



SWIBER HOLDINGS LIMITED

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
Revenue	164,905	199,498	-17.3%
Cost of sales	(145,483)	(190,489)	-23.6%
Gross profit	19,422	9,009	115.6%
Other operating income	2,947	97,062	-97.0%
Administrative expenses	(8,131)	(14,715)	-44.7%
Other operating expenses	(1,676)	(31,346)	-94.7%
Finance expenses	(15,141)	(13,840)	9.4%
Share of profit of associates and joint ventures	4,844	9,991	-51.5%
Profit before tax	2,265	56,161	-96.0%
Income tax expense	(2,195)	(3,328)	-34.0%
Profit for the period	70	52,833	-99.9%
Attributable to :			
Owners of the Company	(1,255)	48,021	-102.6%
Perpetual capital securities holders	1,360	1,385	-1.8%
Non-controlling interests	(35)	3,427	-101.0%
	70	52,833	
Gross profit margin	11.8%	4.5%	
Net profit margin	N/M	26.5%	
EBITDA* (US\$'000)	26,376	76,474	
EBITDA* margin	16.0%	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
Profit for the period	70	52,833	
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
- Fair value (losses)/ gain	(10,215)	59	N/M
- Reclassification	-	601	-100.0%
Currency translation differences arising from consolidation	(4,326)	(1,741)	148.5%
Share of other comprehensive income of			
- Associates	(17)	(33)	-48.5%
- Joint ventures	(655)	-	N/M
Other comprehensive loss for the period, net of tax	(15,213)	(1,114)	
Total comprehensive (loss)/ income for the period	(15,143)	51,719	
Total comprehensive (loss)/ income attributable to:			
Owners of the Company	(16,468)	46,907	-135.1%
Perpetual capital securities holders	1,360	1,385	-1.8%
Non-controlling interests	(35)	3,427	-101.0%
Total	(15,143)	51,719	

N/M: Not Meaningful

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

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

N/M: Not Meaningful

1(b)(i) Statements of Financial Position

	Group		Company	
	3M2015 US\$'000	FY2014 US\$'000	3M2015 US\$'000	FY2014 US\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	129,212	176,098	11,583	19,416
Trade receivables	443,679	454,342	-	-
Other receivables	222,709	207,205	960,193	910,079
Inventories	5,503	6,887	-	-
Construction contract work-in-progress	162,227	175,987	-	-
Total current assets	963,330	1,020,519	971,776	929,495
Non-current assets				
Investments in associates	188,446	196,357	131,720	141,720
Investments in joint ventures	23,782	22,559	-	-
Investments in subsidiaries	-	-	121,805	121,805
Other receivables	154,620	157,048	67,420	67,578
Property, plant and equipment	735,076	748,690	618	575
Deferred income tax assets	3,870	3,819	-	-
Goodwill	309	309	-	-
Total non-current assets	1,106,103	1,128,782	321,563	331,678
Total assets	2,069,433	2,149,301	1,293,339	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
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
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	555,743	641,266	337,980	335,979
Non-current liabilities				
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	850,642	854,710	453,785	446,081
Capital, reserves and non-controlling interests				
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	567,895	553,637	501,574	479,113
Non-controlling interests	95,153	99,688	-	-
Total equity	663,048	653,325	501,574	479,113
Total liabilities and equity	2,069,433	2,149,301	1,293,339	1,261,173

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

Amount repayable in one year or less, or on demand

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

Amount repayable after one year

Group		Group	
3M2015		FY2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
235,529	548,541	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

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

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

	Group	
	1Q2015	1Q2014
	US\$'000	US\$'000
Financing activities		
Pledged deposits	1,441	1,101
Issuance of shares	33,090	-
Redemption of preference shares issued by a subsidiary	(4,500)	(2,000)
Repayment of obligations under finance leases	(5,948)	(5,191)
Proceeds from bank borrowings raised	186,407	183,808
Repayment of bank borrowings	(233,700)	(172,204)
Net cash (used in)/ generated from financing activities	(23,210)	5,514
Net decrease in cash and cash equivalents	(45,449)	(51,020)
Cash and cash equivalents at beginning of the period	166,313	151,375
Effect of exchange rate changes on the balance of cash held in foreign currencies	4	(148)
Cash and cash equivalents at end of the period	120,868	100,207
Cash and cash equivalents consist of:		
Cash at bank	120,810	100,170
Fixed deposits	8,351	9,934
Cash on hand	51	40
	129,212	110,144
Less: Pledged cash placed with banks	(8,344)	(9,937)
Total	120,868	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
GROUP											
Balance at 1 January 2015	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)
Total comprehensive income for the period	-	-	(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)
Balance at 31 March 2015	241,335	-	(23,602)	(525)	(459)	6,879	282,241	62,026	567,895	95,153	663,048
Balance at 1 January 2014	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)
Total comprehensive income for the period	-	-	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)
Balance at 31 March 2014	208,246	-	(5,242)	(2,255)	(624)	5,883	329,556	61,933	597,497	102,888	700,385

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 2015	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)
Total comprehensive income for the period	-	-	(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)
Balance at 31 March 2015	241,335	-	(15,127)	6,879	206,461	62,026	501,574
Balance at 1 January 2014	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
Total comprehensive income for the period	-	-	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
Balance at 31 March 2014	208,246	-	(3,186)	5,883	170,352	61,933	443,228

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	-
Balance at 31 March 2015	918,939,000	241,335,000

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

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

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

	1Q2015	1Q2014
	US\$'000	US\$'000
Latin America	113,836	14,873
Southeast Asia	22,049	170,842
South Asia	20,632	12,873
Others	8,388	910
	164,905	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 2nd 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
	307,970	784,070	1,092,040	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:

Financial period ended	31 March 2015	31 December 2014	30 September 2014	30 June 2014	31 March 2014
Net debt-to-equity ratio	1.45	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	95,000	-	69,036	71,615
				95,000	-	69,036	71,615
<u>Non-current</u>							
Multicurrency medium term notes							
- series 16	2.5	5.13%	6-Jun-16	130,000	-	93,040	96,466
- series 12	4	7.00%	6-Jul-16	75,000	-	54,053	56,102
- series 15	2.5	5.55%	7-Oct-16	100,000	-	71,515	74,192
- series 14	4	7.13%	18-Apr-17	160,000	-	114,748	119,154
- series 17	3	7.75%	18-Sep-17	-	450,000	71,905	71,887
				465,000	450,000	405,261	417,801
Islamic trust certificate							
- Series 2	3	6.25%	30-Oct-17	50,000	-	35,781	36,919
- Series 1	5	6.50%	2-Aug-18	150,000	-	107,499	111,925
				665,000	450,000	548,541	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.

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 **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