



**SWIBER HOLDINGS LIMITED**

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**Financial Statements And Dividends  
Announcement**

**For The Financial Year Ended 31 December 2015**

**UNAUDITED FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015 ("FY2015").**

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

	Group		Change
	FY 2015 US\$'000	FY 2014 US\$'000	
<b>Revenue</b>	<b>832,995</b>	726,513	14.7%
<b>Cost of sales</b>	<b>(733,652)</b>	(708,999)	3.5%
<b>Gross profit</b>	<b>99,343</b>	17,514	467.2%
Other operating income	<b>8,866</b>	103,505	-91.4%
Administrative expenses	<b>(28,774)</b>	(55,291)	-48.0%
Other operating expenses	<b>(11,861)</b>	(5,904)	100.9%
Finance expenses	<b>(60,393)</b>	(65,541)	-7.9%
Share of profit of associates and joint ventures	<b>27,838</b>	41,451	-32.8%
Impairment loss on investment in an associate	<b>(24,636)</b>	-	N/M
<b>Profit before tax</b>	<b>10,383</b>	35,734	-70.9%
Income tax expenses	<b>(29,062)</b>	(4,487)	547.7%
<b>(Loss)/ Profit for the year</b>	<b>(18,679)</b>	31,247	N/M
Attributable to :			
Owners of the Company	<b>(27,375)</b>	16,422	N/M
Perpetual capital securities holders	<b>3,990</b>	6,111	-34.7%
Non-controlling interests	<b>4,706</b>	8,714	-46.0%
	<b>(18,679)</b>	31,247	N/M
Gross profit margin	<b>11.9%</b>	2.4%	
Net profit margin	<b>-2.2%</b>	4.3%	
EBITDA* (US\$'000)	<b>117,586</b>	133,043	
EBITDA* margin	<b>14.1%</b>	18.3%	

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

N/M : Not Meaningful

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

	Group		
	FY2015 US\$'000	FY2014 US\$'000	
<b>(Loss)/ Profit for the year</b>	<b>(18,679)</b>	31,247	
Other comprehensive (loss)/ income:			
Cash flow hedges			
- Fair value loss	<b>(3,555)</b>	(8,306)	-57.2%
- Reclassification	-	1,403	N/M
Currency translation differences arising from consolidation			
- (Loss)/ Gain	<b>(8,594)</b>	2,640	N/M
- Reclassification	-	2,391	N/M
Share of other comprehensive gain/ (loss) of:			
- Associates	<b>634</b>	(500)	N/M
- Joint Ventures	-	(123)	N/M
Other comprehensive loss for the year, net of tax	<u><b>(11,515)</b></u>	<u>(2,495)</u>	
Total comprehensive (loss)/ income for the year	<u><b>(30,194)</b></u>	<u>28,752</u>	
Total comprehensive (loss)/ income attributable to:			
Owners of the Company	<b>(38,890)</b>	13,927	N/M
Perpetual capital securities holders	<b>3,990</b>	6,111	-34.7%
Non-controlling interests	<b>4,706</b>	8,714	-46.0%
Total	<u><b>(30,194)</b></u>	<u>28,752</u>	

N/M : Not Meaningful

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

	Group		
	FY2015 US\$'000	FY2014 US\$'000	
<b>Charging:</b>			
Depreciation and amortization	51,746	53,439	-3.2%
Impairment loss on trade receivables	8,631	-	N/M
Impairment loss on investment in an associate	24,636	-	N/M
Bad debts written off	185	838	-77.9%
Employees' share options/ awards expense	925	1,222	-24.3%
Fair value loss on financial instruments designated as at fair value through profit or loss	-	22,565	N/M
Interest on borrowings	55,457	43,870	26.4%
Property, plant and equipment written off	2,357	7	N/M
<b>Crediting:</b>			
Interest income	(2,364)	(3,329)	-29.0%
Foreign exchange gains - net	(1,988)	(9,845)	-79.8%
Gain on disposal of property, plant and equipment	(1,809)	(1,796)	0.7%
Gain on disposal of associates and subsidiaries	(350)	(101,812)	-99.7%

