



SWIBER HOLDINGS LIMITED

**Financial Statements And Dividends
Announcement**

For The Financial Year Ended 31 December 2013

UNAUDITED FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013 (“FY2013”).

1(a)(i) Consolidated Income Statement

	Group		Change
	FY2013	FY2012	
	US\$'000	US\$'000	
Revenue	1,058,942	952,234	11.2%
Cost of sales	(890,360)	(800,415)	11.2%
Gross profit	168,582	151,819	11.0%
Other operating income	65,673	24,375	169.4%
Administrative expenses	(79,024)	(60,906)	29.7%
Other operating expenses	(15,818)	(2,125)	644.4%
Finance expenses	(46,979)	(35,954)	30.7%
Share of profit of associates and joint ventures	29,937	17,788	68.3%
Profit before tax	122,371	94,997	28.8%
Income tax expenses	(31,476)	(32,460)	-3.0%
Profit for the year	90,895	62,537	45.3%
Attributable to :			
Owners of the company	62,115	45,681	36.0%
Perpetual capital securities holders	6,169	1,712	260.3%
Non-controlling interests	22,611	15,144	49.3%
	90,895	62,537	45.3%
Gross profit margin	15.9%	15.9%	
Net profit margin	8.6%	6.6%	
EBITDA* (US\$'000)	204,086	159,015	
EBITDA* margin	19.3%	16.7%	

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



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

	Group		
	FY2013	FY2012	
	US\$'000	US\$'000	
Profit for the year	90,895	62,537	
Other comprehensive income:			
Cash flow hedges	6,485	(9,317)	-169.6%
Currency translation differences on translation of foreign operations	(139)	(916)	-84.8%
Share of other comprehensive income of :			
- Associates	28	(1,026)	-102.7%
- Joint Ventures	-	(53)	N/M
Total comprehensive income for the year	97,269	51,225	
Total comprehensive income attributable to:			
Owners of the company	68,489	34,369	99.3%
Perpetual capital securities holders	6,169	1,712	260.3%
Non-controlling interests	22,611	15,144	49.3%
Total	97,269	51,225	

*N/M : Not Meaningful

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

	Group		
	FY2013	FY2012	
	US\$'000	US\$'000	
Charging:			
Allowance for impairment of receivables	4,920	827	494.9%
Bad debts written off	48	77	-37.7%
Property, plant and equipment written off	8,828	-	N/M
Depreciation of property, plant and equipment	34,737	28,064	23.8%
Employees' share options/ awards expense	2,307	1,028	124.4%
Currency translation losses	-	3,543	N/M
Interest on borrowings	33,260	35,954	-7.5%
Loss on disposal of subsidiaries	1,249	-	N/M
Loss on disposal of joint venture	2,249	-	N/M
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Crediting:			
Interest income	(5,104)	(5,692)	-10.3%
Fair value gain on financial liabilities designated as at fair value through profit or loss	(49,079)	(2,035)	N/M
Currency translation gains	(1,234)	(1,315)	-6.2%
Gain on disposal of property, plant and equipment	(3,142)	(3,816)	-17.7%
Gain on disposal of associates	(8,896)	(4,309)	106.5%
Gain on disposal of subsidiaries	-	(963)	N/M
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N/M: Not Meaningful

1(b)(i) Statements of Financial Position

	Group		Company	
	FY2013 US\$'000	FY2012 US\$'000	FY2013 US\$'000	FY2012 US\$'000
ASSETS				
Current assets				
Cash and bank balances	162,413	129,499	20,553	8,805
Trade receivables	548,730	519,895	23,393	-
Other receivables	294,573	232,216	645,451	560,425
Inventories	10,575	169,199	-	-
Derivative financial instruments	56,993	2,803	56,830	2,795
Asset held for sales	771	-	-	-
Construction contract work-in-progress	185,145	26,761	-	-
Total current assets	1,259,200	1,080,373	746,227	572,025
Non-current assets				
Derivative financial instruments	1,541	1,558	-	1,558
Investment in associates	106,358	97,225	33,336	33,336
Investment in joint ventures	54,674	21,938	-	-
Investment in subsidiaries	-	-	249,628	249,638
Other receivables	142,356	88,398	7,725	37,614
Property, plant and equipment	414,302	678,161	92	303
Goodwill	309	309	-	-
Total non-current assets	719,540	887,589	290,781	322,449
Total assets	1,978,740	1,967,962	1,037,008	894,474

