

JASPER INVESTMENTS LIMITED
(Company Registration No. 198700983H)

Financial Statement Announcement for the Third Quarter and Nine Months Ended 31/12/2009

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

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

	Group			
	Third Quarter		9 months ended	
	31/12/2009 US\$'000	31/12/2008 US\$'000	31/12/2009 US\$'000	31/12/2008 US\$'000
Revenue	40,504	38,610	84,694	119,637
Cost of sales	(21,068)	(21,339)	(67,610)	(63,148)
Gross Profit	19,436	17,271	17,084	56,489
Interest income	6	28	111	644
Other income	11,217	170	11,930	747
Other expenses	(94,981)	(2,496)	(97,798)	(3,612)
Administrative and distribution expenses	(4,121)	(2,887)	(12,935)	(13,044)
Impairment of intangible asset	-	-	(18,042)	-
Interest expense	(5,738)	(4,179)	(9,575)	(7,243)
Profit from associate and joint venture	-	2,460	3,751	6,089
(Loss)/Profit before taxation	(74,181)	10,367	(105,474)	40,070
Taxation	(12,760)	(11,560)	(26,569)	(33,391)
(Loss)/Profit for the period	(86,941)	(1,193)	(132,043)	6,679
Attributable to:				
Equity holders of the Company	(42,650)	(530)	(64,835)	5,394
Non-controlling interests	(44,291)	(663)	(67,208)	1,285
	(86,941)	(1,193)	(132,043)	6,679
Basic EPS (in cents)	(2.510)	(0.050)	(3.816)	0.507
Fully diluted EPS (in cents)	(2.510)	(0.050)	(3.815)	0.507

Note:

Taxation includes taxes withheld at source.

Notes to income statement

Loss after taxation include the following :

Impairment of intangible asset

Amortisation of intangible asset

Depreciation of plant and equipment

Foreign exchange loss/(gain)

Option share reserve

Group			
Third Quarter		9 months ended	
31/12/2009	31/12/2008	31/12/2009	31/12/2008
US\$'000	US\$'000	US\$'000	US\$'000
-	-	18,042	-
-	1,568	1,569	4,706
3,950	5,121	15,041	15,368
(190)	(1,539)	1,938	(30)
129	-	129	-

Breakdown on Other expenses

Bank transaction fee

Loss on disposal of drillship

Loss on disposal of assets

Loss on interest rate swaps

Group			
Third Quarter		9 months ended	
31/12/2009	31/12/2008	31/12/2009	31/12/2008
US\$'000	US\$'000	US\$'000	US\$'000
(827)	(2,470)	(2,132)	(3,583)
(82,593)	-	(82,593)	-
(3,000)	-	(3,000)	-
(1,778)	-	(2,581)	-

Breakdown on Other income

Gain on disposal of associate and joint venture

Group			
Third Quarter		9 months ended	
31/12/2009	31/12/2008	31/12/2009	31/12/2008
US\$'000	US\$'000	US\$'000	US\$'000
11,046	-	11,644	-

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2009 US\$'000	31/03/2009 US\$'000	31/12/2009 US\$'000	31/03/2009 US\$'000
<u>Non-Current Assets</u>				
Property, plant and equipment	587,239	760,838	203	272
Intangible asset	-	19,611	-	-
Other investments	36	36	36	36
Investment in subsidiaries	-	-	220,462	345,010
Investment in associate	-	10,424	-	1,900
Joint venture	-	115	-	136
	587,275	791,024	220,701	347,354
<u>Current Assets</u>				
Work-in-progress	2,007	2,585	-	-
Inventory	3,889	8,149	-	-
Trade and other receivables	43,380	14,881	263,475	774
Cash and cash equivalents	28,276	39,378	20,654	22,034
	77,552	64,993	284,129	22,808
Total Assets	<u>664,827</u>	<u>856,017</u>	<u>504,830</u>	<u>370,162</u>
<u>Capital and Reserves</u>				
Share capital	368,655	310,224	368,655	310,224
Reserves	(76,562)	(13,144)	(62,540)	9,144
	292,093	297,080	306,115	319,368
Non-controlling interests	69,742	140,413	-	-
Total equity	361,835	437,493	306,115	319,368
<u>Non-Current Liabilities</u>				
Borrowings	284	113,427	-	50,000
Deferred taxation	54	42	-	-
Interest rate swaps	-	1,759	-	-
	338	115,228	-	50,000
<u>Current Liabilities</u>				
Trade and other payables	66,007	56,854	230	794
Borrowings	234,774	244,502	198,485	-
Provision for taxation	1,873	1,940	-	-
	302,654	303,296	198,715	794
Total liabilities	302,992	418,524	198,715	50,794
Total Equity and Liabilities	<u>664,827</u>	<u>856,017</u>	<u>504,830</u>	<u>370,162</u>

