



SWIBER HOLDINGS LIMITED

Financial Statements And Dividends Announcement

**For The Third Quarter And Nine Months Ended
30 September 2014**

UNAUDITED FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 ("3Q2014").
1(a)(i) Consolidated Income Statement

	Group			Group		
	3Q2014 US\$'000	3Q2013 US\$'000	Change	9M2014 US\$'000	9M2013 US\$'000	Change
Revenue	107,342	274,233	-60.9%	526,174	826,038	-36.3%
Cost of sales	(106,495)	(235,221)	-54.7%	(499,251)	(700,044)	-28.7%
Gross profit	847	39,012	-97.8%	26,923	125,994	-78.6%
Other operating income	4,950	2,874	72.2%	114,557	13,621	741.0%
Administrative expenses	(15,072)	(17,215)	-12.4%	(44,965)	(49,897)	-9.9%
Other operating expenses	(2,642)	(1,463)	80.6%	(27,427)	(9,520)	188.1%
Finance expenses	(17,373)	(16,009)	8.5%	(47,167)	(34,248)	37.7%
Share of profit of associates and joint ventures	12,319	15,870	-22.4%	29,099	26,244	10.9%
(Loss)/ Profit before tax	(16,971)	23,069	-173.6%	51,020	72,194	-29.3%
Income tax expenses	(5,935)	(8,608)	-31.1%	(10,954)	(20,325)	-46.1%
(Loss)/ Profit for the period	(22,906)	14,461	-258.4%	40,066	51,869	-22.8%
Attributable to :						
Owners of the company	(27,488)	7,660	-458.9%	30,662	31,889	-3.8%
Perpetual securities holders	3,147	1,503	109.4%	4,532	4,602	-1.5%
Non-controlling interests	1,435	5,298	-72.9%	4,872	15,378	-68.3%
	(22,906)	14,461	-258.4%	40,066	51,869	-22.8%
Gross profit margin	0.8%	14.2%		5.1%	15.3%	
Net profit margin	-21.3%	5.3%		7.6%	6.3%	
EBITDA* (US\$'000)	9,892	46,796		125,577	126,351	
EBITDA* margin	9.2%	17.1%		23.9%	15.3%	

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

N/M : Not Meaningful



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

	Group			Group		
	3Q2014 US\$'000	3Q2013 US\$'000		9M2014 US\$'000	9M2013 US\$'000	
Profit for the period	(22,906)	14,461		40,066	51,869	
Other comprehensive income:						
Cash flow hedges	(34)	2,477	-101.4%	(726)	3,685	-119.7%
Currency translation differences on translation of foreign operations	972	2,871	71.4%	366	2,422	-84.9%
Total comprehensive income for the period	(21,968)	19,809		39,706	57,976	
Total comprehensive income attributable to:						
Owners of the company	(26,550)	13,008	-304.1%	30,302	37,996	-20.2%
Perpetual securities holders	3,147	1,503	109.4%	4,532	4,602	-1.5%
Non-controlling interests	1,435	5,298	-72.9%	4,872	15,378	-68.3%
Total	(21,968)	19,809		39,706	57,976	

*N/M : Not Meaningful

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

	Group			Group		
	3Q2014 US\$'000	3Q2013 US\$'000		9M2014 US\$'000	9M2013 US\$'000	
Charging:						
Allowance for doubtful debts	-	2	N/M	-	37	N/M
Bad debts written off	38	503	-92.4%	38	503	-92.4%
Depreciation of property, plant and equipment	11,080	8,634	28.3%	31,670	25,108	26.1%
Employees' share options/ awards expense	257	731	-64.8%	973	1,806	-46.1%
Loss on disposal of property, plant and equipment	2,974	-	N/M	-	-	-
Fair value loss on financial instruments designated as at fair value through profit or loss	4,012	-	N/M	21,377	8,156	162.1%
Interest on borrowings	13,333	15,093	-11.7%	40,437	29,049	39.2%
Investment written off	-	100	N/M	-	100	N/M
Property, plant and equipment written off	3	-	N/M	4	11	N/M
Crediting:						
Bad debts recovered	-	-	-	-	(38)	N/M
Interest income	(924)	(861)	7.3%	(2,767)	(6,086)	-54.5%
Fair value gain on financial instruments designated as at fair value through profit or loss	-	(1,058)	N/M	-	-	-
Foreign exchange gains - net	(2,953)	-	N/M	(7,199)	(2,439)	195.2%
Gain on disposal of property, plant and equipment	-	(453)	N/M	(918)	(6,572)	-86.0%
Gain on disposal of subsidiaries	-	-	-	(95,056)	-	N/M