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

	Group		Company	
	FY2013 US\$'000	FY2012 US\$'000	FY2013 US\$'000	FY2012 US\$'000
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	228,787	165,333	-	-
Other payables	110,278	327,293	259,098	104,868
Income tax payable	31,450	30,116	-	-
Bank borrowings	258,130	202,988	-	-
Derivative financial instruments	3,638	16	3,638	16
Notes payables	94,347	185,732	94,347	185,732
Convertible bonds	37,500	-	37,500	-
Finance leases	3,469	3,897	36	66
Total current liabilities	767,599	915,375	394,619	290,682
Non-current liabilities				
Derivative financial instruments	8,515	3,818	6,162	122
Bank borrowings	69,763	100,198	-	-
Notes payables	371,811	233,274	255,748	233,274
Convertible bonds	-	36,196	-	36,196
Finance leases	2,708	4,314	48	129
Deferred income tax liabilities	17,232	9,208	18	18
Total non-current liabilities	470,029	387,008	261,976	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	63,601	63,627	63,601	63,627
Hedging reserve	(5,902)	(12,387)	(4,625)	(7,612)
Translation reserve	(517)	(378)	-	-
Equity reserve	(7,899)	(7,584)	-	-
Employees' share option reserve	5,686	4,236	5,686	4,236
Retained earnings	282,868	227,356	108,285	67,199
Equity attributable to owners of the company	545,303	481,473	380,413	334,053
Non-controlling interests	195,809	184,106	-	-
Total equity	741,112	665,579	380,413	334,053
Total liabilities and equity	1,978,740	1,967,962	1,037,008	894,474

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

Amount repayable in one year or less, or on demand

Group		Group	
FY2013		FY2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
299,099	94,347	206,885	185,732

Amount repayable after one year

Group		Group	
FY2013		FY2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
72,471	371,811	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	
	FY2013	FY2012
	US\$'000	US\$'000
Operating activities		
Profit after income tax	90,895	62,537
Adjustments for :		
Income tax expenses	31,476	32,460
Allowance for impairment of receivables	4,920	827
Bad debts written off	48	77
Property, plant and equipment written off	8,828	-
Depreciation of property, plant and equipment	34,737	28,064
Employees' share options/ awards expense	2,307	1,028
Fair value gain on financial liabilities designated as at fair value through profit and loss	(49,079)	(2,035)
Finance expenses	46,979	44,533
Unrealised currency translation losses	1,525	(3,768)
Gain on disposal of property, plant and equipment	(3,142)	(3,816)
Interest income	(5,104)	(5,692)
Loss/ (Gain) on disposal of subsidiaries	1,249	(963)
Gain on disposal of associates	(8,896)	(4,309)
Loss on disposal of joint venture	2,249	-
Investment written off	1	-
Share of profit of associates and joint ventures - net	(29,937)	(17,788)
Operating cash flows before movements in working capital	129,056	131,155
Trade receivables	59,512	(244,138)
Construction contract work-in-progress	(158,384)	(21,993)
Inventories	158,624	(77,504)
Other assets and receivables	(69,405)	(276,031)
Trade payables	63,454	(13,296)
Other payables	(231,239)	467,463
Cash used in operations	(48,382)	(34,344)
Income taxes paid	(22,773)	(10,991)
Interest expense paid	(30,320)	(23,801)
Net cash used in operating activities	(101,475)	(69,136)
Investing activities		
Acquisition of subsidiary	(212)	(11,836)
Interest income received	1,107	980
Dividend received from associates	9,404	9,107
Proceeds on disposal of property, plant and equipment	246,305	26,926
Dividends paid to equity holders of the Company	(900)	-
Dividends paid on preferences shares issued by a subsidiary	(5,703)	(4,781)
Disposal of subsidiary	76	(2,976)
Proceeds from disposal of joint venture	1,453	-
Proceeds from disposal of associate	-	5,200
Purchases of property, plant and equipment	(178,511)	(168,578)
Net cash generated from/ (used in) investing activities	73,019	(145,958)