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

Amount repayable in one year or less, or on demand

<u>As at 31/12/2009</u>		<u>As at 31/03/2009</u>	
<u>US\$'000</u>		<u>US\$'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
35,031	199,743	242,854	2,599

Amount repayable after one year

<u>As at 31/12/2009</u>		<u>As at 31/03/2009</u>	
<u>US\$'000</u>		<u>US\$'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
182	102	63,167	50,260

Notes:-

(1) Secured borrowings of the Group as at 31 Dec 2009 are:-

(i) An amount of US\$35 million due to a bank secured, *inter alia*, by:

- a first priority mortgage over one of the Group's drilling rig
- an assignment of insurances
- a corporate guarantee given by the Company
- a pledge on the shares of a subsidiary

(ii) An amount of approximately US\$213,000 due to a bank secured by a mortgage over a subsidiary's freehold property.

(2) The unsecured loans repayable in less than one year include an interest bearing loan of approximately US\$198.5 million due to the Company's controlling shareholder Morton Bay (Holdings) Pte Ltd ("Morton Bay").

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Third Quarter		9 months ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Cash flows from operating activities</u>				
(Loss)/profit before taxation	(74,181)	10,367	(105,474)	40,070
Adjustments for :				
Depreciation of property, plant and equipment	3,950	5,121	15,041	15,368
Exchange difference on translation	(24)	(6)	134	(73)
Interest income	(6)	(28)	(111)	(644)
Interest expense	5,738	4,179	9,575	7,243
Impairment of intangible asset	-	-	18,042	-
Impairment of inventory	31	-	696	-
Amortisation of intangible asset	-	1,568	1,569	4,706
Write off of property, plant and equipment	3,000	-	3,022	38
Loss/(gain) on disposal of property, plant and equipment	79,716	2	79,716	(93)
Gain on disposal of associate and joint venture	(11,046)	-	(11,644)	-
Foreign exchange loss/(gain) - unrealised	(349)	(1,364)	1,473	(798)
Impairment in value of joint venture	-	26	-	29
Share of loss pertaining to non-controlling interests	(810)	-	(810)	-
Share of profit of associate and joint venture	-	(2,460)	(3,751)	(6,089)
Operating profit before working capital changes	6,019	17,405	7,478	59,757
Changes in working capital				
-decrease/(increase) in inventories	3,302	(43)	3,565	(3,176)
-decrease/(increase) in work-in-progress	359	(93)	578	(1,278)
-decrease/(increase) in operating receivables	(4,362)	(1,558)	1,500	(20,302)
-increase/(decrease) in operating payables	(15,523)	(13,594)	8,380	(31,375)
Cash (used in)/generated from operations	(10,205)	2,117	21,501	3,626
Income taxes (paid)/recovered	(12,791)	198	(25,972)	198
Net cash (used in)/generated from operating activities	(22,996)	2,315	(4,471)	3,824
<u>Cash flows from investing activities</u>				
Interest received	6	28	111	643
Dividend from associate	-	-	2,965	821
Acquisition of :				
-property, plant and equipment (Note A)	(7,787)	(34,827)	(76,341)	(201,353)
Acquisition from non-controlling interests in existing subsidiary (Note B)	(355)	-	(355)	-
Proceeds from :				
-disposal of property, plant and equipment	120,000	(3)	120,000	123
-disposal of associate and joint venture	21,750	-	22,348	-
Net cash generated from/(used in) investing activities	133,614	(34,802)	68,728	(199,766)
<u>Cash flows from financing activities</u>				
Proceeds from issued of new shares (Note C)	11	-	58,431	280,434
Interest paid	(6,260)	(4,179)	(9,575)	(7,243)
Fixed deposits (pledge)/release as security	250	5	-	(2,618)
(Repayment to) / Loan from :				
-hire purchase creditor	(56)	(58)	(141)	(138)
-bank loan	(81,024)	37,895	(271,216)	8,649
-financial institution loan	(12,500)	-	-	-
-shareholder loan	3,321	50,000	148,485	(65,000)
Net cash (used in)/generated from financing activities	(96,258)	83,663	(74,016)	214,084
Net increase in cash and cash equivalents	14,360	51,176	(9,759)	18,142
Effect of foreign exchange rate changes	479	-	(1,343)	-
Cash and cash equivalents at the beginning	13,437	12,696	39,378	45,730
Cash and cash equivalents at the end (Note D)	28,276	63,872	28,276	63,872