*N/M: Not Meaningful

1(b)(i) Statements of Financial Position

	Group		Company	
	9M2014	FY2013	9M2014	FY2013
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and bank balances	111,613	162,413	34,432	20,553
Trade receivables	590,207	510,576	-	-
Other receivables	233,916	307,441	925,492	608,759
Inventories	29,837	10,391	-	-
Derivative financial instruments	-	56,830	-	56,830
Assets held for sale	-	771	-	-
Construction contract work-in-progress	182,232	205,231	-	-
Total current assets	1,147,805	1,253,653	959,924	686,142
Non-current assets				
Derivative financial instruments	394	1,704	-	-
Investment in associates	172,682	106,358	123,363	73,336
Investment in joint ventures	33,624	54,193	-	-
Investment in subsidiaries	-	-	128,619	249,628
Other receivables	205,812	150,441	27,948	27,810
Property, plant and equipment	678,741	414,302	671	92
Goodwill	309	309	-	-
Total non-current assets	1,091,562	727,307	280,601	350,866
Total assets	2,239,367	1,980,960	1,240,525	1,037,008

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

	Group		Company	
	9M2014	FY2013	9M2014	FY2013
	US\$'000	US\$'000	US\$'000	US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	217,178	228,787	-	-
Other payables	102,981	111,621	254,293	259,098
Income tax liabilities	13,917	32,338	-	-
Bank borrowings	242,695	258,130	-	-
Derivative financial instruments	1,662	3,638	1,662	3,638
Notes payables	72,168	94,347	72,168	94,347
Convertible bonds	35,120	37,500	35,120	37,500
Finance leases	31,730	3,469	36	36
Total current liabilities	717,451	769,830	363,279	394,619
Non-current liabilities				
Derivative financial instruments	12,618	8,515	10,958	6,162
Bank borrowings	83,138	69,763	-	-
Notes payables	545,585	371,811	429,950	255,748
Finance leases	214,706	2,708	21	48
Deferred income tax liabilities	1,893	16,769	-	-
Total non-current liabilities	857,940	469,566	440,929	261,958
Capital, reserves and non-controlling interests				
Share capital	208,246	208,246	208,246	208,246
Treasury shares	-	(780)	-	(780)
Perpetual capital securities	61,933	63,601	61,933	63,601
Hedging reserve	(6,628)	(5,902)	(4,244)	(3,544)
Translation reserve	(151)	(517)	-	-
Equity reserve	(2,766)	(7,899)	-	-
Employees' share option reserve	6,394	6,138	6,394	6,138
Retained earnings	295,010	282,868	163,988	106,770
Equity attributable to owners of the Company and perpetual capital securities holders	562,038	545,755	436,317	380,431
Non-controlling interests	101,938	195,809	-	-
Total equity	663,976	741,564	436,317	380,431
Total liabilities and equity	2,239,367	1,980,960	1,240,525	1,037,008

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

Amount repayable in one year or less, or on demand

Group		Group	
9M2014		FY2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
309,545	72,168	299,099	94,347

Amount repayable after one year

Group		Group	
9M2014		FY2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
297,844	545,585	72,471	371,811

