



**SWIBER HOLDINGS LIMITED**

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**Financial Statements And Dividends Announcement**

**For The First Quarter And Three Months Ended  
31 March 2015**

**UNAUDITED FIRST QUARTER ("1Q2015") FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2015 ("3M2015").**
**1(a)(i) Consolidated Income Statement**

	Group		
	1Q2015 US'000	1Q2014 US'000	Change
<b>Revenue</b>	<b>164,905</b>	199,498	-17.3%
<b>Cost of sales</b>	<b>(145,483)</b>	(190,489)	-23.6%
<b>Gross profit</b>	<b>19,422</b>	9,009	115.6%
Other operating income	<b>2,947</b>	97,062	-97.0%
Administrative expenses	<b>(8,131)</b>	(14,715)	-44.7%
Other operating expenses	<b>(1,676)</b>	(31,346)	-94.7%
Finance expenses	<b>(15,141)</b>	(13,840)	9.4%
Share of profit of associates and joint ventures	<b>4,844</b>	9,991	-51.5%
<b>Profit before tax</b>	<b>2,265</b>	56,161	-96.0%
Income tax expense	<b>(2,195)</b>	(3,328)	-34.0%
<b>Profit for the period</b>	<b>70</b>	52,833	-99.9%
Attributable to :			
Owners of the Company	<b>(1,255)</b>	48,021	-102.6%
Perpetual capital securities holders	<b>1,360</b>	1,385	-1.8%
Non-controlling interests	<b>(35)</b>	3,427	-101.0%
	<b>70</b>	52,833	
Gross profit margin	<b>11.8%</b>	4.5%	
Net profit margin	<b>N/M</b>	26.5%	
EBITDA* (US\$'000)	<b>26,376</b>	76,474	
EBITDA* margin	<b>16.0%</b>	38.3%	

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

N/M: Not Meaningful

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

	Group		
	1Q2015 US\$'000	1Q2014 US\$'000	Change
<b>Profit for the period</b>	<b>70</b>	52,833	
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
- Fair value (losses)/ gain	<b>(10,215)</b>	59	N/M
- Reclassification	-	601	-100.0%
Currency translation differences arising from consolidation	<b>(4,326)</b>	(1,741)	148.5%
Share of other comprehensive income of			
- Associates	<b>(17)</b>	(33)	-48.5%
- Joint ventures	<b>(655)</b>	-	N/M
Other comprehensive loss for the period, net of tax	<b>(15,213)</b>	(1,114)	
Total comprehensive (loss)/ income for the period	<b>(15,143)</b>	51,719	
Total comprehensive (loss)/ income attributable to:			
Owners of the Company	<b>(16,468)</b>	46,907	-135.1%
Perpetual capital securities holders	<b>1,360</b>	1,385	-1.8%
Non-controlling interests	<b>(35)</b>	3,427	-101.0%
Total	<b>(15,143)</b>	51,719	

N/M: Not Meaningful

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

	<b>Group</b>		
	<b>1Q2015</b>	1Q2014	
	<b>US\$'000</b>	US\$'000	Change
<b><u>Charging:</u></b>			
Bad debts written off	4	-	N/M
Property, plant and equipment written off	9	-	N/M
Depreciation of property, plant and equipment	<b>11,002</b>	7,783	41.4%
Employees' share option and awards expense	<b>236</b>	462	-48.9%
Fair value loss on financial liabilities designated as at fair value through profit or loss	-	20,852	N/M
Foreign exchange losses	<b>1,158</b>	343	237.6%
Interest on borrowings	<b>13,109</b>	12,528	4.6%
<b><u>Crediting:</u></b>			
Interest income	<b>(1,162)</b>	(1,008)	15.3%
Gain on disposal of subsidiaries	-	(95,058)	N/M
Gain on disposal of property, plant and equipment	<b>(542)</b>	-	N/M
Fair value gain on financial liabilities designated as at fair value through profit or loss	<b>(720)</b>	-	N/M

