KREUZ IPO
28 July 2010
Chief’s Message

Growth and Vision

I think one of the biggest fulfillments of any parent is to see their children grow right before their very eyes. I am basically in awe every time I see old videos of my children when they were but babies and toddlers—and compare it with how they are now. Time just seems to fly so fast. When teachers comment on their fine character and performance, my heart just bursts with pride. Witnessing their physical and emotional growth is a blessing and joy for me—and it often gets me to envision their future. I believe that with the right foundation from the start they will be able to fulfill their utmost potential and even beyond.

In the same token, I was so proud upon hearing the news that Swiber ranked 11th in the Singapore Fastest Growing 50 (FG50) and placing 4th in the FG50 Internationalising Award.

I have always been proud of our steady performance but having independent bodies such as the DP Information Group recognize our efforts is truly rewarding. I would like to attribute this recognition to everybody.

On to more testaments of rapid growth: Kreuz’s successful listing on the SGX-Catalist board last July 28. In the same month just two years ago, Kreuz Subsea was first established as Swiber’s group subsea services division. From thereon, this division has grown its revenue fourfold and they are currently holding secured contracts worth USD 133 million. After accomplishing this important milestone, this young group is more fully equipped—ready for even more explosive growth. As their collective passion, led by CEO Kurush Contractor runs deep, there is no way but up for Kreuz.

Worth mentioning as well, is the sustained growth of our Brunei office, with VP Joseph Chen at the helm. Their continuous work for major client Brunei Shell Petroleum (BSP) has made a positive impact on the business development of local SMEs as well as the employment of Bruneians, which is in accordance with the Brunei government’s aspirations. Currently, Swiber Brunei is doing business with 145 local SMEs compared with 50 when we first set-up office there in 2007.

Last but not least, I highlight the amazing growth of our Swiber India office. Starting with a team of 4, it has now grown to strength of 80 fully committed personnel under the leadership of VP KG Remesh. Swiber India has the most number of projects right now, winning five consecutive projects during the first semester of this year alone. Securing new contracts with no less than ONGC - the state-owned oil and gas company of India, gives proof to the growing confidence in the capabilities, excellent track and safety record of Swiber India.

Witnessing all these inspiring growth happening in Swiber, I am emboldened to envision even greater things ahead. And as with my children, as we continue to hold fast to the right foundation, I believe that we will be able to fulfill our utmost potential and even beyond.
Swiber Achieves Net Profit of US$14.3 Million on Revenue of US$106.8 Million int 2QFY2010

- Healthy gross margin of 22.1% and net profit margin of 13.3%
- Strong order book of US$915 million, expected to contribute to Group results
- Successful listing of Kreuz Holdings on Catalist, raising net proceeds of approximately S$19.2 million for subsea service business

Swiber reported that it has achieved a net profit of US$14.3 million for the three months ended June 30, 2010 (“2QFY2010”) on the back of a revenue of US$106.8 million.

Revenue remained relatively stable at US$106.8 million in 2QFY2010 as compared to US$110.8 million in 2QFY2009. The Group recognized contributions arising from projects carried out in South East Asia and South Asia.

Said Mr. Raymond Goh, Executive Chairman and Group CEO of Swiber, “We are encouraged by increasing activities in the oil and gas sector and have continued to invest for future growth during the quarter. However, we remained prudent in managing our business operations and cost efficiencies.”

“Going forward, with renewed confidence from oil companies, we will continuously explore new opportunities to leverage on our strong track record and strategic partnerships. Indeed, our joint ventures with premier companies will further enhance our strong presence in key markets in the region. Our recent partnership with Pak Eddy Sariaatmadja, who has deep local knowledge of the Indonesian market, will bring significant synergies to propel our operations in this country to a new level.”

Performance Review

Gross profit remained relatively stable at US$23.6 million in 2QFY2010 despite a marginal decline in revenue. Gross margin held steady at 22.1% as compared to 21.5% in 2QFY2009.

The Group’s 25.3% decline in net profit in 2QFY2010 to US$14.3 million from US$19.1 million in 2QFY2009 was mainly attributed to higher administrative expenses, other operating expenses and finance costs.

Administration expenses increased by 21.4% to US$8.9 million in 2QFY2010 from US$7.4 million in 2QFY2009 mainly due to an increase in business development costs, staff related costs, higher office and administrative expenses to support the Group’s business expansion. Other operating expenses increased to US$4.0 million from US$300,000 mainly due to changes in fair value of financial derivative embedded in the US$100 million 5% Convertible Bonds issued in 4QFY2009 of US$2.3 million.

Finance costs was up 62.6% to US$4.8 million in 2QFY2010 from US$2.9 million in 2QFY2009 as a result of the issuance of the US$100 million 5% Convertible Bond in 4QFY2009.

Overall, net profit margin declined by 3.9 percentage points to 13.3% in 2QFY2010, as compared to 17.2% in 2QFY2009. Cumulatively, Swiber’s earnings and revenue for the six months ended 30 June 2010 (“1HFY2010”) was US$22.4 million and US$191.3 million respectively.

The Group maintained a strong balance sheet with a healthy cash position of US$78.5 million. Net debt to equity stood at 0.91 times as at June 30, 2010 as compared to 0.84 times as at December 31, 2009.

Swiber’s basic earnings per share, based on its 2QFY2010 results, was 2.7 US cents from 3.8 US cents in 2QFY2009, the decrease in EPS was mainly due to new shares issued in 2QFY2009, while net asset value per share rose to 62.7 US cents as at June 30, 2010, from 58.9 US cents as at December 31, 2009.