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	
	3Q2014	3Q2013
	US\$'000	US\$'000
Operating activities		
(Loss)/ Profit after income tax	(22,906)	14,461
Adjustments for :		
Income tax expense	5,935	5,164
Allowance for doubtful debts	-	2
Bad debts written off	-	503
Depreciation of property, plant and equipment	11,080	8,634
Employees' share options/ awards expense	257	731
Fair value loss/ (gain) on financial instruments designated as at fair value through profit and loss	4,012	(1,058)
Finance expense	17,374	20,292
Foreign exchange loss/ (gain)	2,179	(1,014)
Loss/ (Gain) on disposal of property, plant and equipment	2,974	(453)
Interest income	(924)	(1,126)
Investment written off	-	100
Property, plant and equipment written off	3	-
Share of profit of associates and joint ventures - net	(12,319)	(15,870)
Operating cash flows before movements in working capital	7,665	30,366
Trade receivables	64,581	(94,038)
Construction work in progress	29,787	(6,629)
Inventories	(24,903)	42,639
Other assets and receivables	85,401	18,129
Trade payables	(44,057)	123,247
Other payables	(100,921)	(168,609)
Cash generated from/ (used in) operations	17,553	(54,895)
Income taxes (paid)/ refund	(11,743)	10
Interest expense paid	(11,146)	(10,542)
Net cash generated used in operating activities	(5,336)	(65,427)
Investing activities		
Interest income received	623	1,126
Dividend received from associates and joint venture	881	3,190
Proceeds on disposal of property, plant and equipment	6,622	70,086
Dividends paid to equity holders of the Company	-	(900)
Dividends paid on preferences shares issued by a subsidiary	(2,637)	(2,896)
Purchases of property, plant and equipment	(4,564)	(62,522)
Investments in associates	(9,196)	-
Net cash (used in)/ generated from investing activities	(8,271)	8,084

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

	Group	
	3Q2014	3Q2013
	US\$'000	US\$'000
Financing activities		
Pledged deposits	3,002	244
Proceeds on issuance of notes payables	67,857	117,771
Redemption of notes payables	(94,347)	(119,760)
Redemption of preference shares issued by a subsidiary	-	(2,000)
Repayment of obligations under finance leases	(8,003)	(2,184)
New bank loans raised	174,196	233,942
Repayment of bank loans	(144,417)	(288,908)
Net cash generated used in financing activities	(1,712)	(60,896)
Net decrease in cash and cash equivalents	(15,319)	(118,239)
Cash and cash equivalents at beginning of the period	119,300	244,463
Effect of exchange rate changes on the balance of cash held in foreign currencies	(2,294)	27
Cash and cash equivalents at end of the period	101,687	126,251
Cash and cash equivalents consist of:		
Cash at bank	101,633	126,194
Fixed deposits	9,934	11,043
Cash on hand	46	49
	111,613	137,286
Less: Pledged cash placed with banks	(9,926)	(11,035)
Total	101,687	126,251

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

	Equity attributable to owners of the company								Equity attributable to owners of the company US\$'000	Non-controlling interests US\$'000	Total US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Perpetual capital securities US\$'000	Hedging reserve US\$'000	Translation reserve US\$'000	Equity reserve US\$'000	Employees' share option reserve US\$'000	Retained earnings US\$'000			
GROUP											
Balance at 1 January 2014	208,246	(780)	63,601	(5,902)	(517)	(7,899)	6,138	282,868	545,755	195,809	741,564
Total comprehensive income for the period	-	-	4,532	(726)	366	(29)	-	30,662	34,805	4,872	39,677
Value of employee services received for issue of share options	-	-	-	-	-	-	973	-	973	-	973
Performance shares awarded using treasury shares	-	780	-	-	-	(63)	(717)	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	7,372	-	-	7,372	(94,347)	(86,975)
Dilution of associates	-	-	-	-	-	(2,147)	-	-	(2,147)	-	(2,147)
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(4,400)	(4,400)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	-	(3,970)	(3,970)	-	(3,970)
Interim dividends paid	-	-	-	-	-	-	-	(14,550)	(14,550)	-	(14,550)
Perpetual capital securities distribution payable and paid	-	-	(6,200)	-	-	-	-	-	(6,200)	-	(6,200)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	4	4
Balance at 30 September 2014	208,246	-	61,933	(6,628)	(151)	(2,766)	6,394	295,010	562,038	101,938	663,976
Balance at 1 January 2013	208,246	(1,643)	63,627	(12,387)	(378)	(7,584)	4,236	227,356	481,473	184,106	665,579
Total comprehensive income for the period	-	-	4,602	3,685	2,422	16	-	51,869	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)	-	-	-	-
Change of interest in 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)
Perpetual capital securities distribution payable and paid	-	-	(6,195)	-	-	-	-	-	(6,195)	-	(6,195)
Balance at 30 September 2013	208,246	(780)	62,034	(8,702)	2,044	(7,568)	5,186	270,821	531,281	190,522	721,803