N/M: Not Meaningful

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

	Group		Company	
	FY2015 US\$'000	FY2014 US\$'000	FY2015 US\$'000	FY2014 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	<b>100,514</b>	176,098	<b>6,916</b>	19,416
Trade receivables	<b>442,215</b>	454,342	-	-
Other receivables	<b>210,957</b>	207,205	<b>853,619</b>	910,079
Inventories	<b>39,903</b>	6,887	-	-
Construction contract work-in-progress	<b>169,367</b>	175,987	-	-
Total current assets	<b>962,956</b>	1,020,519	<b>860,535</b>	929,495
<b>Non-current assets</b>				
Investment in associates	<b>158,451</b>	196,357	<b>107,022</b>	141,720
Investment in joint ventures	<b>27,788</b>	22,559	-	-
Investment in subsidiaries	-	-	<b>121,805</b>	121,805
Other receivables	<b>67,843</b>	157,048	<b>66,292</b>	67,578
Property, plant and equipment	<b>787,227</b>	748,690	<b>619</b>	575
Deferred income tax assets	-	3,819	-	-
Goodwill	<b>309</b>	309	-	-
Total non-current assets	<b>1,041,618</b>	1,128,782	<b>295,738</b>	331,678
<b>Total assets</b>	<b>2,004,574</b>	2,149,301	<b>1,156,273</b>	1,261,173

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

	Group		Company	
	FY2015 US\$'000	FY2014 US\$'000	FY2015 US\$'000	FY2014 US\$'000
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	247,362	181,699	-	-
Other payables	66,493	89,537	258,648	259,776
Income tax liabilities	16,111	16,221	-	-
Derivative financial instruments	31,923	4,376	31,923	4,376
Bank borrowings	231,687	251,289	-	-
Notes payables	213,973	71,615	213,973	71,615
Finance leases	34,848	26,529	292	212
Total current liabilities	<b>842,397</b>	641,266	<b>504,836</b>	335,979
<b>Non-current liabilities</b>				
Derivative financial instruments	45,837	38,182	24,536	27,974
Bank borrowings	100,481	101,181	-	-
Notes payables	320,540	566,645	180,921	417,802
Finance leases	115,273	148,702	244	305
Deferred income tax liabilities	4,601	-	-	-
Total non-current liabilities	<b>586,732</b>	854,710	<b>205,701</b>	446,081
<b>Capital, reserves and non-controlling interests</b>				
Share capital	241,333	208,246	241,333	208,246
Perpetual capital securities	-	63,512	-	63,512
Hedging reserve	(16,983)	(13,428)	(9,900)	(8,023)
Translation reserve	(4,080)	4,514	-	-
Equity reserve	178	(590)	-	-
Employees' share option reserve	7,568	6,643	7,568	6,643
Retained earnings	257,365	284,740	206,735	208,735
Equity attributable to owners of the Company and perpetual capital securities holders	<b>485,381</b>	553,637	<b>445,736</b>	479,113
Non-controlling interests	90,064	99,688	-	-
Total equity	<b>575,445</b>	653,325	<b>445,736</b>	479,113
<b>Total liabilities and equity</b>	<b>2,004,574</b>	2,149,301	<b>1,156,273</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>FY2015</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>265,035</b>	<b>215,473</b>	<b>277,818</b>	<b>71,615</b>

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>FY2015</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>215,754</b>	<b>320,540</b>	<b>249,883</b>	<b>566,645</b>

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.
- (v) Corporate guarantee by the Company.