N/M: Not Meaningful

**1(b)(i) Statements of Financial Position**

	<b>Group</b>		<b>Company</b>	
	<b>3M2015</b> <b>US\$'000</b>	FY2014 US\$'000	<b>3M2015</b> <b>US\$'000</b>	FY2014 US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	<b>129,212</b>	176,098	<b>11,583</b>	19,416
Trade receivables	<b>443,679</b>	454,342	-	-
Other receivables	<b>222,709</b>	207,205	<b>960,193</b>	910,079
Inventories	<b>5,503</b>	6,887	-	-
Construction contract work-in-progress	<b>162,227</b>	175,987	-	-
Total current assets	<b>963,330</b>	1,020,519	<b>971,776</b>	929,495
<b>Non-current assets</b>				
Investments in associates	<b>188,446</b>	196,357	<b>131,720</b>	141,720
Investments in joint ventures	<b>23,782</b>	22,559	-	-
Investments in subsidiaries	-	-	<b>121,805</b>	121,805
Other receivables	<b>154,620</b>	157,048	<b>67,420</b>	67,578
Property, plant and equipment	<b>735,076</b>	748,690	<b>618</b>	575
Deferred income tax assets	<b>3,870</b>	3,819	-	-
Goodwill	<b>309</b>	309	-	-
Total non-current assets	<b>1,106,103</b>	1,128,782	<b>321,563</b>	331,678
<b>Total assets</b>	<b>2,069,433</b>	2,149,301	<b>1,293,339</b>	1,261,173

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

	Group		Company	
	3M2015 US\$'000	FY2014 US\$'000	3M2015 US\$'000	FY2014 US\$'000
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	192,154	181,699	-	-
Other payables	31,920	89,537	261,438	259,776
Income tax liabilities	16,361	16,221	-	-
Bank borrowings	209,749	251,289	-	-
Derivative financial instruments	7,338	4,376	7,338	4,376
Notes payable	69,036	71,615	69,036	71,615
Finance leases	29,185	26,529	168	212
Total current liabilities	<b>555,743</b>	641,266	<b>337,980</b>	335,979
<b>Non-current liabilities</b>				
Derivative financial instruments	66,572	38,182	48,234	27,974
Bank borrowings	95,415	101,181	-	-
Notes payables	548,541	566,645	405,261	417,802
Finance leases	140,114	148,702	290	305
Total non-current liabilities	<b>850,642</b>	854,710	<b>453,785</b>	446,081
<b>Capital, reserves and non-controlling interests</b>				
Share capital	241,335	208,246	241,335	208,246
Perpetual capital securities	62,026	63,512	62,026	63,512
Hedging reserve	(23,602)	(13,428)	(15,127)	(8,023)
Translation reserve	(525)	4,514	-	-
Equity reserve	(459)	(590)	-	-
Employees' share option and awards reserve	6,879	6,643	6,879	6,643
Retained earnings	282,241	284,740	206,461	208,735
Equity attributable to owners of the Company and perpetual capital securities holders	<b>567,895</b>	553,637	<b>501,574</b>	479,113
Non-controlling interests	95,153	99,688	-	-
Total equity	<b>663,048</b>	653,325	<b>501,574</b>	479,113
<b>Total liabilities and equity</b>	<b>2,069,433</b>	2,149,301	<b>1,293,339</b>	1,261,173

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

**Amount repayable in one year or less, or on demand**

<b>Group</b>		<b>Group</b>	
<b>3M2015</b>		<b>FY2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>238,934</b>	<b>69,036</b>	277,818	71,615

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>3M2015</b>		<b>FY2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>235,529</b>	<b>548,541</b>	249,883	566,645