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

COMPANY	Share capital US\$'000	Treasury shares US\$'000	Perpetual capital securities US\$'000	Hedging reserve US\$'000	Translation reserve US\$'000	Equity reserve US\$'000	Employees' share option reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2014	208,246	(780)	63,601	(3,544)	-	-	6,138	106,770	380,431
Total comprehensive income for the period	-	-	4,532	(700)	-	-	-	76,300	80,132
Value of employee services received for issue of share options	-	-	-	-	-	-	973	-	973
Performance shares awarded using treasury shares	-	780	-	-	-	-	(717)	-	63
Interim dividends paid	-	-	-	-	-	-	-	(14,550)	(14,550)
Perpetual capital securities distribution payable and paid	-	-	(6,200)	-	-	-	-	(4,532)	(10,732)
Balance at 30 September 2014	208,246	-	61,933	(4,244)	-	-	6,394	163,988	436,317
Balance at 1 January 2013	208,246	(1,643)	63,627	(7,612)	-	-	4,236	67,199	334,053
Total comprehensive income for the period	-	-	4,602	667	-	-	-	1,701	6,970
Value of employee services received for issue of share options	-	-	-	-	-	-	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)
Balance at 30 September 2013	208,246	(780)	62,034	(6,945)	-	-	5,186	68,900	336,641

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

A) US\$100.0 MILLION 5% CONVERTIBLE BONDS DUE IN 2014

As announced via SGXNET on 16 October 2009, Swiber Holdings Limited (the "**Company**") had on 16 October 2009 issued US\$100.0 million 5% convertible bonds due in 2014 *the ("**Convertible Bonds**") Key feature of the Convertible Bonds is as follow:

"The Convertible Bonds may be converted at the option of bondholders at any time on and from November 26, 2009 to October 6, 2014, at the current conversion price of S\$1.14, into fully paid-up ordinary shares of the Company at the fixed exchange rate of US\$1.00 = S\$1.44. The conversion price will be reset on each interest payment date (the "Reset Date") based on the average market price, defined as the Volume Weighted Average Price of shares for up to 20 consecutive trading days ("**VWAP**") immediately preceding the relevant Reset Date.

Due to the reset feature on conversion price, the Company does not deliver fixed amount of equity for a fixed number of bonds based on the prevailing conversion rate. Therefore, it will not be able to determine the aggregate number of shares that may be issued on conversion of all the outstanding convertibles as at the end of current financial period reported on.

As at 30 September 2014, 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\$0.78. On 16 October 2014, the Company has fully redeemed the remaining US\$35,600,000 convertible bonds on their scheduled maturity date.

For the purpose of illustration, assuming that all the Convertible Bonds are converted at current conversion price of S\$0.78, the aggregate number of shares that may be issued on conversion would be approximately 65,723,077 shares. This represents approximately 10.7% of the Company's existing share capital of 611,386,000 shares (net of treasury shares).

The Convertible Bonds has been repaid in October 2014.

B) SHARE OPTION SCHEME

Date of grant	1 January 2014	Granted	30 September 2014	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 2014	Granted	Vested	Cancelled	30 September 2014
26-Jan-2011	1,031,668	-	(896,668)	(100,000)	-
19-Mar-2013	6,000,000	-	(2,000,000)		4,000,000

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)

	9M2014	FY2013
Total number of issued shares	611,386,000	608,489,333

1(d)(iv) Treasury shares

	9M2014	FY2013
Total number of treasury shares	-	931,667

On 27 January 2014, 931,667 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 2013, 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 2013.

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 3Q2014.

