



SWIBER HOLDINGS LIMITED

Financial Statements And Dividends Announcement

**For The Third Quarter And Nine Months Ended
30 September 2013**

UNAUDITED FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013 ("3Q2013").
1(a)(i) Consolidated Income Statement

	Group			Group		
	3Q2013 US\$'000	3Q2012 US\$'000	Change	9M2013 US\$'000	9M2012 US\$'000	Change
Revenue	274,233	265,326	3.4%	826,038	689,304	19.8%
Cost of sales	(235,221)	(228,018)	3.2%	(700,044)	(580,908)	20.5%
Gross profit	39,012	37,308	4.6%	125,994	108,396	16.2%
Other operating income	2,874	1,488	93.1%	13,621	8,982	51.6%
Administrative expenses	(17,215)	(12,917)	33.3%	(49,897)	(40,239)	24.0%
Other operating expenses	(1,463)	(4,040)	-63.8%	(9,520)	(5,207)	82.8%
Finance expenses	(16,009)	(10,640)	50.5%	(34,248)	(24,140)	41.9%
Share of profit of associates and joint ventures	15,870	4,896	N/M	26,244	11,491	N/M
Profit before tax	23,069	16,095	43.3%	72,194	59,283	21.8%
Income tax expenses	(8,608)	(3,569)	N/M	(20,325)	(13,293)	52.9%
Profit for the period	14,461	12,526	15.4%	51,869	45,990	12.8%
Attributable to :						
Owners of the company	7,660	7,330	4.5%	31,889	31,089	2.6%
Perpetual securities holders	1,503	86	N/M	4,602	86	N/M
Non-controlling interests	5,298	5,110	3.7%	15,378	14,815	3.8%
	14,461	12,526	N/M	51,869	45,990	12.8%
Gross profit margin	14.2%	14.1%		15.3%	15.7%	
Net profit margin	5.3%	4.7%		6.3%	6.7%	
EBITDA* (US\$'000)	46,796	30,594		126,351	95,732	
EBITDA* margin	17.1%	11.5%		15.3%	13.9%	
EBITDA* margin excluding changes in fair value of financial liabilities designated as at fair value through profit or loss"	17.5%	11.8%		16.3%	14.1%	

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

N/M : Not Meaningful



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

	Group			Group		
	3Q2013 US\$'000	3Q2012 US\$'000		9M2013 US\$'000	9M2012 US\$'000	
Profit for the period	14,461	12,526		51,869	45,990	
Other comprehensive income:						
Cash flow hedges	2,477	(2,263)	N/M	3,685	(3,308)	N/M
Currency translation differences on translation of foreign operations	2,871	432	N/M	2,422	582	N/M
Total comprehensive income for the period	19,809	10,695		57,976	43,264	
Total comprehensive income attributable to:						
Owners of the company	13,008	5,501	N/M	37,996	28,362	34.0%
Perpetual securities holders	1,503	86	N/M	4,602	86	N/M
Non-controlling interests	5,298	5,109	3.7%	15,378	14,816	3.8%
Total	19,809	10,696		57,976	43,264	

*N/M : Not Meaningful

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

	Group			Group		
	3Q2013 US\$'000	3Q2012 US\$'000		9M2013 US\$'000	9M2012 US\$'000	
Charging:						
Allowance for doubtful debts	2	-	N/M	37	-	N/M
Bad debts written off	503	-	N/M	503	18	N/M
Depreciation of property, plant and equipment	8,634	7,530	14.7%	25,108	20,128	24.7%
Employees' share options/ awards expense	731	200	N/M	1,806	824	N/M
Fair value loss on financial liabilities designated as at fair value through profit or loss	-	587	N/M	8,156	-	N/M
Foreign exchange losses	-	4,914	N/M	-	6,662	N/M
Interest on borrowings	15,093	6,969	N/M	29,049	16,321	78.0%
Investment written off	100	-	N/M	100	-	N/M
Loss on disposal of associate	-	625	N/M	-	-	N/M
Property, plant and equipment written off	-	-	N/M	11	-	N/M
Crediting:						
Bad debts recovered	-	-	N/M	(38)	-	N/M
Interest income	(861)	(353)	N/M	(6,086)	(1,087)	N/M
Fair value gain on financial liabilities designated as at fair value through profit or loss	(1,058)	-	N/M	-	(1,399)	N/M
Foreign exchange gains	-	-	N/M	(2,439)	-	N/M
Gain on disposal of property, plant and equipment	(453)	(23)	N/M	(6,572)	(426)	N/M
Gain on disposal of associate	-	-	N/M	-	(4,309)	N/M