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

	Group	
	FY2013	FY2012
	US\$'000	US\$'000
Financing activities		
Pledged deposits	151	1,881
Proceeds on issuance of notes payables	240,945	255,296
Proceeds on issuance of ordinary shares	-	50,239
Redemption of Convertible Bonds	-	(61,982)
Redemption of notes payables	(188,278)	(140,000)
Redemption of preference shares issued by a subsidiary	(10,750)	(8,100)
Net proceeds from issuances of perpetual capital securities	-	61,915
Loan to associates	-	(32,000)
Repayment of obligations under finance leases	(4,404)	(4,753)
Proceeds from issuance of shares by a subsidiary	-	13,171
New bank loans raised	1,101,084	549,612
Repayment of bank loans	(1,077,126)	(455,422)
Net cash generated from financing activities	61,622	229,857
Net increase in cash and cash equivalents	33,166	14,763
Cash and cash equivalents at beginning of the year	118,310	103,388
Effect of exchange rate changes on the balance of cash held in foreign currencies	(101)	159
Cash and cash equivalents at end of the year	151,375	118,310
Cash and cash equivalents consist of:		
Cash at bank	151,325	118,164
Fixed deposits	11,046	11,296
Cash on hand	42	39
	162,413	129,499
Less: Pledged cash placed with banks	(11,038)	(11,189)
Total	151,375	118,310

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	-	-	6,485	(139)	28	-	62,115	6,169	74,658	22,611	97,269
Value of employee services received for issue of share options	-	-	-	-	-	2,307	-	-	2,307	-	2,307
Performance shares awarded using treasury shares	-	863	-	-	(6)	(857)	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	(337)	-	-	-	(337)	(158)	(495)
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(10,750)	(10,750)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	(5,703)	-	(5,703)	-	(5,703)
Interim dividends paid	-	-	-	-	-	-	(900)	-	(900)	-	(900)
Perpetual capital securities distribution payable and paid	-	-	-	-	-	-	-	(6,352)	(6,352)	-	(6,352)
Transaction costs relating to perpetual capital securities	-	-	-	-	-	-	-	157	157	-	157
Balance at 31 December 2013	208,246	(780)	(5,902)	(517)	(7,899)	5,686	282,868	63,601	545,303	195,809	741,112
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	-	-	(10,396)	(916)	-	-	45,681	1,712	36,081	15,144	51,225
Proceeds from shares issued	50,240	-	-	-	-	-	-	-	50,240	-	50,240
Value of employee services received for issue of share options	-	-	-	-	-	1,028	-	-	1,028	-	1,028
Performance shares awarded using treasury shares	-	864	-	-	(63)	(801)	-	-	-	-	-
Change of interest in subsidiary	-	-	-	-	685	-	(14,198)	-	(13,513)	12,633	(880)
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(8,100)	(8,100)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	(6,331)	-	(6,331)	-	(6,331)
Dividends relating to FY2012 payable	-	-	-	-	-	-	(7,110)	-	(7,110)	-	(7,110)
Issuance of perpetual capital securities net of transaction cost	-	-	-	-	-	-	-	61,915	61,915	-	61,915
Balance at 31 December 2012	208,246	(1,643)	(12,387)	(378)	(7,584)	4,236	227,356	63,627	481,473	184,106	665,579

