Swiber

SWIBER HOLDINGS LIMITED [ ANNUAL REPORT 2014 ]

# AN EPIC Journey In focus

// SWIBER SCORES ITS LARGEST CONTRACT WIN, HERALDING ITS ENTRY INTO WEST AFRICA //

// ORGANISATION STREAMLINING SHARPENS SWIBER'S FOCUS ON CORE EPIC SERVICES //

// SWIBER ACTIVELY BIDS FOR NEW PROJECTS TO CAPITALISE ON OPPORTUNITIES IN TARGET MARKETS //

AN EPIC JOURNEY IN FOCUS

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# CORPORATE *Profile*

## A LEADING GLOBAL COMPANY IN THE OFFSHORE OIL & GAS INDUSTRY

Swiber Holdings Limited ("Swiber" and together with its subsidiaries, "the Group") is a world-class integrated offshore construction and support services provider for shallow water oil and gas field development.

The Group offers a wide range of Engineering, Procurement, Installation, and Construction ("EPIC") services, complemented by its in-house marine support and engineering capabilities, to support the offshore field development and production activities of its international clientele base across the Asia Pacific, Middle East, Latin America and West Africa regions.

Founded in 1996, Swiber is committed to building the Group into a leader in the offshore oil & gas industry. With its strong technical expertise and dedication to providing high quality services, the Group is highly regarded by established and reputable international oil majors and national oil companies worldwide for services that epitomise excellence, safety, innovation and value. This has enabled Swiber to garner strong support from clients, which is one of the driving forces fueling the Group's growth and success over the past 18 years.

Swiber owns 13 state-of-the-art construction vessels which are supported by our fleet of offshore support vessels. The Group also has a workforce that consists of close to 1,800 employees of over 35 different nationalities in strategically located offices worldwide.

At Swiber's helm is a strong and experienced corporate management team who is collectively responsible for strategic planning, operations and overall management of the Group. Backed by highly trained and experienced offshore EPIC engineers and offshore support crews, the management team ensures the successful execution of projects of varying scope and complexity, as well as timely delivery of services to clients.

Swiber was featured on Forbes Asia's "Best under a Billion" list, an honour given to the top 200 Asia Pacific companies with consistent growth in both sales and profits. Swiber continues to rank as one of Singapore's top 100 brands in the Brand Finance's Annual Report. Swiber has also been awarded the Singapore Corporate Governance Award by the Securities Investors Association Singapore ("SIAS") in recognition of Swiber's exemplary Corporate Governance and Transparency practices.

The Group is also fully committed to its core values of Trust, Respect, Affirmation, Determination and Excellence. These values will guide Swiber as it continues to capitalise on the world's growing energy demands.

Swiber was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 8 November 2006.

# Vision

TO BE A SUSTAINABLE & GLOBALLY COMPETITIVE COMPANY (GCC) IN THE OFFSHORE INDUSTRY.

# Mission

TO DELIVER TO OUR CLIENTS THEIR OFFSHORE PROJECTS SAFELY ON TIME, BEFORE TIME, ALL THE TIME BY SUBORDINATING ALL PROCESSES AND PERSONNEL FROM START TO FINISH.

# OUR TRADEmark *Values*

### TRUST

We are trusted for our integrity, honesty, reliability, fairness and sincerity in our work with our partners, customers and employees.

### RESPECT

We respect and value each other's views. We respect the laws of the countries we operate in and the confidentiality of information provided by our clients and employees. We win as a team.

### DETERMINATION

We are determined to succeed and will always rise up to any challenge. We are known for our resolve in solving any problems faced by us or our clients and partners.

### AFFIRMATION

We affirm and recognise the contributions made by our partners, clients and employees to the success of our business. We value our employees, encourage their contributions and develop them to their fullest potential. We practice the 101% principle in affirmation - finding the 1% we can affirm, and giving it 100% of our attention.

### EXCELLENCE

We excel in everything that we do and are committed to delivering jobs of the highest quality, exceeding our customers' expectations.

## CAUSE NO HARM PHILOSOPHY

A core philosophy that Swiber embraces unconditionally is the 'Cause No Harm' philosophy. It is a philosophy that is integral to Swiber's corporate DNA. We see it as the linchpin for all aspects of our organisation, encompassing our business conduct, ethics, daily operations and our overall corporate strategy. The essence behind our philosophy is that everything that we do will have, as our first consideration, the idea that it must Cause No Harm.