**1(c) Consolidated Statement of Cash Flows**

	Group	
	FY2015 US\$'000	FY2014 US\$'000
<b>Operating activities</b>		
(Loss) / Profit for the year	(18,679)	31,247
Adjustments for :		
Income tax expense	29,062	4,487
Employees' share options/ awards expense	925	1,222
Depreciation and amortisation	51,746	53,439
Property, plant and equipment written off	2,357	7
Gain on disposal of property, plant and equipment	(1,809)	(1,796)
Gain on disposal of associates and subsidiaries	(350)	(101,812)
Impairment loss on trade receivables	8,631	-
Impairment loss on investment in an associate	24,636	-
Bad debts written off	185	838
Fair value loss on financial instruments designated as at fair value through profit and loss	-	22,565
Foreign exchange (gain)/ loss	(5,686)	3,138
Finance expense	60,393	65,541
Interest income	(2,364)	(3,329)
Share of profit of associates and joint ventures - net	(27,838)	(41,451)
Operating cash flows before movements in working capital	<u>121,209</u>	<u>34,096</u>
Change in working capital, net of effects from acquisition and disposal of subsidiaries:		
Trade receivables	4,161	(74,730)
Construction work-in-progress	6,620	29,244
Inventories	(33,016)	2,150
Other assets and receivables	73,952	118,725
Trade payables	65,663	33,906
Other payables	(67,493)	(53,282)
Cash generated from operations	<u>171,096</u>	<u>90,109</u>
Income taxes paid	(20,752)	(13,690)
Interest expense paid	(49,136)	(43,331)
Net cash generated from operating activities	<u>101,208</u>	<u>33,088</u>
<b>Investing activities</b>		
Interest income received	975	2,095
Dividends received from associates	24,521	3,706
Dividends received from joint venture	-	1,000
Investment in associate	(25)	(41,810)
Proceeds on disposal of property, plant and equipment	5,848	7,951
Proceeds from disposal of subsidiaries	-	93,406
Proceeds from disposal of associates	334	11,248
Purchases of property, plant and equipment	(39,181)	(191,765)
Cash flow from acquisition of subsidiary	-	20
Net cash used in investing activities	<u>(7,528)</u>	<u>(114,149)</u>



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

	Group	
	FY2015 US\$'000	FY2014 US\$'000
<b>Financing activities</b>		
Pledged deposits	2,305	1,253
Issuance of shares	33,087	-
Dividends paid to equity holders of the company	-	(14,550)
Dividends paid on preference shares issued by a subsidiary	(3,650)	(5,286)
Redemption of preference shares issued by a subsidiary	(9,500)	(5,200)
Redemption of perpetual capital securities	(67,502)	-
Repayment of obligations under finance leases	(25,419)	(18,557)
Proceeds from issuance of notes payables	-	288,339
Redemption of notes payables	(75,962)	(96,820)
Proceeds from bank borrowings	789,381	651,370
Repayment of bank borrowings	(809,683)	(667,901)
Redemption of convertible bonds	-	(36,490)
Net cash (used in)/ generated from financing activities	<u>(166,943)</u>	<u>96,158</u>
Net (decrease)/ increase in cash and cash equivalents	(73,263)	15,097
Cash and cash equivalents at beginning of the year	166,313	151,375
Effect of exchange rate changes on the balance of cash held in foreign currencies	(16)	(159)
<b>Cash and cash equivalents at end of the year</b>	<b><u>93,034</u></b>	<b><u>166,313</u></b>
Cash and cash equivalents consist of:		
Cash at bank	85,590	166,255
Fixed deposits	14,897	9,785
Cash on hand	27	58
	<u>100,514</u>	<u>176,098</u>
Less: Pledged cash placed with banks	(7,480)	(9,785)
Total	<u>93,034</u>	<u>166,313</u>