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**

	<b>Group</b>	
	<b>1Q2015</b>	1Q2014
	<b>US\$'000</b>	US\$'000
<b>Operating activities</b>		
Profit after income tax	<b>70</b>	52,833
Adjustments for :		
Income tax expense	<b>2,195</b>	3,328
Bad debts written off	<b>4</b>	-
Property, plant and equipment written off	<b>9</b>	-
Depreciation of property, plant and equipment	<b>11,002</b>	7,783
Employees' share options and awards expense	<b>236</b>	462
Interest income	<b>(1,162)</b>	(1,008)
Finance expense	<b>15,141</b>	13,840
Fair value (gain)/ loss on financial liabilities designated as at fair value through profit and loss	<b>(720)</b>	20,852
Unrealised currency translation losses	<b>(4,221)</b>	(1,153)
Gain on disposal of property, plant and equipment	<b>(542)</b>	-
Gain on disposal of subsidiaries	-	(95,058)
Share of profit of associates and joint ventures	<b>(4,844)</b>	(9,991)
Operating cash flows before movements in working capital	<b>17,168</b>	(8,112)
Trade receivables	<b>10,659</b>	(163,065)
Construction work in progress	<b>13,760</b>	(42,676)
Inventories	<b>1,384</b>	(1,478)
Other receivables	<b>(2,045)</b>	(63,243)
Trade payables	<b>10,455</b>	42,204
Other payables	<b>(78,122)</b>	80,066
Cash used in operations	<b>(26,741)</b>	(156,304)
Income taxes paid	<b>(2,106)</b>	(3,910)
Interest expense paid	<b>(152)</b>	(1,767)
Net cash used in operating activities	<b>(28,999)</b>	(161,981)
<b>Investing activities</b>		
Interest income received	<b>131</b>	189
Dividend paid on preference shares issued by subsidiary	-	(1,333)
Disposal of subsidiaries	-	121,263
Dividend received from associates and joint venture	<b>861</b>	1,861
Proceeds on disposal of property, plant and equipment	<b>6,052</b>	269
Purchases of property, plant and equipment	<b>(284)</b>	(3,998)
Investment in associate	-	(12,804)
Net cash generated from investing activities	<b>6,760</b>	105,447



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

	<b>Group</b>	
	<b>1Q2015</b>	1Q2014
	<b>US\$'000</b>	US\$'000
<b>Financing activities</b>		
Pledged deposits	<b>1,441</b>	1,101
Issuance of shares	<b>33,090</b>	-
Redemption of preference shares issued by a subsidiary	<b>(4,500)</b>	(2,000)
Repayment of obligations under finance leases	<b>(5,948)</b>	(5,191)
Proceeds from bank borrowings raised	<b>186,407</b>	183,808
Repayment of bank borrowings	<b>(233,700)</b>	(172,204)
Net cash (used in)/ generated from financing activities	<b>(23,210)</b>	5,514
Net decrease in cash and cash equivalents	<b>(45,449)</b>	(51,020)
Cash and cash equivalents at beginning of the period	<b>166,313</b>	151,375
Effect of exchange rate changes on the balance of cash held in foreign currencies	<b>4</b>	(148)
<b>Cash and cash equivalents at end of the period</b>	<b>120,868</b>	100,207
Cash and cash equivalents consist of:		
Cash at bank	<b>120,810</b>	100,170
Fixed deposits	<b>8,351</b>	9,934
Cash on hand	<b>51</b>	40
	<b>129,212</b>	110,144
Less: Pledged cash placed with banks	<b>(8,344)</b>	(9,937)
Total	<b>120,868</b>	100,207