N/M: Not Meaningful

1(b)(i) Statements of Financial Position

	Group		Company	
	9M2013 US\$'000	FY2012 US\$'000	9M2013 US\$'000	FY2012 US\$'000
ASSETS				
Current assets				
Cash and bank balances	137,286	129,499	427	8,805
Trade receivables	642,046	519,895	22,082	-
Other receivables	278,544	232,216	690,417	560,425
Inventories	17,032	169,199	-	-
Derivative financial instruments	312	2,803	-	2,795
Construction contract work-in-progress	142,773	26,761	-	-
Total current assets	1,217,993	1,080,373	712,926	572,025
Non-current assets				
Derivative financial instruments	2,896	1,558	-	1,558
Investment in associates	139,900	97,225	33,336	33,336
Investment in joint ventures	80,534	21,938	-	-
Investment in subsidiaries	-	-	249,628	249,638
Other receivables	153,046	88,398	8,025	37,614
Property, plant and equipment	417,039	678,161	112	303
Goodwill	309	309	-	-
Total non-current assets	793,724	887,589	291,101	322,449
Total assets	2,011,717	1,967,962	1,004,027	894,474

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

	Group		Company	
	9M2013	FY2012	9M2013	FY2012
	US\$'000	US\$'000	US\$'000	US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	305,693	305,300	-	-
Other payables	81,415	187,326	204,431	104,868
Income tax payable	36,255	30,116	-	-
Bank borrowings	193,289	202,988	-	-
Derivative financial instruments	1,854	16	-	16
Notes payables	63,684	185,732	63,811	185,732
Finance leases	3,650	3,897	36	66
Total current liabilities	685,840	915,375	268,278	290,682
Non-current liabilities				
Derivative financial instruments	9,748	3,818	8,972	122
Bank borrowings	75,039	100,198	-	-
Notes payables	469,641	233,274	352,512	233,274
Convertible bonds	37,548	36,196	37,548	36,196
Finance leases	3,578	4,314	58	129
Deferred income tax liabilities	8,520	9,208	18	18
Total non-current liabilities	604,074	387,008	399,108	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	62,034	63,627	62,034	63,627
Hedging reserve	(8,702)	(12,387)	(6,945)	(7,612)
Translation reserve	2,044	(378)	-	-
Equity reserve	(7,568)	(7,584)	-	-
Employees' share option reserve	5,186	4,236	5,186	4,236
Retained earnings	270,821	227,356	68,900	67,199
Equity attributable to owners				
of the company	531,281	481,473	336,641	334,053
Non-controlling interests	190,522	184,106	-	-
Total equity	721,803	665,579	336,641	334,053
Total liabilities and equity	2,011,717	1,967,962	1,004,027	894,474

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

Amount repayable in one year or less, or on demand

Group		Group	
9M2013		FY2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
196,939	63,684	206,885	185,732

Amount repayable after one year

Group		Group	
9M2013		FY2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
78,617	507,189	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	
	3Q2013	3Q2012
	US\$'000	US\$'000
Operating activities		
Profit after income tax	14,461	12,526
Adjustments for :		
Income tax expenses	5,164	3,579
Allowance for doubtful debts	2	-
Bad debts written off	503	-
Depreciation of property, plant and equipment	8,634	7,530
Employees' share options/ awards expense	731	200
Fair value (gain) / loss on financial liabilities designated as at fair value through profit and loss	(1,058)	587
Finance expenses	20,292	10,639
Foreign exchange gains	(1,014)	(2,447)
Gain on disposal of property, plant and equipment	(453)	(23)
Interest income	566	(353)
Loss on disposal of associate	-	625
Investment written off	100	-
Share of profit of associates and joint ventures - net	(15,870)	(4,896)
Operating cash flows before movements in working capital	32,058	27,967
Trade receivables	(94,038)	(139,668)
Construction work in progress	(6,629)	3,962
Inventories	42,639	14,029
Other assets and receivables	18,129	(21,377)
Trade payables	123,247	128,121
Other payables	(168,609)	(149,177)
Cash used in operations	(53,203)	(136,143)
Income taxes paid	10	(1,570)
Interest expense paid	(10,542)	(6,489)
Net cash used in operating activities	(63,735)	(144,202)
Investing activities		
Acquisition of subsidiary	-	14,551
Interest income received	(566)	352
Dividend received from associates/ joint ventures	3,190	2,941
Proceeds on disposal of property, plant and equipment	70,086	107
Dividends paid to equity holders of the Company	(900)	-
Dividends paid on preferences shares issued by a subsidiary	(2,896)	-
Purchases of property, plant and equipment	(62,522)	(62,894)
Net cash generated from/ (used in) investing activities	6,392	(44,943)