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

	←----- Equity attributable to owners of the Company -----→							Equity attributable to owners of the Company	Perpetual capital securities	Equity attributable to owners of the Company and perpetual capital securities holders	Non-controlling interests	Total
	Share capital	Treasury shares	Hedging reserve	Translation reserve	Equity reserve	Employees' share option reserve	Retained earnings					
	US\$'000	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	490,125	63,512	553,637	99,688	653,325
(Loss)/ Profit for the year	-	-	-	-	-	-	(27,375)	(27,375)	3,990	(23,385)	4,706	(18,679)
Other comprehensive (loss)/ gain for the year	-	-	(3,555)	(8,594)	634	-	-	(11,515)	-	(11,515)	-	(11,515)
<b>Total comprehensive loss for the year</b>	-	-	(3,555)	(8,594)	634	-	(27,375)	(38,890)	3,990	(34,900)	4,706	(30,194)
Proceeds from shares issued	33,087	-	-	-	-	-	-	33,087	-	33,087	-	33,087
Value of employee services received for issue of share options	-	-	-	-	134	925	-	1,059	-	1,059	-	1,059
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	-	(9,500)	(9,500)
Dividends payable and paid on preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	-	(4,830)	(4,830)
Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	(67,502)	(67,502)	-	(67,502)
Total transactions with owners recognised directly in equity	33,087	-	-	-	134	925	-	34,146	(67,502)	(33,356)	(14,330)	(47,686)
<b>Balance at 31 December 2015</b>	<b>241,333</b>	<b>-</b>	<b>(16,983)</b>	<b>(4,080)</b>	<b>178</b>	<b>7,568</b>	<b>257,365</b>	<b>485,381</b>	<b>-</b>	<b>485,381</b>	<b>90,064</b>	<b>575,445</b>
<b>Balance at 1 January 2014</b>	208,246	(780)	(5,902)	(517)	(7,899)	6,138	282,868	482,154	63,601	545,755	195,809	741,564
Profit for the year	-	-	-	-	-	-	16,422	16,422	6,111	22,533	8,714	31,247
Other comprehensive (loss)/ gain for the year	-	-	(7,526)	5,031	-	-	-	(2,495)	-	(2,495)	-	(2,495)
<b>Total comprehensive income for the year</b>	-	-	(7,526)	5,031	-	-	16,422	13,927	6,111	20,038	8,714	28,752
Value of employee services received for issue of share options	-	-	-	-	-	1,222	-	1,222	-	1,222	-	1,222
Performance shares awarded using treasury shares	-	780	-	-	(63)	(717)	-	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	7,372	-	-	7,372	-	7,372	(94,349)	(86,977)
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	-	(5,200)	(5,200)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	-	(5,286)	(5,286)
Dividends paid	-	-	-	-	-	-	(14,550)	(14,550)	-	(14,550)	-	(14,550)
Perpetual capital securities distribution payable and paid	-	-	-	-	-	-	-	-	(6,200)	(6,200)	-	(6,200)
Total transactions with owners recognised directly in equity	-	780	-	-	7,309	505	(14,550)	(5,956)	(6,200)	(12,156)	(104,835)	(116,991)
<b>Balance at 31 December 2014</b>	<b>208,246</b>	<b>-</b>	<b>(13,428)</b>	<b>4,514</b>	<b>(590)</b>	<b>6,643</b>	<b>284,740</b>	<b>490,125</b>	<b>63,512</b>	<b>553,637</b>	<b>99,688</b>	<b>653,325</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
(Loss)/ Profit for the year	-	-	-	-	(2,000)	3,990	1,990
Other comprehensive loss for the year	-	-	(1,877)	-	-	-	(1,877)
<b>Total comprehensive income for the year</b>	-	-	(1,877)	-	(2,000)	3,990	113
Proceeds from shares issued	33,087	-	-	-	-	-	33,087
Value of employee services received for issue of share options	-	-	-	925	-	-	925
Redemption of perpetual capital securities	-	-	-	-	-	(67,502)	(67,502)
<b>Balance at 31 December 2015</b>	<b>241,333</b>	-	<b>(9,900)</b>	<b>7,568</b>	<b>206,735</b>	-	<b>445,736</b>
<b>Balance at 1 January 2014</b>	208,246	(780)	(3,544)	6,138	106,770	63,601	380,431
Profit for the year	-	-	-	-	121,047	6,111	127,158
Other comprehensive loss for the year	-	-	(4,479)	-	-	-	(4,479)
<b>Total comprehensive income for the year</b>	-	-	(4,479)	-	121,047	6,111	122,679
Value of employee services received for issue of share options	-	-	-	1,222	-	-	1,222
Performance shares awarded using treasury shares	-	780	-	(717)	-	-	63
Interim dividends paid	-	-	-	-	(14,550)	-	(14,550)
Perpetual capital securities distribution payable and paid	-	-	-	-	(4,532)	(6,200)	(10,732)
<b>Balance at 31 December 2014</b>	<b>208,246</b>	-	<b>(8,023)</b>	<b>6,643</b>	<b>208,735</b>	<b>63,512</b>	<b>479,113</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	Subtotal	Share Consolidation	31 December 2015	Exercise price per share*
26-Jan-2011	20/1/2016	15,000,000	-	15,000,000	2:1	7,500,000	S\$1.94
19-Mar-2013	19/3/2018	15,000,000	-	15,000,000	2:1	7,500,000	S\$1.28