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

	←----- Equity attributable to owners of the Company -----→										
	Share capital	Treasury shares	Hedging reserve	Translation reserve	Equity reserve	Employees' share option reserve	Retained earnings	Perpetual capital securities	Subtotal	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>GROUP</b>											
<b>Balance at 1 January 2015</b>	208,246	-	(13,428)	4,514	(590)	6,643	284,740	63,512	553,637	99,688	653,325
(Loss)/ Profit for the period	-	-	-	-	-	-	(2,499)	1,360	(1,139)	1,209	70
Other comprehensive (loss)/ income for the period	-	-	(10,174)	(5,039)	-	-	-	-	(15,213)	-	(15,213)
<b>Total comprehensive income for the period</b>	-	-	(10,174)	(5,039)	-	-	(2,499)	1,360	(16,352)	1,209	(15,143)
Proceeds from shares issued	33,089	-	-	-	-	-	-	-	33,089	-	33,089
Value of employee services received for issue of share options	-	-	-	-	131	236	-	-	367	-	367
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(1,244)	(1,244)
Perpetual capital securities distribution payable and paid	-	-	-	-	-	-	-	(2,846)	(2,846)	-	(2,846)
<b>Balance at 31 March 2015</b>	<b>241,335</b>	<b>-</b>	<b>(23,602)</b>	<b>(525)</b>	<b>(459)</b>	<b>6,879</b>	<b>282,241</b>	<b>62,026</b>	<b>567,895</b>	<b>95,153</b>	<b>663,048</b>
<b>Balance at 1 January 2014</b>	208,246	(780)	(5,902)	(517)	(7,899)	6,138	282,868	63,601	545,755	195,809	741,564
Profit for the period	-	-	-	-	-	-	46,688	1,385	48,073	4,760	52,833
Other comprehensive income for the period	-	-	660	(1,738)	(29)	-	-	-	(1,107)	-	(1,107)
<b>Total comprehensive income for the period</b>	-	-	660	(1,738)	(29)	-	46,688	1,385	46,966	4,760	51,726
Value of employee services received for issue of share options	-	-	-	-	-	462	-	-	462	-	462
Performance shares awarded using treasury shares	-	780	-	-	(63)	(717)	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	7,367	-	-	-	7,367	(94,351)	(86,984)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(1,330)	(1,330)
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(2,000)	(2,000)
Transaction costs relating to issuance of perpetual capital securities	-	-	-	-	-	-	-	(3,053)	(3,053)	-	(3,053)
<b>Balance at 31 March 2014</b>	<b>208,246</b>	<b>-</b>	<b>(5,242)</b>	<b>(2,255)</b>	<b>(624)</b>	<b>5,883</b>	<b>329,556</b>	<b>61,933</b>	<b>597,497</b>	<b>102,888</b>	<b>700,385</b>

**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
<b>COMPANY</b>							
<b>Balance at 1 January 2015</b>	208,246	-	(8,023)	6,643	208,735	63,512	479,113
Profit for the period	-	-	-	-	(2,274)	1,360	(914)
Other comprehensive income for the period	-	-	(7,104)	-	-	-	(7,104)
<b>Total comprehensive income for the period</b>	-	-	(7,104)	-	(2,274)	1,360	(8,018)
Proceeds from shares issued	33,089	-	-	-	-	-	33,089
Value of employee services received for issue of share options	-	-	-	236	-	-	236
Perpetual capital securities distribution payable and paid	-	-	-	-	-	(2,846)	(2,846)
<b>Balance at 31 March 2015</b>	<b>241,335</b>	-	<b>(15,127)</b>	<b>6,879</b>	<b>206,461</b>	<b>62,026</b>	<b>501,574</b>
<b>Balance at 1 January 2014</b>	208,246	(780)	(3,544)	6,138	106,770	63,601	380,431
Profit for the period	-	-	-	-	63,582	(1,668)	61,914
Other comprehensive income for the period	-	-	358	-	-	-	358
<b>Total comprehensive income for the period</b>	-	-	358	-	63,582	(1,668)	62,272
Value of employee services received for issue of share options	-	-	-	462	-	-	462
Performance shares awarded using treasury shares	-	780	-	(717)	-	-	63
<b>Balance at 31 March 2014</b>	<b>208,246</b>	-	<b>(3,186)</b>	<b>5,883</b>	<b>170,352</b>	<b>61,933</b>	<b>443,228</b>

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

**A) SHARE OPTION SCHEME**

Date of grant	Date of Expiration	1 January 2015	Granted	31 March 2015	Exercise price per share
26-Jan-2011	20/1/2016	15,000,000	-	15,000,000	S\$0.97
19-Mar-2013	19/3/2018	15,000,000	-	15,000,000	S\$0.64

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

The options are exercisable after the first anniversary of the Date of Grant of the options.

**B) PERFORMANCE SHARE PLAN**

Date of grant	1 January 2015	Granted	Vested	Cancelled	31 March 2015
19-Mar-2013	4,000,000	-	(1,860,000)	(140,000)	2,000,000

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.

**C) RIGHTS ISSUE**

The Company has undertaken a renounceable underwritten rights issue of 305,693,000 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of S\$0.15 for each Rights Share on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company. The Rights Shares has been issued on 7 January 2015, and listed for quotation on the Main Board of the SGX-ST on 8 January 2015.

