	<u>931,667</u>	<u>1,963,334</u>

On 26 January 2013, 1,031,667 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 2012, 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 2012.

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 2013. The adoption of these new and revised FRSs have no material impact to the result of the Group and of the Company for 1Q2013.

6. Earnings per ordinary share

	Group	
	1Q2013	1Q2012
Net profit after tax attributable to owners of the Company	20,069	8,646
Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	3.3	1.5
b) Based on fully diluted basis (US\$ cents)	3.2	*1.5
Weighted average number of shares applicable to basic earnings per share ('000)	607,744	594,359
Weighted average number of shares based on fully diluted basis ('000)	630,568	594,359

* 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	
	1Q2013	FY2012	1Q2013	FY2012
Net asset value (US\$'000)	497,122	481,473	333,963	334,053
Total number of shares issued ('000)	608,489	607,458	608,489	607,458
Net asset value per share (US\$ cents per share)	81.7	79.3	54.9	55.0

8. Review of the group performance

Consolidated Income Statement and Statement of Comprehensive Income

(a) Revenue

Group's revenue increased by US\$115.3 million or 59.3%, from US\$194.4 million in first quarter ended 31 March 2012 ("**1Q2012**") to US\$309.7 million in 1Q2013. The strong revenue growth was attributable to Latin America and South East Asia segment.

Revenue contributed by geographical area

	1Q2013 US\$'000	1Q2012 US\$'000
Southeast Asia	137,810	52,580
Latin America	81,780	-
South Asia	66,294	118,305
Others	23,859	23,541
	309,743	194,426

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

(b) Cost of sales and gross profit

In tandem with a higher proportion of revenue, cost of sales increased by US\$103.9 million or 66.6%, from US\$156.0 million in 1Q2012 to US\$259.9 million in 1Q2013. Cost of sales comprises mainly of:

	1Q2013	1Q2012
	%	%
Material cost	28	10
Charter hire	25	38
Labour related cost	11	15
Sub-contractor cost	11	9

Higher material cost generally due to higher Engineering, Procurement, Construction, and Installation ("EPCI") services as compared to Transportation and Installation ("T&I").

The Group recorded gross profit margin of 16.1% and 19.8% 1Q2013 and 1Q2012 respectively.

(c) Other operating income

Other operating income increased by US\$4.5 million from US\$1.9 million in 1Q2012 to US\$6.4 million in 1Q2013. The increase is mainly to higher foreign exchange gain of US\$2.9 million and gain on disposal of property, plant and equipment of US\$1.4 million.

(d) Finance expenses

Finance costs increased by US\$3.0 million or 48.6% from US\$6.2 million in 1Q2012 to US\$9.3 million in 1Q2013. primarily as a result of higher borrowing and issuance of debt securities. Finance expenses includes interest on bank borrowings, Convertible Bonds, and finance charges/ debt issuance cost on debt securities. Total borrowings as at 31 March 2013 were US\$850.4 million as compared to 31 March 2012 of US\$606.3 million.

(e) Share of profit from associates and joint ventures

Share of profit of associates and joint ventures increased by approximately US\$2.3 million or 91.0%, from US\$2.5 million in 1Q2012 to US\$4.7 million in 1Q2013. The increase was due mainly to contribution from certain associates with higher profit .

Statements of Financial Position

(f) Trade receivables and construction work in progress ("CWIP")

The Group's trade receivables and CWIP increased by US\$77.3 million from US\$546.7 million as at 31 December 2012 to US\$623.9 million as at 31 March 2013. The increase corresponds with the increase in revenue and timing difference between achievement of milestone and revenue recognized for projects in progress.

Subsequent to 31 March 2013, the Group received settlement and billing of approximately US\$103.2 million.

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

(g) Other receivables (current)

Other current receivables increased by US\$34.5 million from US\$232.2 million as at 31 December 2012 to US\$266.7 million as at 31 March 2013. 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.

(h) Inventories

Inventories decreased by US\$45.8 million, from US\$169.2 million as at 31 December 2012 to US\$123.4 million as at 31 March 2013, the decrease was due to continued consumption of materials in project execution.

(i) Assets held for sale

This relate to 2 vessels acquired from a joint venturer to be disposed during the year.

(j) Investment in joint ventures

Investment in joint ventures increased by US\$35.1 million, from US\$21.9 million as at 31 December 2012 to US\$57.1 million as at 31 March 2013. The increase was due mainly to reclassification of US\$35.5 million due from certain joint ventures as quasi-equity.

(k) Other receivables (non-current)

Other non-current receivables increased by US\$28.1 million from US\$88.4 million as at 31 December 2012 to US\$85.1 million as at 31 March 2013, 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.

(l) Property, plant and equipment

Property, plant and equipment increased by US\$10.1 million from US\$678.1 million as at 31 December 2012 to US\$688.2 million as at 31 March 2013. The increase was mainly due to cost incurred for vessel and equipment under construction.