Growth Strategies & Outlook

With global economic recovery and stabilisation of oil prices around US$70 – US$80 per barrel, activities in the offshore oil and gas sector has increased and this was evidenced by the pool of new contracts awarded to the Group since November 2009.

During 2QFY2010, the Group secured a total of US$783.0 million worth of contracts, which includes its single largest contract with a consortium partner worth US$618.0 million; and other contracts ranging from US$17.0 to US$148.0 million from leading oil and gas operators in South Asia. Adding on to the consortium awards of US$306 million worth of contracts earlier in 1QFY2010, the Group has secured contract wins totaling US$1,089.3 million for 1HFY2010.

Commenting on the momentum in 2010, Mr. Goh added: “Oil prices are expected to stabilise and we will continue to navigate for new opportunities, whilst managing our cost prudently. We will also look for ways to unlock the value of our business. The recent listing of our subsea business sets a major milestone for us and we are excited about Kreuz Holdings’ plans to expand its range of services through acquisition of new operating assets.”

Swiber’s strong order book of approximately US$915 million is expected to contribute to Group results, barring unforeseen circumstances.

Financial Highlights

- Order book of US$106.8 million
- Gross profit margin of 22.1%
- Net profit margin of 13.3%
Swiber Joins in BSP Vendor Forum 2010
Brunei Darussalam, 23 June 2010

By: Aldon Yapp
Trainee, HSE Officer

Wednesday 23rd June 2010, Grand Hall, The Empire Hotel and Country Club, Jerudong. The Vendor Forum is a Brunei Shell Petroleum (BSP) annual event.

This year’s theme “Sustaining Competitiveness” expressed BSP’s vision and commitment in developing Bruneian businesses. Every year the event hosts an increasing number of interested participants (over 700 participants from the local/regional vendor community). The aim of this forum is to sustain and propel Bruneian business into 21st Century and beyond by providing the right knowledge and tools in order to increase and improve their capabilities, competitiveness, competence and more importantly, their commitment to ethical business practices.

The guest of honors were no less than Yang Berhormat, Pehin Datu Singamen teri Colonel (rtd) Dato Seri Paduka Awang Haji Mohammad Yassin bin Haji Umar, the Minister of Energy.

Swiber was one of the three local BSP contractors that were selected to participate. The Swiber Brunei team was led by our Corporate Affairs Director Haji Mohd Bayzuie.

The forum enabled the participating vendors to establish healthy rapport and network with the other vendors. It opened opportunities for getting new business contacts and cross sharing business practices with BSP and its vendors.

It showcased the initiative which has served as a foundation platform for the development of Bruneian businesses that complement His Majesty the Sultan of Brunei and His government’s aspiration-

This platform also gave such business the opportunity to develop and progress to a stage where they are self sustaining and highly competitive.

In terms of Swiber Brunei Organisation’s development commitment, currently 57% Bruneians onshore and 9% Bruneians in the offshore division.

Swiber Brunei has supported the local SME and are keen to continue the service they provided. In the year 2007, SWIBER Brunei had subcontracted work to 50 local SMEs to the value of 5 million dollars. Today, Swiber Brunei is doing business with 145 Local SMEs at an estimated value of 20 million dollars.

During the focus session vendors who participated in the forum responded and appreciated the collaborative relationship as it encouraged vendors to share ideas with BSP and, to promote more intimate and open discussion and share strategic ideas that interests all parties.

Swiber shall continue to support His Majesty’s aspiration in the development of Bruneians and will continue to support local SMEs.

“My aim of this forum is to sustain and propel Bruneian business into 21st Century and beyond by providing the right knowledge and tools in order to increase and improve their capabilities, competitiveness, competence and more importantly, their commitment to ethical business practices”

Swiber Brunei Project Management Team

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<tr>
<th>SWIBER OFFSHORE (B) SDN BHD</th>
<th>BRUNEIAN DEVELOPMENT (PLANNED VS ACTUAL)</th>
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<tr>
<td>2010 - CURRENT</td>
<td>2014 - ASPIRATION</td>
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<tr>
<td>LOCAL</td>
<td>FOREIGNER</td>
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<td>Senior Management</td>
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<td>Management</td>
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<tr>
<td>Supervisory &amp; Senior Staff</td>
<td>35%</td>
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<tr>
<td>General Support &amp; Admin Staff</td>
<td>90%</td>
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<td>TOTAL</td>
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Swiber Brunei Staff

2010 - CURRENT

Onshore Brunei Personnel

Local Staff | 83%
Non Local Staff | 17%

2010 - CURRENT

Offshore Brunei Personnel

Local Personnel | 91%
Non Local Personnel | 9%
Aziz Project Kick-Off Meeting

Aziz, 24 August 2008

By: SOC HSE

The project kick-off meeting for Aziz crew was held on 24 August 2010. It was officially opened by Mr. Teo Kiang Chiew, Project Manager who applauded the barge team for their continuous excellence in HSE performance and emphasized the importance of adhering to HSE. He presented the KPIs for the barge and impressed upon the need to look out for each other by intervening during unsafe acts. He announced the excellent achievement of 690 Goal Zero Days for the Brunei projects.

Mr. Teo referred to the HSE plan and called for full support from the crew to participate in the HSE initiatives and ensure 100% completion of HSE Plan activities. He briefed everyone on the scope of work for Aziz, stating the additional risk while performing subsea works when working alongside the Champion 7 complex.

Mr. Joseph Chen, the Country VP & MD, welcomed the crew to Brunei and commented on the excellent housekeeping maintained on the barge as he had walked around for a barge inspection. He extended full management support for the HSE initiatives and emphasized how important it is personally to him to ensure the safety of each and every crewmember.