The Company issued a total of 305,693,000 new ordinary shares in the capital of the Company during the period ended 31 March 2015 pursuant to the rights issuance exercise that was fully subscribed as of 27 January 2015.

**1(d)(iii) Issued shares (excluding treasury shares)**

Issued and fully paid ordinary shares, with no par value	No. of shares	US\$'000
At 1 January 2015	611,386,000	208,246,000
Issue of new ordinary shares pursuant to rights issuance	305,693,000	33,089,000
Issue of new ordinary shares pursuant to share option and awards	1,860,000	-
<b>Balance at 31 March 2015</b>	<b>918,939,000</b>	<b>241,335,000</b>

## 2. Audit

Except for the comparative balance sheets of the Company and its subsidiaries (the “**Group**”) and of the Company as at 31 December 2014, 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 2014.

## 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 2015. The adoption of these new and revised FRSs have no material impact to the result of the Group and of the Company for 1Q2015.

## 6. Earnings per ordinary share

	<b>Group</b>	
	<b>1Q2015</b>	1Q2014
Net (loss)/ profit after tax attributable to owners of the Company	<b>(1,255)</b>	48,021
(Loss)/ Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	<b>(0.2)</b>	7.9
b) Based on fully diluted basis (US\$ cents)	<b>(0.2)</b>	7.2
Weighted average number of shares applicable to basic earnings per share ('000)	<b>633,786</b>	610,389
Weighted average number of shares based on fully diluted basis ('000)	<b>637,786</b>	672,906

\* Share options granted to directors and employees are considered to be potential ordinary shares and have been excluded in the determination of diluted earnings per share because they are anti-dilutive.

## 7. Net asset value

	<b>Group</b>		<b>Company</b>	
	<b>1Q2015</b>	FY2014	<b>1Q2015</b>	FY2014
Net asset value (US\$'000)	<b>567,895</b>	553,637	<b>501,574</b>	479,113
Total number of shares issued ('000)	<b>918,939</b>	611,386	<b>918,939</b>	611,386
Net asset value per share (US\$ cents per share)	<b>61.8</b>	90.6	<b>54.6</b>	78.4

## 8. Review of the group performance

### **Consolidated Income Statement and Statement of Comprehensive Income**

#### **(a) Revenue**

Group's revenue decreased by US\$34.6 million or 17.3%, from US\$199.5 million in first quarter ended 31 March 2014 ("**1Q2014**") to US\$164.9 million in 1Q2015. The decrease was due to lesser contracts being executed.

#### **Revenue contributed by geographical area**

	<b>1Q2015</b>	1Q2014
	<b>US\$'000</b>	US\$'000
Latin America	<b>113,836</b>	14,873
Southeast Asia	<b>22,049</b>	170,842
South Asia	<b>20,632</b>	12,873
Others	<b>8,388</b>	910
	<b>164,905</b>	199,498

#### **(b) Cost of sales and gross profit**

Corresponding to lower revenue, cost of sales decreased by US\$45.0 million or 23.6% from US\$190.5 million in 1Q2014 to US\$145.5 million in 1Q2015.

Gross profit margin increased from 4.5% in 1Q2014 to 11.8% in 1Q2015. This was due to more stringent control over its operating costs.

#### **(d) Other operating income**

Other operating income decreased by US\$94.2 million or 97.0% from US\$97.1 million in 1Q2014 to US\$2.9 million in 1Q2015. The decrease was due mainly to absence of gain on disposal of group of subsidiaries of US\$95.1 million.

#### **(e) Administrative expenses**

Administrative expenses decreased by US\$6.6 million or 44.7% from US\$14.7 million in 1Q2014 to US\$8.1 million in 1Q2015. The decrease was the result of the Group's cost optimization program.

#### **(f) Other operating expense**

Other operating expense decreased by US\$29.6 million or 94.7% from US\$31.3 million in 1Q2014 to US\$1.7 million in 1Q2015. The decrease was due mainly to absence of fair value loss on option shares of an associated company of total US\$ 25.8 million. These options were fully exercised during the 3Q2014.