6. Earnings per ordinary share

	Group		Group	
	3Q2014	3Q2013	9M2014	9M2013
Net profit after tax attributable to owners of the Company	(27,488)	7,660	30,662	31,889
Earnings per share				
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	-	1.3	5.0	5.2
b) Based on fully diluted basis (US\$ cents)	-	*1.1	4.4	*5.1
Weighted average number of shares applicable to basic earnings per share ('000)	610,389	607,744	609,398	608,395
Weighted average number of shares based on fully diluted basis ('000)	671,649	670,261	671,915	670,912

* 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	
	9M2014	FY2013	9M2014	FY2013
Net asset value (US\$'000)	562,038	545,755	436,317	380,431
Total number of shares issued ('000)	611,386	608,489	611,386	608,489
Net asset value per share (US\$ cents per share)	91.9	89.7	71.4	62.5

8. Review of the Group's performance

Consolidated Income Statement and Statement of Comprehensive Income

(a) Revenue

9M2014 vs 9M2013/ 3Q2014 vs 3Q2013

Revenue decreased by 36.3%, or US\$299.8 million, to US\$526.2 million in 9M2014 compared to US\$826.0 million for the corresponding period ended 30 September 2013 ("**9M2013**"). For 3Q2014, the Group's revenue decreased by US\$166.9 million or 60.9%, from US\$274.2 million in third quarter ended 30 September 2013 ("**3Q2013**") to US\$107.3 million in 3Q2014. The decrease was due to significant revenue from on-going projects was recognized in FY2013 and recently awarded projects have not been commenced.

Revenue contributed by geographical area

	3Q2014	3Q2013	9M2014	9M2013
	US\$'000	US\$'000	US\$'000	US\$'000
South Asia	-	1,877	53,099	76,845
South East Asia	74,107	269,927	374,198	626,247
Latin America	25,331	-	84,267	86,141
Others	7,904	2,429	14,610	36,805
	107,342	274,233	526,174	826,038

(b) Cost of sales and gross profit

9M2014 vs 9M2013/ 3Q2014 vs 3Q2013

Corresponding to lower revenue, cost of sales decreased by US\$200.7 million or 28.7%, from US\$700.0 million in 9M2013 to US\$499.3 million in 9M2014. As for 3Q2014, cost of sales decreased by \$128.7 million, 54.7% from US\$235.2 million in 3Q2013 to US\$106.5 million in 3Q2014.

Gross profit margin reduced from 15.3% in 9M2013 to 5.1% in 9M2014, and 14.2% in 3Q2013 to 0.8% in 3Q2014. This was due to lower revenue but fixed cost remained.

(c) Other operating income

9M2014 vs 9M2013

Other operating income increased by US\$101.0 million or 741.0%, from US\$13.6 million in 9M2013 to US\$114.6 million in 9M2014, the increase was due mainly to disposal of a group of subsidiaries of \$95.1 million.

3Q2014 vs 3Q2013

For 3Q2014, other operating income increased by US\$2.1 million or 72.2%, from US\$2.9 million in 3Q2013 to US\$5.0 million in 3Q2014 was due mainly to higher foreign exchange gain of US\$3.0 million.

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

(d) Administrative expenses

9M2014 vs 9M2013/ 3Q2014 vs 3Q2013

Administrative expenses decreased by approximately US\$4.9 million or 9.9% from US\$49.9 million in 9M2013 to US\$45.0 million in 9M2014. As for 3Q2014, administrative expenses decreased by US\$2.1 million or 12.4% from US\$17.2 million in 3Q2013 to US\$15.1 million in 3Q2014. The decrease was due mainly to disposal a group of subsidiaries.

(e) Other operating expenses

9M2014 vs 9M2013/ 3Q2014 vs 3Q2013

Other operating expenses increased by approximately US\$17.9 million or 188.1% from US\$9.5 million in 9M2013 to US\$27.4 million in 9M2014. As for 3Q2014, other operating expenses increased by US\$1.1 million or 80.6% from US\$1.5 million in 3Q2013 to US\$2.7 million in 3Q2014. The increase was due mainly to higher net fair value loss on financial instruments designated as at fair value through profit or loss of US\$13.2 million and US\$4.0 million respectively.