"BSP is satisfied with the level of Swiber’s HSE Management and this is because of the continuous commitment of the crew. Together, we will work to continue this legacy of excellence."

Dr. Ganesh Shastri, HSE Director for Swiber Offshore Construction took over the dais and presented the HSE programs and campaigns. He explained in detail the "SMILE" process and its application in identifying unsafe behaviours and conditions, providing corrective feedback.

Dr. Ganesh highlighted the major hazards involved in the execution of this specific project and reiterated the conscious effort to be proactive in eliminating them.

Mr. Rens Hooijkaas, BSP Project Engineer, emphasized the significance of the 12 BSP Life Saving Rules and the importance of complying with it. He presented the SKID project which has been a ZERO TRC project thus far and expected the excellent performance to continue till completion of the project.

On 22 July 2010, senior managers team consisting of Mr. Francis Wong, Mr. Nitish Gupta, Mr. Ed Gedeon and Mr. Leonard Tay visited the Swiber India office.

A reception was held at Hotel Beatles to accommodate the expanded India office project group. Mr. KG Remesh, VP India welcomed the senior managers.

Mr. Francis Wong, Group President and Deputy Group CEO gave the main presentation wherein he talked about the company, its different business units and elaborated on its strengths to further orient the staff with the overall business profile of the company.

He was followed by Mr. Ed Gedeon, President for SOC and Mr. Nitish Gupta, CEO whose presentation defined the SOC projects and the vital roles the India project team will be playing.

In his presentation, Mr. Remesh comprehensively talked about the India office. He walked them through the early days from Swiber’s first foray into the India Market and its first project in 2005 up to the rest of the various projects they have successfully completed since.

Mr. Remesh also touched on the India office’s well-deserved achievements on commendable HSE performances awarded by satisfied clients.

Also highlighted were some of the significant initiatives that Mr. Remesh and his team have implemented for the India office such as the upgraded employees welfare package, workplace renovations to accommodate growing manpower, and a series of enrichment courses / trainings. All these and more programs were specifically designed to fine-tune the Swiber India organization and turn it into a remarkable place to work for.

"India has the most number of projects right now as the focus of SOC is concentrated there. The senior management team’s visit to India enabled us to get to know the project team. At this point, it is crucial that we gave them a definite affirmation of our solid commitment to the successful execution of the projects. They have the full support of Singapore and we are depending on them to deliver."

- Nitish Gupta
CEO, SOCS

"The visit to India by Swiber Group President and Deputy Group CEO Mr. Francis Wong, CEO for SOC, Mr. Nitish Gupta, SOC President Ed Gedeon, Group CFO Leonard Tay has boosted the morale of all India office staff."

- KG Remesh
VP India

China Rescue and Salvage Representatives Visit Newcruz

China Rescue and Salvage (CRS), representatives led by Captain Song Jia Hui, Director General China Rescue & Salvage of the Ministry of Transport, visited Newcruz Offshore Construction Services Project Team in India on 22 July 2010.

Mr. Steve Ho, Newcruz Senior Manager conducted the corporate presentation and Newcruz CEO Mr. Darren Yeo presided over the ensuing discussion. A DVD presentation of CRS was then shown.

The visit enabled both parties to explore opportunities in the supporting services of the offshore oil and gas industry.
"I learned the importance of interaction and communication among the staff. I learned more about accountability/responsibility for the job on hand and that all departments must work hand in hand to complete the project safely and on time."

-Gurudev Singh
Project Manager

"This is my first time in India and I was very excited to be able to facilitate this team building session with Mr. Yeo. Our Swiber India colleagues have been very forthcoming and you can see their enthusiasm in participating in the activities. Overall they are a great team & I enjoyed the session with them!"

-Kelly Chong
Training Manager

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-Mihir Mehta
Senior Projects Control Engineer

"I learned to make creative and powerful vision towards the future. The session was really encouraging and interactive."

-Anjani Rana
Documentation Assistant

"Excellent session! We had fun along the way with all the team building exercises."

-Veena Panicker
Procurement Coordinator

Swiber holds teambuilding for India office
Holiday Inn Mumbai, 28 August 2010

Winning not one but five consecutive projects within the first half of 2010 in-controvertibly pushed India into the spotlight and as the whirlwind preparations gather momentum, our India frontliners are being honed, equipped and given the necessary preparation to be able to perform in tip top condition.

On 28 August 2010, Mr. Yeo Jeu Nam, Lead Independent Director and Ms. Kelly Chong, Training Manager flew all the way from Singapore to conduct a teambuilding course. The whole day session was participated by all Swiber India staff.

At the onset of the program, Mr. KG Remesh, VP India addressed his staff and gave a general overview about the company and its leaders.

Mr. Yeo talked about the power of vision and encouraged everyone to set their goals and work towards them. He and Kelly both facilitated activities and exercises to reinforce his teachings about the importance of good communication and teamwork.

With his unerring skill of driving his points across through his passionate dissertation and often humorous examples, everyone was able to learn skills and pick up competencies that will prove beneficial not only at work but even in the day to day life.

Swiber India office has grown, especially in the recent months, from a team of 4 to close to 80 and still growing mirroring the overall growth of Swiber Holdings in general. It has therefore become necessary for us to conduct a teambuilding retreat as part of our on-going organisation development programme which would not only help all our staff in the India office to understand and appreciate our Corporate Vision, Mission, and Values but also foster team bonding and performance. This will ensure that all our people can collaborate and work effectively together as a team to ensure the successful execution of the ONGC projects.