(A) Purchase of property, plant and equipment

During the financial period, the Group acquired plant and equipment primarily for the upgrade of a drilling rig at an aggregate cost of US\$76,341,000 (2008 - US\$201,914,000) of which US\$Nil (2008 - US\$561,000) was acquired by means of finance lease. Cash payments of US\$76,341,000 (2008 - US\$201,353,000) were made for the purchases.

(B) Acquisition of additional shares in subsidiary from non-controlling interests

On 1 Nov 2009, the Group acquired an additional 1.34% interest in Neptune Marine Oil and Gas Ltd ("Neptune Marine") for approximately US\$0.36 million in cash, increasing its shareholding from 55.44% to 56.78%. The net asset value of Neptune Marine in the consolidated financial statements on the date of the acquisition was approximately US\$256.4 million. With the increase in its interest in Neptune Marine, the Group recognised a decrease in non-controlling interest of approximately US\$3.4 million.

(C) Issuance of shares

Group			
Third Quarter		9 months ended	
31/12/2009	31/12/2008	31/12/2009	31/12/2008
US\$'000	US\$'000	US\$'000	US\$'000
Issuance of shares	11	-	58,431
Cash consideration	11	-	280,434
		58,431	280,434

(D) Cash and Cash Equivalents

Group	
As at 31 December	
2009	2008
US\$'000	US\$'000
Fixed deposits	50
Cash and bank balances	63,478
	28,226
	3,012
Fixed deposits pledged to bank	28,276
Cash and cash equivalents in consolidated cash flow statement	-
	66,490
	(2,618)
	28,276
	63,872

(E) Review of Cash Flow Statement

The Group's net cash outflow from operating activities for 9MFY2010 of US\$4.5 million was due mainly to withholding tax paid at source.

The net cash inflow of US\$68.7 million in investing activities was mainly attributed to dividends of US\$3 million received from the Group's associated company, US\$0.6 million from the divestment of the Group's joint venture company, US\$21.7 million from the divestment of the Group's associated company and US\$120 million from the disposal of the *Neptune Discoverer* ("Discoverer"). This was offset by US\$76 million spent on upgrading the *Neptune Explorer* ("Explorer") and acquisition of additional shares in Neptune Marine for approximately US\$0.36 million.

Net cash outflow from financing activities was US\$74 million. This was due mainly to funds raised from shareholder loans of US\$148.5 million and net proceeds of US\$58.4 million raised from a rights issue completed on 29 May 2009. The cash inflow was however offset by repayment of bank loans amounting to US\$271.2 million.

As a result, net cash and cash equivalent decreased to US\$28.3 million for 9MFY2010 as compared to US\$63.9 million for 9MFY2009.

1(d)(i) Statement of Comprehensive Income

With effect from 1 Jan 2009, FRS1 Presentation of Financial Statements requires an entity to present all non-owner changes in equity in a Statement of Comprehensive Income. Non-owner changes will include income and expenses recognized directly in equity. This is a change of presentation and does not affect the recognition or measurement of the entity's transactions. Previously, such non-owner changes are included in the Statement of Changes in Equity.