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

	Share capital US\$'000	Treasury shares US\$'000	Hedging reserve US\$'000	Employees' share option reserve US\$'000	Retained earnings US\$'000	Perpetual capital securities 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
Total comprehensive income for the period	-	-	2,987	-	47,255	-	50,242
Value of employee services received for issue of share	-	-	-	2,307	-	-	2,307
Performance shares awarded using treasury shares	-	863	-	(857)	-	-	6
Perpetual capital securities distribution payable and paid	-	-	-	-	(6,169)	-	(6,169)
Transaction costs relating to perpetual capital securities	-	-	-	-	-	(26)	(26)
Balance at 31 December 2013	208,246	(780)	(4,625)	5,686	108,285	63,601	380,413
Balance at 1 January 2012	158,006	(2,507)	(1,991)	4,009	66,068	-	223,585
Total comprehensive income for the period	-	-	(5,621)	-	1,131	1,712	(2,778)
Proceeds from shares issued	50,240	-	-	-	-	-	50,240
Value of employee services received for issue of share options	-	-	-	1,091	-	-	1,091
Performance shares awarded using treasury shares	-	864	-	(864)	-	-	-
Issuance of perpetual capital securities net of transaction cost	-	-	-	-	-	61,915	61,915
Balance at 31 December 2012	208,246	(1,643)	(7,612)	4,236	67,199	63,627	334,053

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

A) US\$35.6 MILLION 5% CONVERTIBLE BONDS DUE IN 2014

Swiber Holdings Limited (the "**Company**") had on 16 October 2009 issued US\$100.0 million 5% convertible bonds due in October 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 year reported on.

As at 31 Dec 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	31 December 2013	Exercise price per share
26-Jan-2011	15,000,000	-	15,000,000	S\$0.97
19-Mar-2013	-	15,000,000	15,000,000	S\$0.64

The above-mentioned share options were all granted to the directors of the Company.

Validity period of the options:

- (a) Exercisable after the first anniversary of the Date of Grant of the options.
- (b) A period of five (5) years commencing from the Date of Grant of the options.

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

C) PERFORMANCE SHARE PLAN

Date of grant	1 January 2013	Granted	Vested	31 December 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)

	FY2013	FY2012
Total number of issued shares	608,489,333	607,457,666

1(d)(iv) Treasury shares

	FY2013	FY2012
Total number of treasury shares	931,667	1,963,334

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 Statement of Financial Position and the Consolidated Income Statement 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 year 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 the year ended 31 December 2013.

6. Earnings per ordinary share

	Group	
	FY2013	FY2012
Net profit after tax attributable to owners of the Company	62,115	45,681
Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	10.2	7.8
b) Based on fully diluted basis (US\$ cents)	9.6	6.1
Weighted average number of shares applicable to basic earnings per share ('000)	608,419	585,511
Weighted average number of shares based on fully diluted basis ('000)	682,771	756,736

7. Net asset value

	Group		Company	
	FY2013	FY2012	FY2013	FY2012
Net asset value (US\$'000)	545,303	481,473	380,413	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)	89.6	79.3	62.5	55.0

8. Review of the Group's performance

Consolidated Income Statement and Statement of Comprehensive Income

(a) Revenue

Revenue increased by 11.2% or US\$106.7 million to US\$1.1 billion in FY2013 compared to US\$952.2 million for the corresponding year ended 31 December 2012 ("**FY2012**"). The revenue growth was mainly attributable to South East Asia segment driven by progressive revenue recognition from Brunei and Indonesia projects.

Revenue contributed by geographical area

	FY2013 US\$'000	FY2012 US\$'000
South Asia	92,919	306,948
South East Asia	780,814	445,527
Latin America	125,286	171,002
Others	59,923	28,757
	<u>1,058,942</u>	<u>952,234</u>

(b) Cost of sales and gross profit

In tandem with a higher proportion of revenue, cost of sales increased by US\$90.0 million or 11.2% from US\$800.4 million in FY2012 to US\$890.4 million in FY2013. The Group maintains its gross profit margin at 15.9% in FY2013 and FY2012.