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

### **(g) Finance expenses**

Finance costs increased marginally by US\$1.3 million or 9.4% from US\$13.8 million in 1Q2014 to US\$15.1 million in 1Q2015 primarily as a result of higher interest rate. Finance expenses include interest on bank borrowings and finance charges/ debt issuance cost on debt securities.

Total borrowings as at 31 March 2015 were US\$1,092.0 million as compared to 31 March 2014 of US\$1,048.8 million.

### **(h) Share of profit from associates and joint ventures**

Share of profit of associates and joint ventures decreased by approximately US\$5.2 million or 51.5%, from US\$10.0 million in 1Q2014 to US\$4.8 million in 1Q2015. The decrease was due mainly lower contribution from the Indonesia associates.

## **Statements of Financial Position**

### **(i) Trade receivables and construction work in progress ("CWIP")**

The Group's trade receivables and CWIP decreased by US\$24.4 million from US\$630.3 million as at 31 December 2014 to US\$605.9 million as at 31 March 2015. The increase were due to

- (i) Lower revenue contribution
- (ii) Timing difference between achievement of milestone and revenue recognized for projects in progress.

Subsequent to 31 March 2015, the Group received settlement and billing of approximately US\$195.6 million.

### **(j) Other receivables (current and non-current)**

Other receivables increased by US\$13.0 million from US\$364.3 million as at 31 December 2014 to US\$377.3 million as at 31 March 2015. The increase was due mainly to advances to joint venture and associates.

### **(k) Inventories**

Inventories decreased by US\$1.4 million, from US\$6.9 million as at 31 December 2014 to US\$5.5 million as at 31 March 2015. The increase was due to increase in consumable and spares.

### **(l) Investment in associates**

Investment in associates decreased by US\$8.0 million, from US\$196.4 million as at 31 December 2014 to US\$188.4 million as at 31 March 2015. The decrease was due mainly to repayment of shareholder advances.

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

### (m) Investment in joint ventures

Investment in joint ventures increased by US\$1.2 million, from US\$22.6 million as at 31 December 2014 to US\$23.8 million as at 31 March 2015, the increase was due mainly to positive contribution by joint venture.

### (n) Property, plant and equipment

Property, plant and equipment decreased by US\$13.6 million from US\$748.7 million as at 31 December 2014 to US\$735.1 million as at 31 March 2015. The decrease was due mainly to depreciation during the period.

Depreciation increased by US\$3.2 million or 41.0%, from US\$7.8 million in 1Q2014 to US\$11.0 million in 1Q2015. The increase was mainly due to addition of vessels in the 2<sup>nd</sup> half of 2014.

Assets under construction are not depreciated.

### (o) Total current and non-current borrowings

Total current and non-current borrowings include bank loans, notes payable and finance leases.

	Group					
	3M2015			FY2014		
	Current US\$'000	Non- Current US\$'000	Total US\$'000	Current US\$'000	Non- Current US\$'000	Total US\$'000
Bank Loans	23,065	95,415	118,480	23,065	101,181	124,246
Working Lines	186,684	-	186,684	228,224	-	228,224
Notes Payable	69,036	548,541	617,577	71,615	566,645	638,260
Finance Leases	29,185	140,114	169,299	26,529	148,702	175,231
	<b>307,970</b>	<b>784,070</b>	<b>1,092,040</b>	349,433	816,528	1,165,961

Total current and non-current borrowings decreased by US\$74.0 million from US\$1,166.0 million as at 31 December 2014 to US\$1,092.0 million as at 31 March 2015. The decrease was due to repayment during the period.

Net debt-to-equity ratio is as follows:

	31 March 2015	31 December 2014	30 September 2014	30 June 2014	31 March 2014
Financial period ended					
Net debt-to-equity ratio	<b>1.45</b>	1.52	1.68	1.45	1.34



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

### (o) Total current and non-current borrowings (continued)

As at 31 March 2015, the Group has the following outstanding notes payable:

#### Notes Payable

	Tenure (year)	Interest rate	Due Date	Group			
				3M2015			FY2014
				S\$'000	CNY'000	US\$'000	US\$'000
<u>Current</u>							
Multicurrency medium term notes							
- series 11	3	6.25%	8-Jun-15	<b>95,000</b>	-	<b>69,036</b>	71,615
				<b>95,000</b>	-	<b>69,036</b>	71,615
<u>Non-current</u>							
Multicurrency medium term notes							
- series 16	2.5	5.13%	6-Jun-16	<b>130,000</b>	-	<b>93,040</b>	96,466
- series 12	4	7.00%	6-Jul-16	<b>75,000</b>	-	<b>54,053</b>	56,102
- series 15	2.5	5.55%	7-Oct-16	<b>100,000</b>	-	<b>71,515</b>	74,192
- series 14	4	7.13%	18-Apr-17	<b>160,000</b>	-	<b>114,748</b>	119,154
- series 17	3	7.75%	18-Sep-17	-	<b>450,000</b>	<b>71,905</b>	71,887
				<b>465,000</b>	<b>450,000</b>	<b>405,261</b>	417,801
Islamic trust certificate							
- Series 2	3	6.25%	30-Oct-17	<b>50,000</b>	-	<b>35,781</b>	36,919
- Series 1	5	6.50%	2-Aug-18	<b>150,000</b>	-	<b>107,499</b>	111,925
				<b>665,000</b>	<b>450,000</b>	<b>548,541</b>	566,645

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

##### (p) Cash flow used in operating activities

In 1Q2015, the Group net cash used in operating activities amounted to US\$29.0 million, this comprised operating cash flow before working capital changes of US\$17.2 million, and adjusted for net working capital outflows of US\$43.9 million and income tax and interest payment of US\$2.3 million. The net working capital outflows were mainly the result of the followings:

- (i) decrease in trade receivables and CWIP of US\$24.4 million;
- (ii) decrease in inventories of US\$1.4 million.
- (iii) increase in other receivables of US\$2.0 million; and
- (iv) decrease in trade and other payables of US\$67.7 million

##### (q) Cash flow generated from investing activities

In 1Q2015, the Group's net cash generated from investing activities amounting to US\$6.8 million, which due mainly to proceed from disposal of property, plant and equipment of US\$6.1 million.

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

### **Consolidated Statement of Cash Flows (continued)**

#### ***(r) Cash flow used in financing activities***

In 1Q2015, the Group recorded net cash outflow from financing activities of US\$23.2 million, which was due mainly to repayment of bank borrowings amounting to US\$239.6 million, partially offset against new bank borrowings amounted to total US\$186.4 million.

## 9. Forecast or a prospect statement

Not applicable.

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

Since the second half of 2014, business sentiment in the oil and gas industry has turned increasingly cautious. In response to the weaker oil price environment, major oil companies have been reducing their planned expenditure or delaying some of their projects. This situation is inevitably leading to price pressures within the oilfield services supply chain. However, the Group believes that the impact on shallow water field development and production activities would be lower.

The Group is an established provider of EPIC services for shallow water oil and gas field developments. The Group's EPIC activities focus on the field development stage (post exploration and appraisal stages, and after the customer's decision to commence development activity) and do not heavily involve work for the exploration stage of the oil and gas value chain. In addition, shallow water projects have lower break-even costs. In view of these factors, the Group believes its business would be less affected by the industry's expenditure cuts and that it is in a better position to capitalise on future bidding opportunities.

This can be seen from the Group's ability to successfully secure new projects over recent months. In February 2015, the Group order book was US\$1.4 billion. These new contract wins have boosted Swiber's order book to a record of US\$1.8 billion as at 11 May 2015. The Group is filling up its order book amid a more challenging market.

Nonetheless, the Group expects to continue making headway in its turnabout effort, by strengthening its capabilities in higher-value EPIC services and improving its operational performance while maximizing cost efficiencies. In addition, The Group has also instituted a more stringent control on costs to mitigate the current global environment.

The Group continues to see opportunities in its field of expertise and is working actively on new project tenders in its target markets in South Asia, Southeast Asia, West Africa and Latin America. Nonetheless, the Group will continue to adopt a prudent and cautious approach due to the fluctuation of oil prices and take the necessary steps to mitigate such risks..

**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/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.

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**STATEMENT BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

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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 **first quarter and three months' financial results for the period ended 31 March 2015** 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  
14 May 2015