(f) Finance expenses

9M2014 vs 9M2013/ 3Q2014 vs 3Q2013

Finance expenses increased by approximately US\$13.0 million or 37.7%, from US\$34.2 million in 9M2013 to US\$47.2 million in 9M2014. As for 3Q2014, finance expenses increased by US\$1.4 million or 8.5% from US\$16.0 million in 3Q2013 to US\$17.4 million in 3Q2014 primarily as a result of higher borrowing and issuance of debt securities. Finance expenses include interest on bank borrowings, and finance charges/ debt issuance cost on debt securities. Total borrowings as at 30 September 2014 was US\$1,225.1 million as compared to 30 September 2013 of US\$846.4 million.

(g) Share of profit of associates and joint ventures

9M2014 vs 9M2013

Share of profit of associates and joint ventures increased by US\$2.9 million or 10.9%, from US\$26.2 million in 9M2013 to US\$29.1 million in 9M2014. The increase was due to certain associates delivering positive results.

3Q2014 vs 3Q2013

For 3Q2014, share of profits decreased by US\$3.6 million or 22.4% from US\$15.9 million in 3Q2013 to US\$12.3 million in 3Q2014. The decrease was due mainly to disposal and dilution of associates in 3Q2014.

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\$56.6 million from US\$715.8 million as at 31 December 2013 to US\$772.4 million as at 30 September 2014. 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 2014, the Group received settlement and billing of approximately US\$126.4 million.

(i) Other receivables (current and non-current)

Other receivables increased by US\$18.2 million from US\$457.9 million as at 31 December 2013 to US\$439.7 million as at 30 September 2014. The increase was due mainly to increase capitalized vessel costs on leased vessels.

(j) Inventories

Inventories increased by US\$19.4 million, from US\$10.4 million as at 31 December 2013 to US\$29.8 million as at 30 September 2014. The increase was due to purchase of materials in preparation for projects execution in fourth quarter ended 31 December 2014 ("4Q2014") and 2015.

(k) Investment in associates

Investment in associates increased by US\$66.3 million, from US\$106.4 million as at 31 December 2013 to US\$172.7 million as at 30 September 2014. The increase were due mainly to:

- (i) Subscription of share options of an associated company ("Share Options") of US\$31.0 million,
- (ii) Fair value recognition of share options of US\$23.2 million; and
- (iii) Positive results delivered by certain associates.

(l) Investment in joint ventures

Investment in joint ventures decreased by US\$20.6 million, from US\$54.2 million as at 31 December 2013 to US\$33.6 million as at 30 September 2014. The decrease was due mainly to repayment of receivables that previously accounted for quasi-equity.

(m) Property, plant and equipment

Property, plant and equipment increased by US\$264.4 million from US\$414.3 million as at 31 December 2013 to US\$678.7 million as at 30 September 2014. The increase was due mainly to addition of vessels of approximately US\$400.0 million as a result of Group strategy to restructure certain existing vessels under various leasing arrangement. This addition was partially offset against de-recognition of property, plant and equipment of approximately US\$111.6 million as a result of deconsolidation of a disposed subsidiaries.

Depreciation increased by US\$6.6 million or 26.1%, from US\$25.1 million in 9M2013 to US\$31.7 million in 9M2014. The increase was mainly due to addition of vessels .

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					
	9M2014			FY2013		
	Current US\$'000	Non-Current US\$'000	Total US\$'000	Current US\$'000	Non-Current US\$'000	Total US\$'000
Bank loans	15,343	83,138	98,481	29,145	69,763	98,908
Working lines	227,352	-	227,352	228,985	-	228,985
Notes payables	72,168	545,585	617,753	94,347	371,811	466,158
Convertible Bonds	35,120	-	35,120	37,500	-	37,500
Finance leases	31,730	214,706	246,436	3,469	2,708	6,177
	381,713	843,429	1,225,142	393,446	444,282	837,728

Total current and non-current borrowings increased by US\$387.4 million from US\$837.7 million as at 31 December 2013 to US\$1,225.1 million as at 30 September 2014. The increase was due to higher drawdown in notes payables and finance lease for purchase of vessels.

Net debt-to-equity ratio is as follows:

Financial period ended	30 September 2014	30 June 2014	31 March 2013	31 December 2013	30 September 2013
Net debt-to-equity ratio	1.68	1.45	1.34	0.91	0.98

As at 30 September 2014, the Group has the following outstanding Convertible Bonds and notes payables:

Convertible Bonds

	Group		
	9M2014 US\$'000	FY2013 US\$'000	Due Date
Nominal value of the Convertible Bonds	35,600	35,600	16 October 2014
Fair value through profit or loss	(480)	1,900	
	35,120	37,500	

The decreased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US\$2.4 million in 9M2014, such changes in fair value was accounted for at fair value through profit or loss.