(c) Other operating income

Other operating income increased by US\$41.3 million or 169.4%, from US\$24.4 million in FY2012 to US\$65.7 million, the increase was due mainly to:

- (i) As announced via SGXNET on 3 October 2013, the Company has entered into an option agreement dated 2 October 2013 (the "**Option Agreement**") with Vallianz Holdings Limited ("**Vallianz**") pursuant to which Vallianz shall issue and the Company shall acquire an aggregate of 500,000,000 share options (the "**Options**") with each Option carrying the right to subscribe for one (1) new ordinary share in the capital of Vallianz (the "**Option Share**") at the exercise price of S\$0.055 per Option. Such options were accounted for in accordance to FRS 39 - Financial Instruments: Recognition and Measurement, classified as financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes recognised in profit or loss, as such, the Company recognised a fair value gain of US\$56.8 million in other income.
- (ii) Net gain on disposal of subsidiaries, associates and joint venture of US\$ 5.4 million,
- (iii) Gain on disposal of property, plant and equipment of US\$3.1 million

The above was partially offset by lower other income, which include lower exchange gains and fair value loss on financial liabilities designated as fair value through profit or loss of total US\$ 7.8 million.

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

(d) Administrative expenses

Administrative expenses increased by US\$18.1 million or 29.7% from US\$60.9 million in FY2012 to US\$79.0 million in FY2013. This increase was due mainly to higher employee compensation expenses and increase in headcount.

As at 31 December 2013 and 31 December 2012, the Group had approximately 1,262 and 1,034 employees respectively.

(e) Other operating expenses

Other operating expenses increased by US\$13.7 million from US\$2.1 million in FY2012 to US\$15.8 million in FY2013. This increase is due mainly to allowances for impairment of receivables of US\$5.0 million and property, plant & equipment written off of US\$8.8 million

(f) Finance expenses

Finance expenses increased by US\$11.0 million or 30.7%, from US\$36.0 million in FY2012 to US\$47.0 million in FY2013. Finance expenses include interest on bank borrowings, and finance charges/ debt issuance cost on debt securities. The increase was due mainly to:

- (i) Issuance of debt securities with higher interest rate with longer tenure; and
- (ii) Over-lapping of new bond issuance and bond retirement

Total borrowings as at 31 December 2013 were US\$837.7 million as compared to 31 December 2012 of US\$766.6 million.

(g) Share of profit of associates and joint ventures

Share of profit of associates and joint ventures increased by US\$12.1 million or 68.3%, from US\$17.8 million in FY2012 to US\$29.9 million in FY2013. The increase was due to associates in Indonesia and Singapore delivering better results as compared to FY2012.

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\$187.2 million from US\$546.7 million as at 31 December 2012 to US\$733.9 million as at 31 December 2013. The increase corresponds with the increase in revenue and timing difference between achievement of milestone and revenue recognized for projects in progress.

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

(i) Other receivables (current)

Other current receivables increased by US\$62.4 million from US\$232.2 million as at 31 December 2012 to US\$294.6 million as at 31 December 2013. The increase is due mainly to prepayment to vendors and advances to joint ventures.

(j) Inventories

Inventories decreased by US\$158.6 million from US\$169.2 million as at 31 December 2012 to US\$10.6 million as at 31 December 2013. The decrease was due to consumption of materials in project execution.

(k) Derivative financial instruments - net

Derivative financial instruments increased by US\$45.9 million, from US\$0.5 million as at 31 December 2012 to US\$46.4 million as at 31 December 2013. The increase was due mainly to fair value gain on Option and cash flow hedge against the foreign currency and interest rate.