### Cause No Harm to OURSELVES as individuals
### Cause No Harm to OTHERS
### Cause No Harm to OUR EQUIPMENT AND MATERIALS
### Cause No Harm to OTHERS' ASSETS
### Cause No Harm to THE ENVIRONMENT
### Cause No Harm to THE PLANET as a whole
### Cause No Harm to FUTURE GENERATIONS

The 'Cause No Harm' philosophy, together with our TRADEmark core values of 'Trust', 'Respect', 'Affirmation', 'Determination' and 'Excellence', forms the basis of our Code of Business Conduct, and Health, Safety and Environment (HSE) policies. It defines how we interact with our stakeholders with the highest standards of ethics, integrity and responsibility.

# *Core* PHILOSOPHIES

## EMOTIONAL EXCELLENCE PHILOSOPHY

Being aware of our Emotional Quotient ("EQ") and taking the necessary steps to develop it to its optimum, leads to **Emotional Excellence ("EE")**.

EE enables us to create excellent human relationships and keep ourselves and others highly inspired, engaged and committed in both personal life and work.

Practicing EE at the workplace allows us to deal and support each other in the right way, enabling us to perform at a higher level in order to achieve the goals of the organisation collectively.

Swiber strives to be an Emotionally Excellent organisation, where its leaders and employees exhibit a high level of emotional excellence, which allows the organisation to connect with its most important asset — its people.

## FLOW MANAGEMENT PHILOSOPHY

At the heart of this philosophy is that the first priority of our business is the safe and smooth flow of our projects. This can be achieved through a smooth and optimised flow where all our internal processes are subordinated to the project. Our processes need to flow as we have planned it to be.

Swiber Flow Management is all about unblocking the flow. It's about examining ourselves whether we are causing the flow to slow down or to even causing it to stop. It's about subordinating yourself to the flow for the sake of project completion to be on-time, before time, all the time, without compromising safety.


## A LEADING GLOBAL ENGINEERING, PROCUREMENT, INSTALLATION & CONSTRUCTION ("EPIC") SERVICES PROVIDER

With its established position as a leading EPIC services provider for shallow water oil and gas field development, Swiber has capabilities to deliver a complete suite of fully integrated and innovative offshore construction services for a wide and diverse range of projects.

The Group's services include:

- Project management and engineering
- Transportation and installation of fixed offshore platforms
- Transportation and installation of subsea pipelines
- Subsea Completion Works
- Floating Production Systems/CALM Buoys
- Platform Fabrication
- Platform De-commissioning
- Underwater Inspection, Repair and Maintenance (IRM) Services
- Turnkey Subsea Services Solutions
- Installation of Umbilicals, Flexible Pipelines and Power Cables

# CORE *Business*

// SWIBER HAS CAPABILITIES TO DELIVER A COMPLETE SUITE OF FULLY INTEGRATED AND INNOVATIVE OFFSHORE CONSTRUCTION SERVICES FOR A WIDE AND DIVERSE RANGE OF PROJECTS //

The Group's offshore construction services have multiple capabilities which are complemented by its in-house marine support and engineering capabilities.

Swiber's in-house marine support capability includes the provision of marine transportation and vessel management services. As a result, the Group is able to manage its own vessels to support its EPIC projects, which eliminates reliance on third party charters and ensures the quality, reliability and timely delivery of offshore support vessels for offshore projects.

The Group's engineering capability also enables it to perform upstream oil and gas engineering, project management, Front End Engineering Design ("FEED") and detailed design services for major oil and gas companies.

The Group is also equipped with engineering capabilities in the areas of Subsea, Umbilicals, Risers and Flowlines ("SURF"), transportation and installation engineering and naval architecture. This enables Swiber to perform engineering works internally to support its EPIC requirements instead of outsourcing to external engineering companies.

With a team of highly experienced engineers and project managers, coupled with its extensive fleet of modern construction and support vessels, Swiber is confident of delivering turnkey solutions to global offshore oil and gas companies, even in the most challenging offshore environments.