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

	Group	
	3Q2013	3Q2012
	US\$'000	US\$'000
Financing activities		
Pledged deposits	244	644
Proceeds on issuance of bonds	117,771	192,173
Redemption of bonds	(119,760)	(84,778)
Redemption of preference shares issued by a subsidiary	(2,000)	(1,600)
Net proceeds from issuances of perpetual capital securities	-	62,742
Repayment of obligations under finance leases	(2,184)	(975)
New bank loans raised	233,942	179,474
Repayment of bank loans	(288,908)	(137,022)
Net cash (used in)/ generated from financing activities	(60,896)	210,658
Net (decrease)/ increase in cash and cash equivalents	(118,239)	21,513
Cash and cash equivalents at beginning of the period	244,463	117,240
Effect of exchange rate changes on the balance of cash held in foreign currencies	27	182
Cash and cash equivalents at end of the period	126,251	138,935
Cash and cash equivalents consist of:		
Cash at bank	126,194	138,889
Fixed deposits	11,043	11,287
Cash on hand	49	38
	137,286	150,214
Less: Pledged cash placed with banks	(11,035)	(11,279)
Total	126,251	138,935

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

←----- Equity attributable to owners of the company ----->

	Share capital US\$'000	Treasury shares US\$'000	Hedging reserve US\$'000	Translation reserve US\$'000	Equity reserve US\$'000	Employees' share option reserve US\$'000	Retained earnings US\$'000	Perpetual capital securities US\$'000	Equity attributable to owners of the company US\$'000	Non-controlling interests US\$'000	Total 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	-	-	3,685	2,422	16	-	51,869	4,602	62,594	15,378	77,972
Value of employee services received for issue of share options	-	-	-	-	-	1,813	-	-	1,813	-	1,813
Performance shares awarded using treasury shares	-	863	-	-	-	(863)	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	(212)	(212)
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(8,750)	(8,750)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	(2,896)	-	(2,896)	-	(2,896)
Interim dividends paid	-	-	-	-	-	-	(5,508)	-	(5,508)	-	(5,508)
Transaction costs relating to issuance of perpetual capital securities	-	-	-	-	-	-	-	(6,195)	(6,195)	-	(6,195)
Balance at 30 September 2013	208,246	(780)	(8,702)	2,044	(7,568)	5,186	270,821	62,034	531,281	190,522	721,803
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	-	-	(3,308)	582	-	-	28,362	86	25,722	14,816	40,538
Proceeds from shares issued	50,240	-	-	-	-	-	-	-	50,240	-	50,240
Value of employee services received for issue of share options	-	-	-	-	-	24	-	-	24	-	24
Performance shares awarded using treasury shares	-	864	-	-	(63)	-	-	-	801	-	801
Change of interest in subsidiary	-	-	-	-	849	-	3,479	-	4,328	13,216	17,544
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(6,100)	(6,100)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	(4,781)	-	(4,781)	-	(4,781)
Issuance of perpetual capital securities net of transaction cost	-	-	-	-	-	-	-	62,742	62,742	-	62,742
Balance at 30 September 2012	208,246	(1,643)	(5,299)	1,120	(7,420)	4,033	236,374	62,828	498,239	186,361	684,600