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

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

\*Adjustments made following the 2:1 share consolidation (the "**Share Consolidation**"), which was effected as of 8 September 2015.

### **B) PERFORMANCE SHARE PLAN**

Date of grant	1 January 2015	Granted	Vested	Cancelled	Subtotal	Share Consolidation	31 December 2015
19-Mar-2013	4,000,000	-	(1,860,000)	(140,000)	2,000,000	2:1	1,000,000

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.

### **D) SHARE CAPITAL**

Following the shareholders' approval obtained at an extraordinary general meeting on 28 August 2015, the Company had consolidated its 2 existing issued ordinary shares into 1 ordinary share with effect from 8 September 2015. Accordingly, adjustments had been made to the number of shares.

### 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	33,087,000
Issue of new ordinary shares pursuant to share option and awards	1,860,000	-
	<u>918,939,000</u>	<u>241,333,000</u>
<b>Balance at 31 December 2015 (after 2:1 Share Consolidation)</b>	<b><u>459,469,486</u></b>	<b><u>241,333,000</u></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

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year compared with the audited financial statements as at 31 December 2014. The Group has adopted the new standards, amendments and interpretations that are mandatory for financial year beginning on or after 1 January 2015. The adoption of these new standards, amendments and interpretations has no significant impact to the Group.

### 5. Changes in the accounting policies

Except as disclosed below, there were no changes in the accounting policies and methods of computation as compared to those adopted in the most recently audited financial statements.

#### Change in accounting estimate

The Group has revised estimated useful life of vessels from 18 to 23.5 years, net of residual value, effective from 1 January 2015. The change in accounting estimates has resulted in a decrease to the Group’s depreciation charge by approximately US\$10.3 million.

## 6. Earnings per ordinary share

	Group	
	FY2015	FY2014 (Restated) <sup>1</sup>
Net (loss)/ profit after tax attributable to owners of the Company	(27,375)	16,422
Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	(6.0)	5.0 <sup>1</sup>
b) Based on fully diluted basis (US\$ cents) <sup>2</sup>	(6.0)	5.0 <sup>1</sup>
Weighted average number of shares applicable to basic earnings per share ('000)	453,215	331,389 <sup>1</sup>
Weighted average number of shares based on fully diluted basis ('000)	454,215	333,389 <sup>1</sup>

<sup>1</sup> For comparative purpose, the comparative earnings per share for the year ended 31 December 2014 were adjusted to reflect the effect of the Share Consolidation during the financial year.