-Mr. Yeo Jeu Nam
Lead Independent Director

Swiber India Staff during the Teambuilding session with Mr. Yeo Jeu Nam
Swiber India holds Party for New Joins
Beatle Hotel, 26 June 2010

From a very modest head count, the Swiber India office staff has now reached 80 and they’re still counting! This, and a very healthy line up of projects and more contracts within the Swiber grasp were surely some more reasons for a celebration.

On 26 June 2010, Swiber India office held a new joins welcome party at Hotel Beatle. A comprehensive orientation program about the profile of the organization was conducted by Mr. KG Remesh, VP India and Mr. Alok Gupta, Operations Manager followed it up with a panoptic glimpse of the India office history since its incubation.

Everyone was given the chance to get to know each other and share some details about themselves to initiate a harmonious working relationship among the staff. In the afternoon, some team games were played to foster camaraderie. Everyone participated with such infectious enthusiasm which was captured in their photos.

The welcome party was organized by Mr. Alok with invaluable assistance from Ms. Reena Jamwal, Admin Executive and Mr. Prakash, IT.

“It gives me immense pleasure to note that Swiber India office operations have grown from 5 to 80 member team, order booking increased to 475MM$, and added new client - ONGC. I welcome all the new team members to the Swiber family.

I am sure we will work efficiently and closely as team with a “Cause No Harm” attitude for timely completion of these prestigious projects.”

- Mr. KG Remesh
VP India

New Bus Service for Swiber India

Bus transport service is now provided to the India office staff as part of the employee welfare initiatives. Transport route includes pick up and drop off at the nearest railway station of Kanjir from July 1st.

“Swiber Offshore Marine Pte Ltd.”

Swiber India holds Party for New Joins
Beatle Hotel, 26 June 2010

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“Swiber Offshore Marine Pte Ltd.”
Kreuz Holdings Limited announced that its initial public offering ("IPO") has been fully taken up.

In connection with its listing on the Catalist board of the Singapore Exchange Securities Trading Limited ("Catalist"), Kreuz Holdings’ IPO of 80,000,000 New Shares comprises 4,500,000 Offer Shares at S$0.27 each by way of public offer; and 75,500,000 Placement Shares at S$0.27 each by way of placement.

At the close of the application list at 12.00 noon on July 27, 2010, 4,039 valid applications were received for the 4,500,000 Offer Shares at S$0.27 each by way of public offer; and 75,500,000 Placement Shares at S$0.27 each by way of placement. In total, these applicants applied for an aggregate of 386,915,000 Offer Shares, with application monies received amounting to approximately S$104.5 million. The 75,500,000 Placement Shares garnered strong interest from institutional investors as well as high net worth individuals.

Based on the total Invitation size of 80,000,000 New Shares and total valid applications amounting to 462,406,000 New Shares (comprising valid applications received for 386,915,000 Offer Shares and 75,491,000 Placement Shares) and excluding New Shares allotted to the prescribed parties under Rule 428 of the SGXST Listing Manual Section B: Rules of Catalist, the Invitation was approximately 5.7 times subscribed.

Mr. Kurush Contractor, Executive Director and CEO of Kreuz Holdings, said: “We are encouraged by the enthusiastic response to our IPO from the investing community. This is a testament of the confidence these investors have in the investment merits of our Group.”

“Use of Proceeds
Kreuz Holdings intends to use the net proceeds of approximately S$19.2 million for the following purposes:

- Approximately S$12.0 million for the acquisition of new assets including remotely operated vehicles ("ROVs") and diving systems and;
- Approximately S$7.2 million for general working capital purposes.

Listing and trading of Kreuz Holdings’ shares on Catalist is expected to commence at 9.00 a.m. on 29 July 2010. DBS Bank is the Sponsor, Underwriter and Placement Agent for Kreuz Holdings’ IPO.

Financials
Between the financial period from 9 July 2008 to 31 December 2008 ("FP2008") to the financial year ended 31 December 2009, revenue increased by over four times from US$10.3 million to US$56.4 million. Correspondingly, net profit increased from US$2.3 million in FP2008 to US$11.9 million in FY2009.

As at 16 June 2010, the Group’s order book of approximately US$133.2 million comprises secured contracts which are to be completed over the next 5 to 60 months, barring unforeseen circumstances.

Riding on the positive trend in the oil and gas sector, we have lined up plans to maximise the utilisation of our operating assets through a balanced mix of short-term, medium-term and longer-term projects.

We believe that our approach to focus on operational excellence, quality services for clients, and a well-calculated expansion strategy will serve to enhance our growth as a Group as well as to deliver total return to our shareholders.

- Mr. Raymond Goh
Executive Chairman and Group CEO
Swiber Holdings

"We at Swiber will continue to share a close working relationship with Kreuz and together explore new opportunities in viable markets for growth. Kreuz’s competitive advantages include an established team of onshore and offshore professionals, as well as a strong management team who possess in-depth knowledge and field expertise.

With these, I am confident that Kreuz is well positioned to compete for and undertake a wide and comprehensive range of subsea projects. I believe that in time to come, Kreuz will establish a foothold in the offshore markets of Asia Pacific and India."

- Mr. Kurush Contractor
Executive Director and CEO
Kreuz Holdings
To cap the celebration of the Kreuz Subsea Holdings Initial Public Offering (IPO), a formal dinner function was held the night of its listing.

Held at the exclusive Ba Xian Dining Room in Tower Club, it was an intimate gathering of Kreuz Subsea senior management with their wives, partners from DBS, Ernst and Young, PricewaterhouseCoopers, Deloitte and Touche, Allen and Overy and LCH while partaking of the restaurant’s traditional Cantonese cuisine.