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

	Share capital US\$'000	Treasury shares US\$'000	Hedging reserve US\$'000	Translation reserve US\$'000	Equity reserve US\$'000	Employees' share option reserve US\$'000	Retained earnings US\$'000	Perpetual capital securities US\$'000	Equity attributable to owners of the company US\$'000	Non-controlling interests US\$'000	Total US\$'000
COMPANY											
Balance at 1 January 2013	208,246	(1,643)	(7,612)	-	-	4,236	67,199	63,627	334,053	-	334,053
Total comprehensive income for the period	-	-	667	-	-	-	1,701	4,602	6,970	-	6,970
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	-	-	1,813	-	-	1,813	-	1,813
Performance shares awarded using treasury shares	-	863	-	-	-	(863)	-	-	-	-	-
Transaction costs relating to issuance of perpetual capital securities	-	-	-	-	-	-	-	(6,195)	(6,195)	-	(6,195)
Balance at 30 September 2013	208,246	(780)	(6,945)	-	-	5,186	68,900	62,034	336,641	-	336,641
Balance at 1 January 2012	158,006	(2,507)	(1,991)	-	-	4,009	66,068	-	223,585	-	223,585
Total comprehensive income for the period	-	-	(3,308)	-	-	-	602	86	(2,620)	-	(2,620)
Proceeds from shares issued	50,240	-	-	-	-	-	-	-	50,240	-	50,240
Value of employee services received for issue of share options	-	-	-	-	-	24	-	-	24	-	24
Performance shares awarded using treasury shares	-	864	-	-	(63)	-	-	-	801	-	801
Issuance of perpetual capital securities net of transaction cost	-	-	-	-	-	-	-	62,742	62,742	-	62,742
Balance at 30 September 2012	208,246	(1,643)	(5,299)	-	(63)	4,033	66,670	62,828	334,772	-	334,772

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

A) US\$35.6 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 at 30 Sept 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 608,489,333 shares (net of treasury shares).

B) SHARE OPTION SCHEME

Date of grant	1 January 2013	Granted	30 September 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	30 September 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)

	9M2013	FY2012
Total number of issued shares	<u>608,489,333</u>	<u>607,457,666</u>

1(d)(iv) Treasury shares

	9M2013	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 3Q2013.

6. Earnings per ordinary share

	Group		Group	
	3Q2013	3Q2012	9M2013	9M2012
Net profit after tax attributable to owners of the Company	7,660	7,330	31,889	31,089
Earnings per share				
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	1.3	1.2	5.2	5.1
b) Based on fully diluted basis (US\$ cents)	1.1	*1.2	5.1	4.2
Weighted average number of shares applicable to basic earnings per share ('000)	607,744	594,359	608,395	594,359
Weighted average number of shares based on fully diluted basis ('000)	670,261	594,359	670,912	778,682

* Convertible Bonds, 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	
	9M2013	FY2012	9M2013	FY2012
Net asset value (US\$'000)	531,281	481,473	336,641	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)	87.3	79.3	55.3	55.0

8. Review of the Group's performance

Consolidated Income Statement and Statement of Comprehensive Income

(a) Revenue

9M2013 vs 9M2012/ 3Q2013 vs 3Q2012

Revenues increased by 19.8% or US\$136.7 million to US\$826.0 million in 9M2013 compared to US\$689.3 million for the corresponding period ended 30 September 2012 ("**9M2012**"). For 3Q2012, the Group's revenue increased by US\$8.9 million or 3.4%, from US\$265.3 million in third quarter ended 30 September 2012 ("**3Q2012**") to US\$274.2 million in 3Q2013. The revenue growth was mainly attributable to South East Asia segment.

Revenue contributed by geographical area

	3Q2013	3Q2012	9M2013	9M2012
	US\$'000	US\$'000	US\$'000	US\$'000
South Asia	1,877	56,418	76,845	260,412
South East Asia	269,927	169,996	626,247	329,135
Latin America	-	22,800	86,141	33,094
Middle East	-	-	-	25,250
Others	2,429	16,112	36,805	41,413
	274,233	265,326	826,038	689,304

(b) Cost of sales and gross profit

9M2013 vs 9M2012/ 3Q2013 vs 3Q2012

In tandem with a higher proportion of revenue, cost of sales increased by US\$119.1 million or 20.5% from US\$580.9 million in 9M2012 to US\$700.0 million in 9M2013. Cost of sales comprises mainly of:

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 15.3% and 14.2% in 9M2013 and 3Q2013 respectively.

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

(c) Other operating income

9M2013 vs 9M2012/ 3Q2013 vs 3Q2012

Other operating income increased by US\$4.6 million or 51.6%, from US\$9.0 million in 9M2012 to US\$13.6 million in 9M2013. As for 3Q2013, other operating income increased by US\$1.4 million or 93.1%, from US\$1.5 million in 3Q2012 to US\$2.9 million in 3Q2013. This increase was due mainly to interest income charged to associates & joint ventures and gain on disposal of property, plant and equipment.