(l) Investment in joint ventures

Investment in joint ventures increased by US\$32.8 million, from US\$21.9 million as at 31 December 2012 to US\$54.7 million as at 31 December 2013. The increase was due mainly to reclassification of US\$30.0 million due from certain joint ventures as quasi-equity.

(m) Investment in Associates

Investment in associates increased by US\$9.2 million from US\$97.2 million as at 31 December 2012 to US\$106.4 million as at 31 December 2013. The increase was due mainly to positive results delivered by certain associates

(n) Other receivables (non-current)

Other non-current receivables increased by US\$54.0 million from US\$88.4 million as at 31 December 2012 to US\$142.4 million as at 31 December 2013. The increase was mainly due to seller credits.

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.

(o) Property, plant and equipment

Property, plant and equipment decreased by US\$263.9 million from US\$678.2 million as at 31 December 2012 to US\$414.3 million as at 31 December 2013. The decrease was due mainly to transfer of certain vessels to associates.

Depreciation increased by US\$6.6 million or 23.5%, from US\$28.1 million in FY2012 to US\$34.7 million in FY2013. The increase was due mainly to inclusion of full year depreciation of vessels acquired under the sales and leaseback arrangement during the previous year.

Assets under construction are not depreciated.

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

(p) Total current and non-current borrowings

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

	Group					
	FY2013			FY2012		
	Current US\$'000	Non-Current US\$'000	Total US\$'000	Current US\$'000	Non-Current US\$'000	Total US\$'000
Bank loans	29,145	69,763	98,908	61,422	100,198	161,620
Working lines	228,985	-	228,985	141,566	-	141,566
Convertible Bonds	37,500	-	37,500	-	36,196	36,196
Notes payables	94,347	371,811	466,158	185,732	233,274	419,006
Finance leases	3,469	2,708	6,177	3,897	4,314	8,211
	393,446	444,282	837,728	392,617	373,982	766,599

Total current and non-current borrowings increased by US\$71.1 million from US\$766.6 million as at 31 December 2012 to US\$837.7 million as at 31 December 2013. The increase was due to issuance of multicurrency medium term notes series 14 and Islamic trust certificate series 1 partially offset against repayment of multicurrency medium term notes series 8 and 13.

Net debt-to-equity ratio is as follows:

	31 December 2013	31 December 2012	30 September 2013	30 June 2013	31 March 2013
Financial period ended					
Net debt-to-equity ratio	0.91	0.95	0.98	0.92	1.00

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

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

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

Notes Payables

Multicurrency medium term notes	Tenure (year)	Interest rate	Due Date	FY2013 S\$'000	Group FY2013 US\$'000	FY2012 US\$'000
<u>Current</u>						
- series 8	3	5.80%	11-Oct-13	-	-	65,030
- series 9	3.5	5.90%	25-Jul-14	120,000	94,347	-
- series 13	1	5.80%	6-Aug-13	-	-	120,702
				120,000	94,347	185,732
<u>Non-current</u>						
- series 9	3.5	5.90%	25-Jul-14	-	-	97,232
- series 11	3	6.25%	8-Jun-15	95,000	74,089	76,204
- series 12	4	7.00%	6-Jul-16	75,000	58,099	59,838
- series 14	4	7.10%	18-Apr-17	160,000	123,560	-
				330,000	255,748	233,274
Islamic trust certificate						
<u>Non-current</u>						
- series 1	5	6.50%	2-Aug-18	150,000	116,063	-
				480,000	371,811	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.

Convertible Bonds

	FY2013 US\$'000	Group FY2012 US\$'000
<u>Current</u>		
Nominal value of the Convertible Bonds	35,600	-
Fair value through profit or loss	1,900	-
	37,500	-
<u>Non-current</u>		
Nominal value of the Convertible Bonds	-	35,600
Fair value through profit or loss	-	596
	-	36,196

The increased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US\$1.3 million in FY2013, such changes in fair value was accounted for at fair value through profit or loss.