Mr. Nick Vujicic, the internationally renowned motivational guest speaker of the recent Swiber Walk The Talk program came as a surprise guest.

Ms. Irene Chong, Senior Corporate Relations Executive who spearheaded in organizing the event also hosted the program. Guests started pouring in at 6:30 and enjoyed a variety of cocktails served by the efficient staff weaving in and out of the throng.

In his opening speech, Mr. Raymond Goh, Swiber Executive Chairman and Group CEO first talked about the challenges in working with an external team of divers and how these same experiences eventually lead to the conception and formation of Swiber’s own subsea unit in 2008.

Mr. Goh took the audience back in time when he first met with the group’s powerhouse: Mr. Kurush Contractor, Mr. Cyrus Cama and Mr. Sheldon Hutton to explore the opportunity of a jointly rewarding partnership.

Streamlining Swiber’s capabilities through integrated services for a seamless execution of projects, the addition of an in-house diving unit greatly complemented Swiber’s strategy.

Mr. Goh also thanked all the professionals whose invaluable support made the Kreuz Subsea IPO listing possible.

On that same line, Mr. Kurush Contractor, Executive Director and CEO of Kreuz Subsea expounded more about this in his speech. He shared how his team was ready to take the next step and how that fateful meeting with Mr. Goh provided them with the right avenue to finally take that plunge.

In less than 6 months, this gung ho division successfully racked in US$2 million profit and finally after only two years, became a public listed company.

Aply, a copper and brass replica of a diver’s helmet served as a momento of this propitious occasion and were presented to six organizations who were instrumental in successfully listing Kreuz at SGX-Catalist namely: DBS, PricewaterhouseCoopers, Deloitte and Touche, Ernst and Young, and Citigate.

Kreuz Holdings Hosts Thanksgiving Dinner
Ba Xian Dining Room, 28 July 2010
Kreuz Holdings is a subsea solutions provider for the oil and gas industry. The Group’s origin can be traced to July 2008 with the establishment of Kreuz Subsea Pte. Ltd. as the subsea services division of the Swiber Group. Subsea services include activities supporting new offshore installation and construction projects, as well as inspection, repair and maintenance of existing offshore production and pipeline facilities.

Kreuz Holdings’ subsidiary, Kreuz Subsea Pte. Ltd., has been a Contractor Member of the International Marine Contractors Association (“IMCA”) since March 2009. IMCA is an internationally recognised trade association representing offshore, marine, diving, ROV and subsea engineering companies. As a testament to the Group’s level of compliance to quality control, health and safety standards, the Group has successfully completed the Integrated ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 (QEHS MS) Stage II Initial Certification Audit for Integrated Offshore Subsea Services.

Newly-listed Kreuz Holdings Limited reported that it has achieved profit attributable to equity holders of the Company of US$2.1 million for the three months ended June 30, 2010 (“2QFY2010”), notwithstanding a 24.5% decline in revenue to US$13.9 million.

The decline in revenue was due to the decrease in number of projects carried out in 2QFY2010. This was offset by the higher gross profit margin achieved in 2QFY2010 of 35.6% as compared to 28.1% in 2QFY2009.

In terms of revenue by customers, contributions from related companies constituted 30.5% of revenue whilst third-party customers made up the remaining 69.5% in 2QFY2010.

Mr Kurush Contractor, Executive Director and CEO of Kreuz Holdings, said: “We have a healthy order book of approximately US$132 million as of August 13, 2010. In addition, the Group has been actively bidding for new projects. We will continue to leverage on our strong track record and operational excellence, ensuring that we deliver quality and cost effective services which meet or exceed customer expectations, to grow our business.”

“In addition, leveraging on the positive trend in the oil and gas industry, we plan to expand our range of services through the acquisition of new operating assets. We will also intensify our marketing and bidding efforts, increasing our penetration in our existing markets in Asia Pacific and India, as well as explore opportunities in new markets like the Middle East. Our strong relationship with end-customers, who are major oil and gas companies in the offshore industry, will also augur well for the Group.”

Cumulatively, for the half-year to June 30, 2010 (“1HFY2010”), the Group registered revenue of US$20.5 million and profit attributable to equity holders of the Company of US$2.4 million.

Outlook

As oil prices continue to recover and stabilise, capital expenditure of oil and gas companies is expected to increase. The demand for the Group’s subsea services will benefit from an increase in capital expenditure of oil and gas companies arising from the stabilisation of oil prices.

In addition, most of the offshore installations in Southeast Asia are experiencing aging, thereby requiring IRM work. Hence, the increasing IRM work in relation to these older offshore installations will also increase demand for subsea services.

The Group will continue to explore new opportunities by leveraging on its strong track record.

“Leveraging on the positive trend in the oil and gas industry, we plan to expand our range of services through the acquisition of new operating assets. We will also intensify our marketing and bidding efforts, increasing our penetration in our existing markets in Asia Pacific and India, as well as explore opportunities in new markets like the Middle East. Our strong relationship with end-customers, who are major oil and gas companies in the offshore industry, will also augur well for the Group.”

- Kurush Contractor
Executive Director and CEO

Kreuz Subsea
Safe and Sound with Dr. Jean Yves

Working at Kreuz

I would say in a nutshell that we have been actually living and working as a Team. From my 20 years of experience as a specialist in occupational medicine, I have learnt that: to strive to maintain a strong Team Spirit is mandatory, because it is essential for keeping a high health and safety performance.

Safety and Quality can be perennial only if the workplace is a great place to work. One of my priorities today is to help Kreuz Subsea team members to always advocate, share and live the values on which Kuru Sh, Cyrus and Sheldon have grounded the company.