# *Geographical* PRESENCE

// SWIBER'S ABILITY TO SUCCESSFULLY EXPAND ITS GEOGRAPHICAL FOOTPRINT OVER THE YEARS HAS BEEN ONE OF THE MAIN FACTORS DRIVING THE GROUP'S CONTINUED GROWTH //

## GLOBAL FOOTPRINT, LOCAL PRESENCE

Having established an entrenched presence in Asia Pacific, Middle East and Latin America, Swiber marked a major milestone in FY2014 by extending its reach to the West Africa market with the largest contract win in the Group's history - a US$710 million project to provide full EPCIC services for an Offshore Processing Facility, as well as associated subsea infrastructure developments.

The Group's ability to successfully expand its geographical footprint over the years has been one of the main factors driving Swiber's continued growth. With headquarters in Singapore, Swiber has set up offices in India, Brunei, Indonesia and Mexico, as well as established joint ventures with reputable partners in Indonesia, Malaysia and West Africa.

The Group's commitment to establish strong local presence in these countries ensures that it is able to provide fast and effective support to clients as well as to better respond to changing market dynamics and capture business opportunities.

Going forward, Swiber plans to continue expanding its geographical footprint in the Asia Pacific, Middle East, Latin America and West Africa.


MARKETS WHERE
SWIBER HAS PRESENCE

# SWIBER'S *Fleet*

// THE GROUP OWNS AND OPERATES A YOUNG AND EXTENSIVE FLEET OF VESSELS //


2


1


3


4


5


6


9


11


7


12


8


10


13

*1 Swiber Kaizen4000*
*2 Swiber PJW3000*
*3 Swiber Resolute*
*4 Quetzal*
*5 Swiber Concorde*
*6 1MAS-300*
*7 Swiber Conquest*
*8 Swiber Triumphant*
*9 Swiber Victorious*
*10 Swiber Atlantis*
*11 Holmen Pacific*
*12 Holmen Atlantic*
*13 Holmen Artic*

## EXTENSIVE FLEET OF YOUNG AND MODERN VESSELS

Swiber owns 13 state-of-the-art construction vessels which are coupled with our fleet of offshore support vessels to support the Group's growing business activities worldwide.

Leveraging on the capabilities of its fleet of modern and well-equipped construction and support vessels, Swiber has forged an excellent reputation as a leading global services provider to the Offshore Oil and Gas Industry.

## CONSTRUCTION VESSELS

### DERRICK CRANE/ACCOMMODATION WORK BARGE

| S/N | VESSEL NAME | CRANE CAPACITY | TYPE | DECK AREA | ACCOMMODATION | YEAR BUILT |
|---|---|---|---|---|---|---|
| 1 | Swiber Kaizen4000 | 3,800T | DP3 Heavy Lift Pipelay Vessel<br>12 x 130T VFD Mooring Winch | 3,800sqm | 305 men | 2012 |
| 2 | Swiber PJW3000 | 3,000T | Non-DP Heavy Lift Pipelay Barge<br>12 x 110T Mooring Winch | 1,800sqm | 298 men | 2010 |
| 3 | Swiber Resolute | 1,100T | Versatile DP2 Subsea Construction Vessel<br>8 x 130T Single Drum Hydraulic Winch | 1,600sqm | 300 men | 2009 |

### PIPELAY/ACCOMMODATION WORK BARGE

| S/N | VESSEL NAME | CRANE CAPACITY | TYPE | DECK AREA | ACCOMMODATION | YEAR BUILT |
|---|---|---|---|---|---|---|
| 4 | Quetzal | 500T | Non-DP Accommodation Pipelay Barge<br>8 x 70T Single Drum Hydraulic Winch | 1,200sqm | 300 men | 2009 |
| 5 | Swiber Concorde | 60T | Non-DP Accommodation Pipelay Barge<br>8 x 70T Single Drum Hydraulic Winch | 960sqm | 260 men | 2008 |
| 6 | 1MAS-300 | 300T | Non-DP Accommodation Pipelay Barge<br>8 x 85T Hydraulic Winch | 1,200sqm | 300 men | 2010 |
| 7 | Swiber Conquest | 300T | Non-DP Accommodation Pipelay Barge<br>8 x 130T Electro-Hydraulic Single Drum Winch | 1,200sqm | 284 men | 2007 |