	Group			
	Third Quarter		9 months ended	
	31/12/2009 US\$'000	31/12/2008 US\$'000	31/12/2009 US\$'000	31/12/2008 US\$'000
(Loss)/profit for the period	(86,941)	(1,193)	(132,043)	6,679
Other comprehensive (loss)/income for the period:				
Translation differences relating to financial statements of foreign subsidiaries	36	(33)	312	(190)
Increase in other reserve	86	-	130	-
Increase in hedging reserve	1,539	-	1,759	-
Other comprehensive income for the period	1,661	(33)	2,201	(190)
Total comprehensive (loss)/income for the period	(85,280)	(1,226)	(129,842)	6,489
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(41,675)	(563)	(63,418)	5,204
Non-controlling interests	(43,605)	(663)	(66,424)	1,285
Total comprehensive (loss)/income for the period	(85,280)	(1,226)	(129,842)	6,489

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the financial period ended 31/12/2009

	Share Capital US\$'000	Other Reserve US\$'000	Exchange Translation Reserve US\$'000	(Accumulated Losses)/ Retained Profits US\$'000	Grand Total US\$'000
Company					
9 months ended 31 December 2009					
Balance as at 01/04/2009	310,224	-	-	9,144	319,368
Issued during the period	58,420	-	-	-	58,420
Total comprehensive income for the period	-	-	-	4,117	4,117
Balance as at 30/06/2008	368,644	-	-	13,261	381,905
Balance as at 30/06/2009	368,644	-	-	13,261	381,905
Total comprehensive income for the period	-	44	-	1,474	1,518
Balance as at 30/09/2009	368,644	44	-	14,735	383,423
Balance as at 30/09/2009	368,644	44	-	14,735	383,423
Total comprehensive income for the period	11	86	-	(77,405)	(77,308)
Balance as at 31/12/2009	368,655	130	-	(62,670)	306,115
9 months ended 31 December 2008					
Balance as at 01/04/2008	24,672	-	2,853	5,024	32,549
Issued during the period	280,434	-	-	-	280,434
Reclassification of exchange translation reserve	2,407	-	(2,853)	446	-
Total comprehensive income for the period	-	-	-	2,025	2,025
Balance as at 30/06/2008	307,513	-	-	7,495	315,008
Balance as at 30/06/2008	307,513	-	-	7,495	315,008
Total comprehensive income for the period	-	-	-	3,014	3,014
Balance as at 30/09/2008	307,513	-	-	10,509	318,022
Balance as at 30/09/2008	307,513	-	-	10,509	318,022
Total comprehensive income for the period	-	-	-	4,102	4,102
Balance as at 31/12/2008	307,513	-	-	14,611	322,124

Statement of Changes in Equity for the financial period ended 31/12/2009

	Share Capital US\$'000	Other Reserve US\$'000	Hedging Derivative Reserve US\$'000	Exchange Fluctuation Reserve US\$'000	Total Reserve US\$'000	(Accumulated Losses)/ Retained Profits US\$'000	Non-controlling Interests US\$'000	Grand Total US\$'000
Group								
9 months ended 31 December 2009								
Balance as at 01/04/2009	310,224	2,982	(975)	908	2,915	(16,059)	140,413	437,493
Issued during the period	58,420	-	-	-	-	-	-	58,420
Total comprehensive income for the period	-	-	131	192	323	476	(1,554)	(755)
Balance as at 30/06/2009	368,644	2,982	(844)	1,100	3,238	(15,583)	138,859	495,158
Balance as at 30/06/2009	368,644	2,982	(844)	1,100	3,238	(15,583)	138,859	495,158
Total comprehensive income for the period	-	44	(9)	84	119	(22,661)	(21,265)	(43,807)
Balance as at 30/09/2009	368,644	3,026	(853)	1,184	3,357	(38,244)	117,594	451,351
Balance as at 30/09/2009	368,644	3,026	(853)	1,184	3,357	(38,244)	117,594	451,351
Issued during the period	11	-	-	-	-	-	-	11
Acquisition from non-controlling interests	-	-	-	-	-	-	(4,247)	(4,247)
Total comprehensive income for the period	-	86	853	36	975	(42,650)	(43,605)	(85,280)
Balance as at 31/12/2009	368,655	3,112	-	1,220	4,332	(80,894)	69,742	361,835
9 months ended 31 December 2008								
Balance as at 01/04/2008	24,672	2,982	-	3,698	6,680	3,001	160,651	195,004
Issued during the period	280,434	-	-	-	-	-	-	280,434
Reclassification of exchange translation reserve	2,407	-	-	(2,407)	(2,407)	-	-	-
Total comprehensive income for the period	-	-	-	62	62	1,206	533	1,801
Balance as at 30/06/2008	307,513	2,982	-	1,353	4,335	4,207	161,184	477,239
Balance as at 30/06/2008	307,513	2,982	-	1,353	4,335	4,207	161,184	477,239
Total comprehensive income for the period	-	-	-	(219)	(219)	4,718	1,415	5,914
Balance as at 30/09/2008	307,513	2,982	-	1,134	4,116	8,925	162,599	483,153
Balance as at 30/09/2008	307,513	2,982	-	1,134	4,116	8,925	162,599	483,153
Total comprehensive income for the period	-	-	-	(33)	(33)	(530)	(663)	(1,226)
Balance as at 31/12/2008	307,513	2,982	-	1,101	4,083	8,395	161,936	481,927