Kreuz Subsea is overflowing with the wisdom and the experience accumulated worldwide by the Founders and by the Senior Managers. Another value is the strength of the lads offshore have allowed us to provide our clients with safe, effective and efficient work and, with an impressive reaction time.

Last but not least, I would say the beauty of soul, the happiness, the amazing enthusiasm, particularly obvious with our youngest team mates, which help each of us, onshore and offshore to get over obstacles and difficulties.

In the last few months, Kreuz Subsea has been growing up and changing rapidly. These major and positive changes can also become major threats if we are not conscious about the extraordinary benefits provided by these fundamental values.

Each of us, as an individual and as a Team, we must hold and protect it. It is our own challenge and responsibility. I am very concerned about losing these values. It would be remiss and deeply negligent of us to throw what we have away in terms of team spirit to become a faceless and fragile giant. There may be financial gains but the unquantifiable losses would be immeasurable.

Successful Certification

I have been only facilitating the formalization of what the whole team has been able to create and produce in our offices, on board during topside activities, and subsea. From my point of view, to be awarded with these three certificates; ISO 9001, 14001 and OHSAS 18001 means: We have well set the pre-requisite organizational base.

To maintain these, first, we must know our Management System, our Procedures, our documentation and then we must comply with them. I would say one more time, we must do it “as individuals and as a Team”. Throughout the coming months, the internal auditors will help us to maintain the system, keep it updated and easy to work with. In April 2011 and in April 2012, we will be audited again by ABS during the so-called “periodic audits” which will give us an indication of how we are doing and maintaining our system, and in 2013 we will get a full re-certification audit.

Why accidents happen

Nowadays in our industry, when we analyze the incident histories, we find that the root causes of more than 90% of the cases were not what we may have expected. We may think it’s the lack of training, lack of toolbox meeting, a faulty equipment or poor management commitment. More often, it’s not even the failure to perform the Hazard Identification and the Risk Exposure Assessment.

In office scenarios, all the existing genric JSA-s are always sufficiently gathered and discussed (level 1). On the worksites just before the commencement of the project, these databases have always been deeply discussed with all the persons involved (level 2). Immediately prior to the launch, the task or the dive execution, the toolbox talks (or the pre-dive briefings) were always appropriately conducted and the residual risk exposure fully assessed (Level 3)

Ironically, none of those I have previously mentioned are the obvious causes of accidents. What happens is that just after the Level 3, the entire team becomes too confident and thus became slack in the level of their vigilance: Injured persons (divers or others workers) simply didn’t wear appropriate gloves, didn’t closely manage their umbilicals, took unnecessary risks, didn’t remove themselves from a hazardous position.

This is the reason why we insisted on the mandatory Level 4 which acts and which is monitored, as an Online / Live’ monitoring / action process while the work is actually being carried out.

Level 4 means continuous vigilance, continuous and accurate communication among the Team, continuous assessment of gaps which may exist between the expected Residual Risk Exposure which were determined prior to performing the work (Level 2 & 3) and the actual situation.

Level 4 means a: “Do not assume attitude”. I want all of our Team, on shore and offshore to continuously discuss and train themselves on: “How we can improve communication during the task.”

“There’s no doubt that Dr. Jean has worked with passion and with great conviction. He has helped us in formulating our procedures, policies, and processes with assistance from Operations and this has given a lot of system and meaning to the operations of Kreuz Subsea.

I am thankful that Dr. Jean is working with his heart, with deep passion zero incidents offshore and total accountability to our clients”

Mr. Kurush Contractor
Executive Director and CEO

Dr. Jean joined Swiber on August 2009 but his unwavering dedication to Kreuz QHSE catapulted him to the well-deserved Directorship of his QHSE demesne in no time at all. A tete-a-tete with the likeable doctor showed why this is so...

ROV Update

by: Robert Black
ROV Operations Manager

It’s been a challenging six months since I joined Kreuz Subsea as ROV Operations Manager, on one hand acting as liaison between our subcontracted ROV operators for our various projects and on the other hand planning ahead for our very own fleet of submarines.

The building of this fleet, I’m pleased to announce will commence when we take delivery of our first two systems at the end of the year. They are two thousand meter rated Work Class systems incorporating tether management systems and are both being built as I write. We have chosen the specification of these systems to not only serve us in our present needs, but also handle extra tasks, tools and sensors that may be needed for future contracts.

Our plans to open our own work-shops where we can service our fleet of submarines and also our dive systems are progressing and all should be in place in plenty of time for the start of the New Year.

Cutting edge technology and all the resources in the world is of course, of no use without the right people to operate it. With this in mind, we have already started our search for the ROV Supervisors and PilotTechnicians with the right stuff. I’m pleased to say this is going well and some of what I consider the very best people in the industry will be joining us in time for the first contracts with our new assets.

All in all, it’s been busy and a real education so far working with everyone here. It’s going to get busier and there are still challenges ahead but with the right equipment and people, we...
**Kreuz Subsea** has been working on a joint venture between CUEL Thailand and Swiber Offshore, a consortium commonly known as CSOTL.

Since mobilizing on the newly commissioned vessel in Singapore in mid-March 2010, all preparations were made to meet the demands of its first contract with PTTEP in Thailand.

Arriving in the Thai Field in May to commence work for PTTEP, the Chai was put to the test in installing a number of Platforms complete with Top Packages in the Arthit Field, Offshore Thailand.

Working in unison with the Swiber Conquest, the DLB Chai deliberately followed behind installing the subsea frames and top Packages. Each Platform was completed with subsea works consisting of a series of spool tie-ins.