### ACCOMMODATION WORK BARGE

| S/N | VESSEL NAME | CRANE CAPACITY | TYPE | DECK AREA | ACCOMMODATION | YEAR BUILT |
|---|---|---|---|---|---|---|
| 8 | Swiber Triumphant | 300T | Non-DP Accommodation Work Barge<br>8 x 85T Single Drum Electrical VFD Driven Winch | 1,200sqm | 300 men | 2012 |
| 9 | Swiber Victorious | 300T | Non-DP Accommodation Work Barge<br>8 x 85T Single Drum Electro-Hydraulic Winch | 1,200sqm | 300 men | 2009 |

### SUBSEA CONSTRUCTION & DIVING SUPPORT VESSEL

| S/N | VESSEL NAME | CRANE CAPACITY | TYPE | DECK AREA | ACCOMMODATION | YEAR BUILT |
|---|---|---|---|---|---|---|
| 10 | Swiber Atlantis | 100T | DP2 Subsea Maintenance & Diving Support Vessel<br>4 x 40T ME Mooring Winch | 700sqm | 133 men | 2010 |

### SUBMERSIBLE LAUNCH BARGE

| S/N | VESSEL NAME | JACKET LAUNCHING CAPACITY | FLOATOVER OPERATIONS | DECK AREA | YEAR BUILT |
|---|---|---|---|---|---|
| 11 | Holmen Pacific | 15,000T to 20,000T | Available | 5,300sqm | 2012 |
| 12 | Holmen Atlantic | 10,000T to 13,000T | Available | 4,100sqm | 2012 |
| 13 | Holmen Arctic | 8,500T | --- | 3,500sqm | 2006 |

## FEBRUARY 2014

- Clinched five contracts in Latin America and Southeast Asia with aggregate value of approximately US$235 Million.
- Subscribed for 49% equity stake in Swiber Marine Mexico, S.A. DE C.V. ("SMM") which is principally engaged in owning, operating and chartering of vessels.

## MARCH 2014

- Completed the sale of entire shareholding in Kreuz Holdings Limited for S$256.2 million.

## APRIL 2014

- Paid a special dividend of S$0.03 per share.
- Incorporated Tuscan Offshore Pte. Ltd., a new wholly-owned subsidiary in Singapore which is principally engaged in owning, operating and chartering of vessels.
- Issued S$100 million in principal amount of 5.55% fixed rate notes due 2016 under the Multicurrency Debt Issuance Programme.
- Incorporated Tuscan Marine, S.A. de C.V. SOFOM E.N.R., a new wholly-owned subsidiary in Mexico which is principally engaged in leasing activities.

## JUNE 2014

- Issued S$130 million in principal amount of 5.125% fixed rate notes due 2016 under the Multicurrency Debt Issuance Programme.
- Secured an EPIC contract in Latin America with an aggregate value of US$80 million.
- Incorporated Aster Marine Pte. Ltd., a new wholly-owned subsidiary in Singapore which is principally engaged in owning, operating and chartering of vessels.

## AUGUST 2014

- Announced flagging of five vessels under the Mexican flag to reaffirm the Group's long-term commitment to clients in Mexico.

# CORPORATE *Highlights*

### SEPTEMBER 2014

- Issued CNY450 million in principal amount of 7.75% fixed rate notes due 2017 under the Multicurrency Debt Issuance Programme.

### OCTOBER 2014

- Fully redeemed the remaining US$35.6 million of convertible bonds due 2014 on the scheduled maturity date.
- Issued S$50 million in principal amount of 6.25% fixed rate trust certificates due 2017 under the Multicurrency Islamic Trust Certificates Issuance Programme.