<sup>2</sup> 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	
	FY2015	FY2014	FY2015	FY2014
Net asset value (US\$'000)	485,381	553,637	445,736	479,113
Total number of shares issued ('000)	459,469	305,693 <sup>1</sup>	459,469	305,693 <sup>1</sup>
Net asset value per share (US\$ cents per share)	105.6	181.1	97.0	156.7

<sup>1</sup> Adjusted for the effect of the Share Consolidation.

## 8. Review of the Group's performance

### Consolidated Income Statement and Statement of Comprehensive Income

#### (a) Revenue

Revenue increased by 14.7%, or US\$106.5 million, to US\$833.0 million in FY2015 compared to US\$726.5 million for the corresponding year ended 31 December 2014 ("**FY2014**"). The increase was due to significant revenue recognized for Latin America project and execution of new projects in South Asia. This was offset by a decrease in revenue in South East Asia.

#### Revenue contributed by geographical area

	FY2015 US\$'000	FY2014 US\$'000
Latin America	446,824	193,457
South East Asia	117,148	479,136
South Asia	244,086	44,552
Others <sup>1</sup>	24,937	9,368
	<u>832,995</u>	<u>726,513</u>

(1) Others include East Asia and Middle East

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

Corresponding to higher revenue, cost of sales increased by US\$24.7 million or 3.5%, from US\$709.0 million in FY2014 to US\$733.7 million in FY2015.

Gross profit margin increased from 2.4% in FY2014 to 11.9% in FY2015. The increase is due mainly to stringent control over its operating costs.

#### (c) Other operating income - net

Other operating income decreased by US\$94.6 million or 91.4%, from US\$103.5 million in FY2014 to US\$8.9 million in FY2015. The decrease was due mainly to:

- (i) gain on disposal of group of subsidiaries and associate amounted to US\$101.8 million was recorded in FY2014;
- (ii) lower net foreign exchange gains of US\$7.9 million;
- (iii) absence of write-back of receivables in FY2015;

and partially offset by absence of fair value loss on option shares of an associated company of US\$22.6 million in FY2014.

#### (d) Administrative expenses

Administrative expenses decreased by US\$26.5 million or 48.0% from US\$55.3 million in FY2014 to US\$28.8 million in FY2015. The decrease was the result of the Group's cost optimization program.

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

### *(e) Other operating expenses*

Other operating expenses increased by US\$6.0 million or 100.9% from US\$5.9 million in FY2014 to US\$11.9 million in FY2015. The increase was due mainly to impairment loss of trade receivables.

### *(f) Finance expenses*

Finance expenses decreased by US\$5.1 million or 7.9%, from US\$65.5 million in FY2014 to US\$60.4 million in FY2015. Finance expenses include interest on bank borrowings, and finance charges/ debt issuance cost on debt securities.

Total borrowings as at 31 December 2015 were US\$1,016.8 million as compared to 31 December 2014 of US\$1,166.0 million.

### *(g) Share of profit of associates and joint ventures*

Share of profit of associates and joint ventures decreased by US\$13.7 million or 32.8%, from US\$41.5 million in FY2014 to US\$27.8 million in FY2015. The decrease was due mainly to lower contribution from certain associates.

## **Statements of Financial Position**

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

The Group's trade receivables and CWIP decreased by US\$18.7 million from US\$630.3 million as at 31 December 2014 to US\$611.6 million as at 31 December 2015. The decrease was due to timing difference between achievement of milestone and revenue recognized for projects in progress and impairment of receivables.

Subsequent to 31 December 2015, the Group received settlement and billing of approximately US\$144.8 million.

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

Other receivables decreased by US\$85.5 million from US\$364.3 million as at 31 December 2014 to US\$278.8 million as at 31 December 2015. The decrease was mainly due to repayment from associates and reclassification of capitalized vessels costs to property, plant and equipment.

### *(j) Inventories*

Inventories increased by US\$33.0 million, from US\$6.9 million as at 31 December 2014 to US\$39.9 million as at 31 December 2015. The increase was due mainly to purchase of materials for projects execution in South Asia.