(d) Administrative expenses

9M2013 vs 9M2012/ 3Q2013 vs 3Q2012

Administrative expenses increased by US\$9.7 million or 24.0% from US\$40.2 million in 9M2012 to US\$49.9 million in 9M2013. As for 3Q2013, administrative expenses increased by US\$4.3 million or 33.3% from US\$12.9 million in 3Q2012 to US\$17.2 million in 3Q2013. This increase was due mainly to increase in employee compensation expenses as a result of increase in headcount.

(e) Other operating expenses

9M2013 vs 9M2012

Other operating expenses increased by US\$4.3 million or 82.8%, from US\$5.2 million in 9M2012 to US\$9.5 million in 9M2013. Increase in 9M2013 was due mainly to fair value loss on interest rate swaps designated as fair value through profit or loss of US\$8.2 million. For 9M2012, other operating expenses included exchange losses of US\$3.9 million.

3Q2013 vs 3Q2012

Other operating expenses decreased by US\$2.6 million or 63.8%, from US\$4.0 million in 3Q2012 to US\$1.5 million in 3Q2013. The decrease in 3Q2013 was mainly attributable by lower foreign exchange losses.

(f) Finance expenses

9M2013 vs 9M2012/ 3Q2013 vs 3Q2012

Finance expenses increased by US\$10.1 million or 41.9%, from US\$24.1 million in 9M2012 to US\$34.2 million in 9M2013. As for 3Q2013, finance expenses increased by US\$5.4 million or 50.5% from US\$10.6 million in 3Q2012 to US\$16.0 million in 3Q2013 primarily as a result of issuance of debt securities and interest rate. Finance expenses include interest on bank borrowings, and finance charges/ debt issuance cost on debt securities. Total borrowings as at 30 September 2013 were US\$846.4 million as compared to 30 September 2012 of US\$834.0 million.

(g) Share of profit of associates and joint ventures

9M2013 vs 9M2012/ 3Q2013 vs 3Q2012

Share of profit of associates and joint ventures increased by US\$14.7 million or 128.4%, from US\$11.5 million in 9M2012 to US\$26.2 million in 9M2013. As for 3Q2013, share of profits increased by US\$11.0 million or 224.1% from US\$4.9 million in 3Q2012 to US\$15.9 million in 3Q2013. The increase was due to certain associates & joint ventures delivering positive results.

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

Statements of Financial Position

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

Revenue is recognized based on percentage of completion method. This is computed based on the percentage of cost incurred to date on contracts to their estimated total costs. Invoices are issued to customers once certain milestones are reached.

The Group's trade receivables and CWIP increased by US\$238.2 million from US\$546.7 million as at 31 December 2012 to US\$784.8 million as at 30 September 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 30 September 2013, the Group received settlement and billing of approximately US\$79.1 million.

(i) Other receivables (current)

Other current receivables increased by US\$46.3 million from US\$232.2 million as at 31 December 2012 to US\$278.5 million as at 30 September 2013. The increase is mainly due to advances to associates and joint ventures.

(j) Inventories

Inventories decreased by US\$152.2 million, from US\$169.2 million as at 31 December 2012 to US\$17.0 million as at 30 September 2013. The decrease was due to continued consumption of materials in project execution.

(k) Investment in joint ventures

Investment in joint ventures increased by US\$58.6 million, from US\$21.9 million as at 31 December 2012 to US\$80.5 million as at 30 September 2013. The increase was due mainly to reclassification of US\$54.0 million due from certain joint ventures as quasi-equity during the year.

(l) Other receivables (non-current)

Other non-current receivables increased by US\$64.6 million from US\$88.4 million as at 31 December 2012 to US\$153.0 million as at 30 September 2013. The increase was due mainly to seller credits to an associate.

Other assets and receivables also 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.

(m) Property, plant and equipment

Property, plant and equipment decreased by US\$261.1 million from US\$678.2 million as at 31 December 2012 to US\$417.0 million as at 30 September 2013. The decrease was mainly due to transfer of certain vessels to associates.

Depreciation increased by US\$1.1 million or 14.7%, from US\$7.5 million in 3Q2012 to US\$8.6 million in 3Q2013.