All subsea activities were completed well within the quoted time-frame by the capable and well-versed Dive Team. Well done to all those lads who were a part of the Kreuz Subsea Team!

In essence, the Dive Team has been working from surface to a bottom depth of minus 78 meters of sea water. The Saturation Team obviously covering all installations and subsea works from the minus 50 meter mark to bottom, with a total of 67 Bell-Runs and without any incidents were achieved. We also carried out a substantial number of air dives which entailed Riser Clamp Installations, complete with Risers, including Fender Guard Installations and surveys. The total number of 70 Air Dives was also accomplished without any incidents.

During the PTTEP Arthit Campaign - We employed a smile card safety program whereby encouraging and enhancing the mind-set of the Team as a whole including those non Kreuz personnel. Each month was supported and acknowledged with a Kreuz Subsea engraved Apple i-Touch safety award. The first award went to Sat Diver Shea Peter son for the month of May, and the June award going to our newly wedded Dive Engineer Swapnil Tavej. Well done to these two lads.

In a nutshell, the Subsea Team on board the Chai have done extremely well with meeting the demands of the Client with their satisfaction that a job was well done. Most importantly – an accident free Project completed.

Best of luck to all on board the Chai and may we continue to meet the demands of our Clientele with an Accident – Free Campaign.

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**DBL Aziz - K Air 05, K - SAT 01**

Fresh from the highly successful job for ONGC in Myanmar, the Aziz is currently in Brunei to install risers and spools for BSP with Bernie Kinder and his team.

The vessel is set to be formally launched tentatively on November 2010.

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**Kreuze Subsea Pte Ltd was awarded the prestigious 5 + 2 Brunei Shell Petroleum Inspection, Remedial & Maintenance Contract along with Swiber Offshore Brunei in December 2009.**

This led to the inception of the Bruneian entity Kreuze Subsea (B) Sdn. Bhd. on 8th March 2010 which is a 100% subsidiary of Kreuze Subsea Pte Ltd.

KSB as it is called is providing Integrated Subsea Solutions in Brunei currently with clients Brunei Shell Petroleum and is looking at further Business Development with other potential clients like Brunei Methanol Company, Total Borneo, BLNG & Maersk.

The Brunei Shell Petroleum, Inspection Repair & Maintenance Contract is mainly; Air Diving and ROV activities in water depths up to 50m with occasional requirements for saturation diving. The work will typically be performed between the months of March and November utilizing a Client supplied DP 2 DSV named Ajang Harapan and includes an inspection ROV capability provided by Fugro Subsea Services.

However, an all year round Diving and ROV intervention capability is required in case of an operational emergency. Brunei Shell Petroleum (BSP) has offshore oil & gas facilities located in Negara Brunei Darussalam’s territorial waters. There are approximately two hundred and ten (210) offshore comprising of a range of Drilling Platforms, manned and unmanned structures, Production Stations, Mini-Production stations with combined drilling and production, Gas Compression Stations, Vent Jackets and some 2000+ km of pipelines. Kreuze Subsea has been applauded by the Client for being the FIRST company to have a Fully Classed Air Diving System.

As head of the PMT, I have taken this challenge to make KSB one of the best role model diving contracts within the Kreuze Subsea group. Also one of the other projects close to my heart is the development of the local community and their active participation in every position of the contract and to give them an equal & fair opportunity to enhance their careers. And last but not least, we are striving to continually drive HSE Excellence throughout the Contract and the organization.

KSB is currently housed along with the Swiber offices in Kuala Belait having a Project Management Team of approx 15 personnel onshore and approx 50 personnel offshore.

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New Website for Kreuz

The Kreuz Holdings website simultaneously went live for the first time with the company’s IPO on 28 July 2010.

It consists of 7 main menus, the Home, About Us, Our Business, Leadership, Investor Relations, Contact Us, and Sitemap.

The “Home” page is a series of black and white crossfading pictures with the conspicuous words “Subsea Solutions, Cost Effective Innovations” animating in to highlight the Kreuz promise to its clients.

It includes the company’s track record, vision, and values, the company’s most recent news on Kreuz which is linked to the Newsroom submenu of the Investor Relations Tab.

“Our Business” menu is divided into an enumeration of the overall business categories namely: its Services, Track Record, Vessels and Assets and an overview of the Industry Outlook.

The “Leadership” menu defines the expertise and profiles of the few good men who made up Kreuz’s board of directors, management and corporate structure. Champions in the industry with years of experience, it’s a firm assurance of Kreuz leaders’ capable hands.

In the “Investor Relations” tab, comprehensive updates on the IR Home, Financial Updates, Stock Information, and Newsroom were successfully put together through the efforts of Ms. Irene Chong, Senior Corporate Relations Executive, and Ms. Tboo Macazo, Consultant for OD. Working in tandem with OD was Mr. Sheldon Hutton, VP for Subsea Installation whose creative genius translated into the symbolically aesthetic fusion of elements that make up the thought-provoking opening pictures.

“The Kreuz website is actually an offshoot from the Swiber website, with the creative handle made more dramatic and unique to the subsea diving industry. This was achieved and manifested in the homepage, through the alternating flash images of various black and white settings with the diver’s helmet as the focal point and anchor to put a common theme on the images.”

- Irene Chong
Senior Corporate Relations Executive

Deep Passion is the official Kreuz Subsea newsletter. The first issue was released exclusively to all Kreuz staff on 15th July 2010. It’s a treasure cache of insider information combined with outrageous humour. A testament to the Subsea group’s specialized expertise in the field and their easy camaraderie off it. Mr. Robert Black, ROV Operations Manager and Editor in chief of Deep Passion candidly talks about their new tour de force.