Depreciation increased by US\$2.3 million or 37.5%, from US\$6.0 million in 1Q2012 to US\$8.3 million in 1Q2013. The increase was due mainly to addition of diving support vessel in 3Q2012.

Assets under construction are not depreciated.

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

(m) Total current and non-current borrowings

Total current and non-current borrowings include bank loans, notes payables, Convertible bonds and finance leases.

	3M2013			FY2012		
	Current US\$'000	Non- Current US\$'000	Total US\$'000	Current US\$'000	Non- Current US\$'000	Total US\$'000
Bank Loans	66,780	94,054	160,834	61,422	100,198	161,620
Working Lines	229,686	-	229,686	141,566	-	141,566
Convertible Bonds	-	37,689	37,689	-	36,196	36,196
Notes Payables	183,685	229,914	413,599	185,732	233,274	419,006
Finance Leases	3,752	4,640	8,392	3,897	4,314	8,211
	484,143	366,297	850,440	392,617	373,982	766,599

Total current and non-current borrowings increased by US\$83.8 million from US\$766.6 million as at 31 December 2012 to US\$850.4 million as at 31 March 2013. The increase was due to higher bank borrowings.

Net debt-to-equity ratio is as follows:

Financial period ended	31 March 2013	31 December 2012	30 September 2012	30 June 2012	31 March 2012
Net debt-to-equity ratio	1.00	0.95	1.00	0.89	0.80

As at 31 March 2013, the Group has the following outstanding notes payables and Convertible Bonds:

Notes Payables

Multicurrency medium term notes	Tenure (year)	Interest rate	Due Date	3M2013 S\$'000	Group 3M2013 US\$'000	FY2012 US\$'000
<u>Current</u>						
- series 8	3	5.8%	11 October 2013	80,000	64,094	65,030
- series 13	1	5.8%	6 August 2013	150,000	119,591	120,702
				230,000	183,685	185,732
<u>Non-current</u>						
- series 9	3.5	5.9%	25 July 2014	120,000	95,823	97,232
- series 11	3	6.25%	8 June 2015	95,000	75,124	76,204
- series 12	4	7.0%	6 July 2016	75,000	58,967	59,838
				290,000	229,914	233,274

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)

(m) Total current and non-current borrowings (cont'd)

Convertible Bonds

	Group		Due Date
	3M2013 US\$'000	FY2011 US\$'000	
<u>Non-current</u>			
Nominal value of the Convertible Bonds	35,600	35,600	16 October 2014
Fair value through profit or loss	2,089	596	
	37,689	36,196	

The increased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US\$1.5 million in 1Q2013, such changes in fair value was accounted for at fair value through profit or loss.

Consolidated Statement of Cash Flows

(n) Cash flow used in operating activities

In 1Q2013, the Group net cash used in operating activities amounted to US\$30.2 million, this comprised operating cash flow before working capital changes of US\$48.0 million, and adjusted for net working capital outflows of US\$70.8 million and income tax and interest payment of US\$7.4 million. The net working capital outflows were mainly the result of the followings:

- (i) increase in trade receivables and CWIP of US\$87.3 million;
- (ii) increase in other receivables of US\$75.3 million;
- (iii) increase in trade and other payables of US\$46.0 million; and
- (iv) decrease in inventories of US\$45.8 million.

(o) Cash flow used in investing activities

In 1Q2013, the Group's net cash used in investing activities amounting to US\$13.3 million, which was due mainly to purchase of property, plant and equipment and capital expenditure of US\$39.3 million which partially offset against proceeds from disposal of property, plant and equipment of US\$22.8 million.

(p) Cash flow generated from financing activities

In 1Q2013, the Group recorded net cash inflow from financing activities of US\$81.0 million, which was due mainly to new bank borrowings amounted to total US\$344.6 million. This cash inflow was however partially offset by repayment of bank loans amounting to US\$257.4 million.

9. Forecast or a prospect statement

Not applicable.

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

In the past quarters, oil price has remained within a healthy range of between US\$80 – US\$100 per barrel. With oil price forecasted to be at sustainable level, management believes that major oil and gas companies will continue to expand their offshore exploration activities and hence their production capital expenditure. This will translate into more opportunities for offshore and subsea contractors that undertake platform, pipeline and subsea installation as well as inspection, repair and maintenance works and other offshore support services. The group is capitalizing on the increase in the offshore sector by actively bidding for major projects in its target market and geographical region.

With the right resources and an experienced management team coupled with a solid track record and reputation, a large fleet of construction and supporting vessels, competent and technically skilled workforce, a good safety record, the group is confident that it is well positioned to win more major contracts in the coming years.

As of May 2013, the group has an order book of approximately US\$1.1 billion. The group will remain prudent in managing its operations, maximizing cost efficiencies to provide value added solutions to its customers.

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 2013 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 **first quarter and three months' financial results for the period ended 31 March 2013** 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 2013
.