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

Consolidated Statement of Cash Flows

(q) Cash flow used in operating activities

In FY2013, the Group net cash used in operating activities amounted to US\$101.5 million. This comprised operating cash flow before working capital changes of US\$129.1 million, and adjusted for net working capital outflows of US\$177.5 million and income tax and interest payment of US\$53.1 million. The net working capital outflows were mainly the result of the following:

- (i) increase in trade receivables and CWIP of US\$98.9 million;
- (ii) increase in other receivables of US\$69.4 million;
- (iii) net decrease in trade and other payables of US\$167.8 million; and
- (iv) decrease in inventories of US\$158.6 million.

(r) Cash flow generated from investing activities

In FY2013, the Group's net cash generated from investing activities amounted to US\$73.0 million, which was due mainly to proceeds on disposal of plant, property and equipment of US\$246.3 million, and partially offset by purchases of property, plant and equipment of US\$178.5 million.

(s) Cash flow generated from financing activities

In FY2013, the Group recorded net cash inflow from financing activities of US\$61.6 million, which was due mainly to new borrowings amounting to US\$1.10 billion. However, this cash inflow was partially offset by repayment of borrowings amounting to US\$1.08 billion.

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 levels, 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 contractors that undertake platform and pipeline installation as well as other offshore support services. The Group is capitalizing on the increase in the offshore sector by actively bidding major projects in its targeted markets and geographical regions.

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 February 2014, the Group has an order book of approximately US\$800 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 Year Reported On

Any dividend recommended for the current financial year reported on?

No

(b) Corresponding Year of the Immediately Preceding Financial Year

Any dividend declared for the corresponding year of the immediately preceding financial year?

Yes

(c) Date Payable

Not applicable

(d) Book Closure Date.

Not applicable

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

Not applicable

13. Interested person transaction

There was no interested person transaction during the year 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 year which it is required to report on pursuant to Rule 705.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmental information

The Group's chief operating decision maker has been identified as the executive director of the Group, who reviews the consolidated results prepared in the following reportable segments when making decisions about allocating resources and assessing performance of the Group.

During the financial year 2013, the Group redefined its market position as a global leading EPIC service provider, to reflect the repositioning strategy and to improve clarity to shareholders of the Groups business segments, the group will report only one segment – the offshore construction services. As a result, the business segment presentation for FY2013 and FY2012 has been amended accordingly.

Under the offshore construction services, the Group provides a full suite of offshore engineering, procurement, installation and construction services and delivers integrated and innovative solutions to wide and diverse range of offshore projects, including turnkey project management, procurement, transportation and installation of offshore structure, subsea completion works and decommissioning services.

Geographical information

	Revenue ⁽¹⁾		Non-current assets ⁽²⁾	
	FY2012	FY2012	FY2013	FY2012
	US\$'000	US\$'000	US\$'000	US\$'000
South Asia	92,919	306,948	-	-
South East Asia	780,814	445,527	718,916	887,379
Latin America	125,286	171,002	624	179
Others	59,923	28,757	-	31
	<u>1,058,942</u>	<u>952,234</u>	<u>719,540</u>	<u>887,589</u>

(1) The Group's operations are carried out offshore through its companies located in Singapore, Malaysia, Indonesia, Middle East, Latin America and branch in Brunei. Analysis of the Group's sales is by geographical location of the customer, irrespective of the origin of the work/services.

(2) Analysis of the carrying amount of non-current assets is by the geographical area in which the assets are located.

15. Material changes

Not applicable.

16. Breakdown of sales

	FY2013	FY2012	
	US\$'000	US\$'000	Change
Sales reported for the first half year	551,805	423,978	30.1%
Operating profit after tax reported for first half year	37,408	33,464	11.8%
Sales reported for the second half year	507,137	528,256	-4.0%
Operating profit after tax reported for second half year	53,487	29,073	84.0%

17. Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or in any of the company's principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.