The Making

The first issue was a work in progress right up to the final moments when we mailed it out and as such it was lots of fun to produce with new ideas being put forward constantly, many of our onshore and offshore staff made super contributions to the first issue and I think everyone involved felt quite proud at the finished product.

What’s in a name?

We tossed a few ideas around for the newsletter’s name and each of us had a personal favorite. In the end, the name came from an unusual source.

We were all in the auditorium to be given the news that Dr Jean Yves was to be promoted to QHSE Director. This was preceded by a video from our CEO, Kurush talking about the Doctor. In this video Kurush mentioned that what he most admired about Jean Yves was his “deep passion” for what he did. When we heard this, the name was decided on there and then.

http://www.kreuzsubsea.com
Cause No Harm and the Ego

Many hands make light work” as the old saying goes. It doesn’t have anything to do with electricity or turning on reading lights!! It implies that collectively, as opposed to singularly, we are capable of achieving much, much more. Relationships as we know, are the foundation of achievement.

But what can stand in the way of us achieving greatness as a company?

We have explored previously, the ego and its attributes, which are mainly about separateness, fear and superiority. In an individual, it stands in the way of us liberating our talents and rising to our fullest potential.

When groups of people start working together, they are drawn to each other by various qualities they may admire or in the case of the ego, shared fears, ideas of superiority and separateness. Now we have collective egos at work, eroding away the positive activities, goals, and vision of those who operate free from the ego. Ego-less people are heart-centred individuals working for the good of all.

No matter how powerful the vision and intentions of the leadership of a company or organisation, if the collective egos dominate throughout the organisation, then it will be extremely difficult to achieve the desired end result. Good people will leave in frustration, worthwhile new initiatives will be thwarted, minor (and sometimes major) sabotage will occur and the overall energy of the place will be lowered.

We have seen that Cause No Harm can create a safer, more harmonious workplace, giving us more security, helps us win contracts and awards and leads us to the new business paradigm of “Your People, Our Planet, AND Profits” – away from the old paradigm of “Profits at any cost”.

Let’s make very sure that collective egos do not stand in the way of us practicing and applying Cause No Harm, on a moment by moment basis, both at work and at home.

Maybe we should have a sign at reception - Welcome to Swiber, please leave your egos at the front door!!

We have the tools, please use them wisely.

Rick
HSE Advisor to the BOD

Emotional Excellence and Emotional Mastery

We know that Emotional Excellence is ultimately, how we deal with our own emotions and the emotions of others. Which is all very well and good, but how can we apply this on a daily basis, or better still, on a moment-by-moment basis?

The six heart virtues (a good or useful quality of the energetic heart) discussed previously, consist of:

1) Appreciation or gratitude
2) Compassion
3) Understanding
4) Forgiveness
5) Humility (being humble)
6) Valour or put another way, bravery and courage

How we put these into practice is by watching our emotions and interactions with people and applying the correct heart virtue or a combination of virtues, to the situation.

Here are some examples:

1) You come into work and your colleague next to you is clearly distressed. She is in tears and when you ask, she tells you her son fell off his bicycle and broke his leg on the eve of his school overseas trip to Malaysia. Here is a perfect opportunity to apply understanding and compassion. By being there for her, without imposing your own situation or problems on her, actively listening and making some constructive suggestions, you will help her overcome her grief. In doing so, you have applied the correct heart virtues and brought yourself closer to your own authenticity.

2) Your girlfriend of two years has announced that she has met someone else and wants to end your relationship. You are devastated, confused, upset and angry with her. Obviously, you will need a little time for all this news to sink in and to deal with it, but there will come a time when you will need to face the reality and move on. Here is your opportunity to apply the heart virtue of forgiveness and gratitude.

By forgiving her for breaking off the relationship, you free yourself of the past and any trauma you may have experienced, leaving you open to a new relationship, without carrying forward your emotional baggage. Then honestly finding positive aspects of your relationship with her, you will uncover many areas that you can be grateful for and that you did in fact, grow and learn from the experience.

3) You are food shopping at the supermarket and witness a very frustrated father forcibly manhandling his two year old son rather roughly, who is obviously going through the “terrible twos”. The boy is throwing a huge tantrum and his dad is about to smack him hard, because he is frustrated and
the boy refuses to comply with his father’s demands. Do we stand by and ignore the situation, or do we find the courage and bravery to gently step in, knowing that it is possible that the agitated dad could turn his anger on us?

If we blend our compassion and understanding to the situation, we can muster up the strength to gently approach the father and suggest another non-violent solution that will provide a win-win result. A child has no defence against an adult, especially an angry one wielding their superior strength and power and it takes bravery and courage to step in and deal with such an imbalance of justice or discipline.

4) Humility is the ability to put aside our own assertiveness and self-importance to see ourselves as part of a much bigger, unfolding game of life. Perhaps someone more mature and junior to the company comes up with a great idea and of course, the ego will be challenged and may judge the person with “What does he know” or “He is just a kid and has no real life experience”. By being humble and listening openly, we may discover that the young man has indeed made a very good suggestion, which could benefit the company.

The above are just a few examples of how the heart virtues can be applied; you will find in your work and private life, many opportunities will arise that you can respond with the appropriate action, rather than react with ego.

Open your heart to others and experience the wholeness of yourself.

The road to Emotional Excellence, is through the heart!!

With gratitude,

Rick
HSE Advisor to the BOD
Shot of the Month

Proud Kreuz Holdings team during their Initial Public Offering at SGX
Congratulations to all!