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Since the end of the previous quarter, there has been no change in the Company's issued share capital.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares, excluding treasury shares, as at 31 Dec 2009 was 1,845,702,160 compared to 1,186,171,830 as at 31 Mar 2009.

		No.of shares
1 Apr 2009	Balance at beginning	1,186,171,830
29 May 2009	Rights issue during the year	<u>659,530,330</u>
31 Dec 2009	Balance at end	<u>1,845,702,160</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not Applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Part 5 below, the same accounting policies and methods of computation as in the most recently audited annual financial statements have been applied.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Interpretations and amendments to published standards effective in 2009

On 1 Apr 2009, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date.

The following are the new or amended FRS and INT FRS that are relevant to the Group:

FRS 1 (Revised)	Presentation to Financial Statements - Revised presentation
FRS 2 (Revised)	Inventories
FRS 7 (Amendment)	Cash Flow Statements
FRS 8 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 16 (Revised)	Property, Plant and Equipment
FRS 19 (Amendment)	Employee Benefits
FRS 23 (Revised)	Borrowing Costs

FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 33 (Revised)	Earnings per Share
FRS 34 (Amendment)	Interim Financial Reporting
FRS 36 (Revised)	Impairment of Assets
FRS 38 (Revised)	Intangible Assets
Amendments to FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures - Reclassification of Financial Assets
FRS 108	Operating Segments

The adoption of the above new or amended FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements except for the disclosure of a statement of comprehensive income in accordance with FRS 1 (Revised) Presentation to Financial Statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Basic earnings per share ("EPS") is calculated by dividing the net loss after taxation and non-controlling interest attributable to shareholders of US\$64,835,000 (31 Dec 2008: profit US\$5,394,000) by the weighted average number of 1,699,139,864 shares (31 Dec 2008: 1,064,379,596 shares) outstanding during the financial period.

Diluted earnings per share is calculated by dividing the net loss after taxation and non-controlling interest attributable to shareholders of US\$64,835,000 (31 Dec 2008: profit US\$5,394,000) by the weighted average number of shares and the weighted average number of dilutive options, equivalent to 1,699,318,436 shares (31 Dec 2008: 1,064,379,596) outstanding during the financial period.

	<u>Group</u>			
	<u>Third Quarter</u>		<u>9 months ended</u>	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
Basic EPS (in cents - US\$)	(2.510)	(0.050)	(3.816)	0.507
Fully diluted EPS (in cents - US\$)	(2.510)	(0.050)	(3.815)	0.507

7. Net assets value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2009</u>	<u>31/03/2009</u>	<u>31/12/2009</u>	<u>31/03/2009</u>
Net Assets Value ("NAV") per share (in cents - US\$)	15.83	25.05	16.59	26.92

NAV per share is calculated by dividing the net assets by the existing issued share capital of 1,845,702,160 shares (31 Mar 2009: 1,186,171,830 shares).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

General Developments

The Company held 45% of Resource Holding Limited ("Resource"). On 11 Oct 2009, the Company together with the other shareholders of Resource, entered into a sale and purchase agreement with Keller Holdings Limited ("Keller") to sell the entire equity interest in Resource to Keller. The sale was completed on 14 Oct 2009.