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

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

Notes Payables

	Tenure (year)	Interest rate	Due Date	S\$'000	Group		FY2013 US\$'000
					9M2014 CNY'000	US\$'000	
<u>Current</u>							
Multicurrency medium term notes							
- series 9	3.5	5.90%	25-Jul-14	120,000	-	-	94,347
- series 11	3	6.25%	8-Jun-15	95,000	-	72,168	-
				215,000	-	72,168	94,347
<u>Non-current</u>							
Multicurrency medium term notes							
- series 11	3	6.25%	8-Jun-15	-	-	-	74,089
- series 12	4	7.00%	6-Jul-16	75,000	-	56,501	58,099
- series 14	4	7.10%	18-Apr-17	160,000	-	124,341	123,560
- series 15	2.5	5.50%	10-Oct-16	100,000	-	76,708	-
- series 16	2.5	5.13%	6-Jun-16	130,000	-	99,670	-
- series 17	3	7.75%	18-Sep-17	-	450,000	72,730	-
				465,000	450,000	429,950	255,748
Islamic trust certificate							
- series 1	5	6.50%	2-Aug-18	150,000	-	115,635	116,063
				615,000	450,000	545,585	371,811

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.

Consolidated Statement of Cash Flows

(o) Cash flow used in operating activities

In 3Q2014, the Group net cash used in operating activities amounted to US\$5.3 million. This comprised operating cash flow before working capital changes of US\$7.7 million, and adjusted for net working capital inflows of US\$9.9 million and income tax and interest payment of US\$22.9 million. The net working capital inflows were mainly the result of the following:

- (i) decrease in trade receivables and CWIP of US\$94.4 million;
- (ii) decrease in other receivables of US\$85.4 million;
- (iii) decrease in trade and other payables of US\$145.0 million; and
- (iv) increase in inventories of US\$24.9 million.

(p) Cash flow used in investing activities

In 3Q2014, the Group's net cash used in investing activities amounted to US\$8.3 million, which were due mainly to purchase of property, plant and equipment and capital expenditure of US\$4.6 million, and investment in associates of US\$9.2m which partially offset against disposal of property, plant and equipment of \$6.6 million.

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

(q) Cash flow used in financing activities

In 3Q2014, the Group recorded net cash inflow used in financing activities of US\$1.7 million, which was mainly due to new bank borrowings amounting to US\$242.1 million. However, this cash inflow was partially offset by repayment of bank loans amounting to US\$246.8 million.

9. Forecast or a prospect statement

Not applicable.

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

While global oil prices have experienced weakness recently, it is expected that offshore oil field development activities, particularly for shallow water projects, will continue to take place. Swiber's business model focuses mainly on the execution of EPIC projects for shallow water oil fields. Shallow water projects remain economically viable due to significantly lower break-even production costs as compared to deep water projects.

The Group continues to bid actively for major projects in its target markets in South Asia, Southeast Asia and Latin America. As of 12 November 2014, the Group has an order book of approximately US\$535 million. Barring unforeseen circumstances, the management anticipates the Group's order book to grow in the current quarter ending 31 December 2014.

To maintain its competitive position, the Group continues to place a strong emphasis on improving its operational performance and maximising cost efficiencies.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes. The Company has declared a special dividend of S\$0.03 per Share ("Special Dividend") for the financial year ending 31 December 2014 which was announced on 4 March 2014.

(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

The Special Dividend was paid on 28 April 2014.

(d) Book Closure Date.

Not applicable.

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

Not applicable

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 September 2014** to be false or misleading in any material aspect.

On behalf of the Board of Directors

Raymond Kim Goh @ Goh Kim Teck
Director
Executive Chairman

Francis Wong Chin Sing
Director
Group Chief Executive Officer and President

BY ORDER OF THE BOARD

Lee Bee Fong
Company secretary
12 November 2014