Assets under construction are not depreciated.

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

(n) Total current and non-current borrowings

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

	Group					
	9M2013			FY2012		
	Current US\$'000	Non-Current US\$'000	Total US\$'000	Current US\$'000	Non-Current US\$'000	Total US\$'000
Bank loans	29,753	75,039	104,792	61,422	100,198	161,620
Working lines	163,536	-	163,536	141,566	-	141,566
Convertible Bonds	-	37,548	37,548	-	36,196	36,196
Notes payables	63,684	469,641	533,325	185,732	233,274	419,006
Finance leases	3,650	3,578	7,228	3,897	4,314	8,211
	260,623	585,806	846,429	392,617	373,982	766,599

Total current and non-current borrowings increased by US\$79.8 million from US\$766.6 million as at 31 December 2012 to US\$846.4 million as at 30 September 2013. The increase was due to new Islamic Sukuk Notes payables drawn down by a subsidiary in Aug 13 partially offset against repayment of Notes Payables series 13.

Net debt-to-equity ratio is as follows:

Financial period ended	30 September 2013	30 June 2013	31 March 2012	31 December 2012	30 September 2012
Net debt-to-equity ratio	0.98	0.92	1.00	0.95	1.00

As at 30 September 2013, the Group has the following outstanding notes payables and Convertible Bonds:

Notes Payables

Multicurrency medium term notes	Tenure (year)	Interest rate	Due Date	9M2013 S\$'000	Group 9M2013 US\$'000	FY2012 US\$'000
<u>Current</u>						
- series 8	3	5.80%	11-Oct-13	80,000	63,684	65,030
- series 13	1	5.80%	6-Aug-13	-	-	120,702
				80,000	63,684	185,732
<u>Non-current</u>						
- series 9	3.5	5.90%	25-Jul-14	120,000	95,056	97,232
- series 11	3	6.25%	8-Jun-15	95,000	74,587	76,204
- series 12	4	7.00%	6-Jul-16	75,000	58,508	59,838
- series 14	4	7.10%	18-Apr-17	160,000	124,488	-
- Sukuk series 1	5	6.50%	2-Aug-18	150,000	117,002	-
				600,000	469,641	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)

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

Convertible Bonds

	Group		Due Date
	9M2013 US\$'000	FY2012 US\$'000	
Non-current			
Nominal value of the Convertible Bonds	35,600	35,600	16 October 2014
Fair value through profit or loss	1,948	596	
	37,548	36,196	

The increased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US\$1.4 million in 9M2013, such changes in fair value was accounted for at fair value through profit or loss.

Consolidated Statement of Cash Flows

(o) Cash flow used in operating activities

In 3Q2013, the Group net cash used in operating activities amounted to US\$63.7 million. This comprised operating cash flow before working capital changes of US\$32.1 million, and adjusted for net working capital outflows of US\$85.3 million and income tax and interest payment of US\$10.5 million. The net working capital outflows were mainly the result of the following:

- (i) increase in trade receivables and CWIP of US\$100.7 million;
- (ii) decrease in other receivables of US\$18.1 million;
- (iii) decrease in trade and other payables of US\$45.4 million; and
- (iv) decrease in inventories of US\$42.6 million.

(p) Cash flow generated from investing activities

In 3Q2013, the Group's net cash generated from investing activities amounted to US\$6.4 million, which was mainly due to proceeds on disposal of plant, property and equipment of US\$70.1 million, and partially offset by purchases of property, plant and equipment of US\$62.5 million.

(q) Cash flow generated used in financing activities

In 3Q2013, the Group recorded net cash inflow from financing activities of US\$60.9 million, which was mainly due to new bank borrowings amounting to US\$233.9 million. However, this cash inflow was partially offset by repayment of borrowings amounting to US\$288.9 million.

9. Forecast or a prospect statement

Not applicable.

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

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 enhance 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 Nov 2013, the Group has an order book of approximately US\$900 million. 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 nine months ended 30 Sep 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 **third quarter and nine months' financial results for the period ended 30 Sept 2013** to be false or misleading in any material aspect.

On behalf of the Board of Directors

Raymond Kim Goh
Director
Executive Chairman

Francis Wong Chin Sing
Director
Group Chief Executive Officer and President

BY ORDER OF THE BOARD

Lee Bee Fong
Company secretary
13 November 2013