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

### (k) Investment in associates

Investment in associates decreased by US\$37.9 million, from US\$196.4 million as at 31 December 2014 to US\$158.5 million as at 31 December 2015. The decrease was due mainly to impairment loss of investment in an associate and repayment of shareholder advances.

### (l) Investment in joint ventures

Investment in joint ventures increased by US\$5.2 million, from US\$22.6 million as at 31 December 2014 to US\$27.8 million as at 31 December 2015. The increase was due mainly to positive results delivered by certain joint ventures.

### (m) Property, plant and equipment

Property, plant and equipment increased by US\$38.5 million from US\$748.7 million as at 31 December 2014 to US\$787.2 million as at 31 December 2015. The increase was due mainly to:

- (i) addition of vessels upgrading costs and reclassification of capitalized vessel costs from other receivables;
- (ii) addition of a vessel and equipment;

and partially offset by depreciation for the year.

Depreciation decreased by US\$1.0 million or 2.3%, from US\$44.1 million in FY2014 to US\$43.1 million in FY2015. The decrease was due mainly to revision of estimated useful life of vessels from 18 to 23.5 years, net of residual value, effective from 1 January 2015. The change in accounting estimates has resulted in a decrease to the Group's depreciation charge by approximately US\$10.3 million. However, the decrease was partially offset by additional depreciation of capitalized vessel costs reclassified from other receivables.

Assets under construction are not depreciated.

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

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

	Group					
	FY2015			FY2014		
	Current US\$'000	Non-Current US\$'000	Total US\$'000	Current US\$'000	Non-Current US\$'000	Total US\$'000
Bank loans	28,517	100,481	128,998	23,065	101,181	124,246
Working lines	203,170	-	203,170	228,224	-	228,224
Notes payables	213,973	320,540	534,513	71,615	566,645	638,260
Finance leases	34,848	115,273	150,121	26,529	148,702	175,231
	<b>480,508</b>	<b>536,294</b>	<b>1,016,802</b>	349,433	816,528	1,165,961

Total current and non-current borrowings decreased by US\$149.2 million from US\$1,166.0 million as at 31 December 2014 to US\$1,016.8 million as at 31 December 2015. The decrease was due to repayment during the year.

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

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

Net debt-to-equity ratio is as follows:

Financial period ended	31 December 2015	30 September 2015	30 June 2015	31 March 2014	31 December 2014
Net debt-to-equity ratio	<b>1.59</b>	1.53	1.45	1.45	1.52

As at 31 December 2015, the Group has the following outstanding notes payables:

### Notes Payables

						Group	
	Tenure (year)	Interest rate	Due Date	S\$'000	CNY'000	FY2015 US\$'000	FY2014 US\$'000
<u>Current</u>							
Multicurrency medium term notes							
- series 11	3	6.25%	8-Jun-15	<b>95,000</b>	-	-	71,615
- series 12	4	7.00%	6-Jul-16	<b>75,000</b>	-	<b>52,781</b>	-
- series 15	2.5	5.55%	7-Oct-16	<b>100,000</b>	-	<b>69,977</b>	-
- series 16	2.5	5.13%	6-Jun-16	<b>130,000</b>	-	<b>91,215</b>	-
						<b>213,973</b>	71,615
<u>Non-current</u>							
Multicurrency medium term notes							
- series 16	2.5	5.13%	6-Jun-16	<b>130,000</b>	-	-	96,466
- series 12	4	7.00%	6-Jul-16	<b>75,000</b>	-	-	56,102
- series 15	2.5	5.55%	7-Oct-16	<b>100,000</b>	-	-	74,192
- series 14	4	7.13%	18-Apr-17	<b>160,000</b>	-	<b>111,932</b>	119,154
- series 17	3	7.75%	18-Sep-17	-	<b>450,000</b>	<b>68,989</b>	71,887
						<b>180,921</b>	417,801
Islamic trust certificate							
- Series 2	3	6.25%	30-Oct-17	<b>50,000</b>	-	<b>34,884</b>	36,919
- Series 1	5	6.50%	2-Aug-18	<b>150,000</b>	-	<b>104,735</b>	111,925
						<b>139,619</b>	148,844
						<b>320,540</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.