On 17 Dec 2009, the board of Neptune Marine approved the sale of the *Discoverer* by its wholly owned subsidiary, Neptune Marine Invest AS to PetroSaudi International (“PetroSaudi”) for a total consideration of US\$150 million. Under the terms of the agreement, US\$120 million which was paid by Petroleos de Venezuela, S.A (“PdVSA”) on 24 Dec 2009 under a standby letter of credit was deemed to be part of the consideration of the sale. Concurrent with the sale of the *Discoverer* and with the agreement of PdVSA, the drilling contract between the Neptune Group and PdVSA was also to be assigned to PetroSaudi. In addition, the Neptune Group would be retained by PetroSaudi to manage the *Discoverer* on its behalf for a period of 3 months under a temporary service agreement. The sale was completed on 20 Jan 2010.

For The Nine Months Ended 31 December 2009 (9MFY2010)

Group revenue for 9MFY2010 decreased by 29% from US\$119.6 million for 9MFY2009 to US\$84.7 million. The decline in revenue from the offshore drilling and building services divisions was 25% and 53% respectively.

The Group suffered operating loss before tax and non-controlling interests of US\$106.3 million for 9MFY2010 against a profit of US\$40.1 million for 9MFY2009. This was a result of a decline in revenue, as well as an impairment loss of US\$18 million provided on intangible assets and a loss on the disposal of the *Discoverer* amounting to US\$82.5 million. This was however partially mitigated by the gain of US\$11 million arising from the disposal of the associated company, Resource.

After taking into consideration taxation of US\$26.6 million, of which US\$25.8 million was withholding tax for income derived by the Neptune group in Venezuela, the Group incurred a net loss after tax and non-controlling interests of US\$ 64.8 million for 9MFY2010 compared to net profit of US\$5.4 million registered for 9MFY2009.

Offshore Drilling

Revenue decreased from US\$102.8 million for 9MFY2009 to US\$76.9 million for 9MFY2010. The decrease in revenue for 9MFY2010 was due mainly to the *Discoverer* going off service for repairs in May 2009 and a further three and half months in Jul 2009.

Offshore drilling division generated negative earnings before interest, impairment, depreciation and amortisation of US\$ 101.5 million for 9MFY2010.

Operating loss of US\$129.7 million was registered for 9MFY2010 after deducting depreciation of US\$14.7 million, amortisation of intangible asset of US\$1.6 million, impairment of intangible asset of US\$18 million, interest expense of US\$19.8 million and loss on disposal of asset of US\$82.5 million.

Offshore drilling division had withholding taxes deducted from income derived from Venezuela at a rate of 30.6%. After deducting US\$25.8 million of withholding taxes, the division recorded a loss US\$155.5 million. Non-controlling interests’ share of the division’s loss was US\$67.2 million.

Building Services

The building services division recorded a profit after tax of US\$2.3 million for 9MFY2010 as compared to US\$5.9 million for 9MFY2009. This decrease in profit was due mainly to the inclusion of six months’ profit from associate, which was sold in Oct 2009, for 9MFY2010 as compared to nine months profit in 9MFY2009.

Statement of Financial Position

Non-current assets

The Group’s fixed assets decreased by US\$173.6 million from US\$760.8 million as at 31 Mar 2009 to US\$587.2 million as at 31 Dec 2009. The decrease was due mainly to the disposal of the *Discoverer* which has a net book value of US\$228.8 million, offset by an increase in the value of the *Explorer* of US\$63 million resulting from upgrading work.

Intangible assets, which is the value of the long term drilling contract for the *Discoverer*, of US\$19.6 million as at 31 Mar 2009 was fully amortised and impaired during 9MFY2010.

Investment in associate comprised net investment in Resource. The decrease in investment in associate was due to sale of Resource during the period under review.

The Company normally conducts a review of the carrying value of its non-financial assets in the 4th quarter for any indication of impairment.

Current assets

Group current assets rose by US\$12.6 million from US\$65 million as at 31 Mar 2009 to US\$77.6 million as at 31 Dec 2009. This was due mainly to a US\$28 million increase in trade and other receivables, which included US\$30 million owed for the sale of the *Discoverer* and which was received in Jan 2010, offset by a decrease in inventory on the *Discoverer* of US\$4 million due to the disposal and decrease in cash balance which was used for Group working capital.

Equity attributable to equity holders of the Group

Equity attributable to shareholders of the Group decreased by US\$5 million from US\$297.1 million as at 31 Mar 2009 to US\$292.1 million as at 31 Dec 2009. Share capital increased by US\$58.4 million as the result of a rights issue completed on 29 May 2009. Negative reserve increased from US\$13.1 million as at 31 Mar 2009 to US\$76.6 million as at 31 Dec 2009 mainly due to a loss of US\$64.8 million registered for 9MFY2010.

Non-Current Liabilities

Non-current liabilities decreased by US\$114.9 million from US\$115.2 million as at 31 Mar 2009 to US\$338,000 as at 31 Dec 2009 due to the repayment of a US\$50 million bridge loan from Morton Bay and US\$63.2 million of bank loans.

Current Liabilities

Group current liabilities decreased by US\$642,000 from US\$303.3 million as at 31 Mar 2009 to US\$302.7 million as at 31 Dec 2009. Trade and other payables, which comprised mainly amounts due to shipyard and upgrading costs incurred for the *Explorer*, increased by US\$9.1 million. This was however offset by a decrease in bank borrowings of US\$9.7 million due to loan repayment.

For The Third Quarter Ended 31 December 2009 (3QFY2010)

Group revenue increased by 5% from US\$38.6 million in 3QFY2009 to US\$40.5 million in 3QFY2010. This increase was due mainly to better operating rates achieved by the offshore drilling division in 3QFY2010 as compared to 3Q FY2009.

Revenue from the offshore drilling division increased by 9.6% from US\$34.2 million in 3QFY2009 to US\$37.5 million in 3QFY2010. Revenue from the building services division declined by 32% from US\$4.4 million in 3QFY2009 to US\$3 million in 3QFY2010.

The Group suffered a net loss after tax and non-controlling interests of US\$42.7 million in 3QFY2010 compared to a loss of US\$530,000 in 3QFY2009. The loss in 3QFY2010 was mainly attributable to the loss on the disposal of the *Discoverer*, amounting to US\$82.5 million of which the Company's share was US\$46 million. This was however partially mitigated by the gain of US\$11 million arising from the disposal of Resource.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's third quarter results are consistent with the commentary issued in its results for the previous quarter as well as the announcement of 21 Jan 2010.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The long-term fundamentals of the offshore oil and gas industry are strong. Higher oil prices and improving economic growth will spur exploration activities to replace depleting oil reserves.

The *Explorer* has completed its upgrading as a dynamically positioned drillship capable of drilling up to water depths of 5,000 feet. The Group is currently pursuing various contract opportunities for it. The Group also has a semi-submersible, the *Neptune Finder*. The Company is considering upgrading the drilling rig for deepwater drilling capabilities in order to secure a long term contract for it.

11. Dividend

Current Financial Period Reported On

None.

Corresponding Period of the Immediately Preceding Financial Year

None.

Date payable

Not applicable.

Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect.

No interim dividend has been recommended.

13. Interested Person Transaction

<u>Name of interested person</u>	Aggregate value of all interested person transactions conducted under shareholders' mandate for 3QFY2010 pursuant to Rule 920 of the Listing Manual <u>(excluding transactions of less than S\$100,000)</u>
Morton Bay (Holdings) Pte Ltd	US\$8.75 million
Ashmore Global Special Situations Fund 2 Limited	US\$1.06 million

The above transaction values represent the interest expense and front end fees on loans from interested persons. There was no transaction which was not conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual for the financial period under review.

14. Negative assurance statement

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the third quarter financial results as at 31 Dec 2009 to be false or misleading, in any material respect.

BY ORDER OF THE BOARD

Lee Mee Kium
Company Secretary
11 February 2010