### (o) Equity

Total equity decreased by US\$77.9 million from US\$653.3 million as at 31 December 2014 to US\$575.4 million as at 31 December 2015. The decrease was due mainly from redemption of perpetual capital securities of S\$80.0 million during the year.

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

### Consolidated Statement of Cash Flows

#### ***(p) Cash flow from operating activities***

In FY2015, the Group net cash generated from operating activities amounted to US\$101.2 million. This comprised operating cash flow before working capital changes of US\$121.2 million, and adjusted for net working capital inflows of US\$49.9 million and income tax and interest payment of US\$69.9 million.

The net working capital inflows were mainly contributed from:

- (i) decrease in trade receivables and CWIP of US\$10.8 million; and
- (ii) decrease in other receivables of US\$74.0 million,

which is partially offset by:

- (iii) increase in inventories of US\$33.0 million; and
- (iv) net decrease in trade and other payables of US\$1.9 million.

#### ***(q) Cash flow used in investing activities***

In FY2015, the Group's net cash outflow from investing activities which amounted to US\$7.5 million was due mainly to purchases of property, plant and equipment of US\$39.2 million, which partially offset against dividends received from associates of US\$24.5 million and disposals of property, plant and equipment of US\$5.8 million.

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

In FY2015, the Group recorded net cash outflow from financing activities of US\$166.9 million, which were mainly contributed from:

- (i) net repayment of borrowings amounting to US\$121.7 million;
- (ii) redemption of perpetual capital securities of US\$67.5 million;
- (iii) redemption of preferences shares issued by a subsidiary of US\$9.5 million;

and partially offset by issuance of shares of US\$33.1 million.

## 9. Forecast or a prospect statement

Not applicable.

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

The oil and gas industry has turned increasingly cautious in response to the weaker oil price environment. Major oil companies have been aggressively pursuing cost reduction or delaying some of their projects. This situation is inevitably leading to pressures within the industry. 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. This can be seen from the Group's ability to successfully secure new projects during the year. The order book was US\$1.35 billion as at 29 February 2016. 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 and prudently on new project tenders in its target markets in South Asia, Southeast Asia, West Africa and Latin America.

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

**(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 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.

The Group reports one segment – 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 a wide and diverse range of offshore projects, including turnkey project management, procurement, transportation and installation of offshore structure, subsea completion works and decommissioning services. The EPIC services are complemented by the Group's marine and engineering division.

Geographical information

	Revenue <sup>(1)</sup>		Non-current assets <sup>(2)</sup>	
	FY2015 US\$'000	FY2014 US\$'000	FY2015 US\$'000	FY2014 US\$'000
Latin America	<b>446,824</b>	193,457	<b>98,532</b>	302,889
South East Asia	<b>117,148</b>	479,136	<b>943,086</b>	825,893
South Asia	<b>244,086</b>	44,552	-	-
Others	<b>24,937</b>	9,368	-	-
	<b>832,995</b>	726,513	<b>1,041,618</b>	1,128,782

(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**

	Group		
	FY2015 US\$'000	FY2014 US\$'000	Change
Sales reported for the first half year	<b>365,126</b>	418,832	-12.8%
Operating (loss)/ profit after tax reported for first half year	<b>(3,113)</b>	62,973	-104.9%
Sales reported for the second half year	<b>467,869</b>	307,681	52.1%
Operating loss after tax reported for second half year	<b>(15,566)</b>	(31,726)	-50.9%

**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.

## STATEMENT BY DIRECTORS

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### PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company hereby confirms that undertakings from all directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

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  
29 February 2016