### DECEMBER 2014

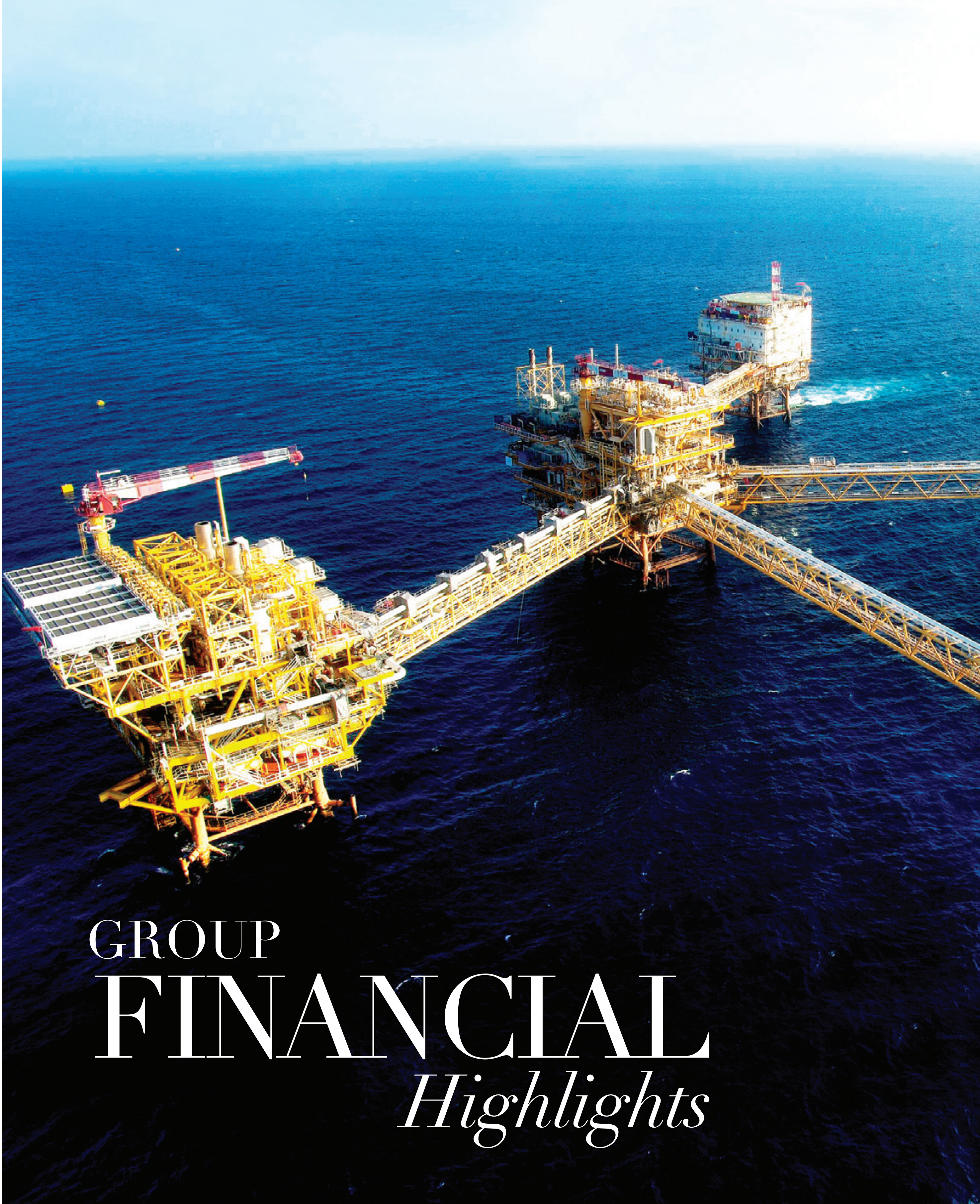
- Secured a US$710 million EPCIC award – the largest contract win in Swiber's corporate history – which heralds the Group's entry into the West Africa market.

### JANUARY 2015

- Completed the sale of Newcruz International Pte. Ltd. and PTSB Holdings Pte. Ltd. for an aggregate consideration of US$36.1 million.

### FEBRUARY 2015

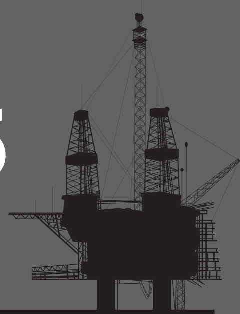
- Completed a rights issue and raised gross proceeds of S$45.9 million.
- Won a US$310 million EPCIC contract from a national oil company in South Asia which marked one of the Group's largest contract wins.



# GROUP FINANCIAL *Highlights*

REVENUE
**FY2014**
**US$726.5**
MILLION

GROSS PROFIT
**FY2014**
**US$17.5**
MILLION



NET PROFIT **FY2014**
**US$31.2**
MILLION

EBITDA **FY2014**
**US$138.8**
MILLION

NET DEBT-EQUITY RATIO **FY2014**
**1.52**

CASH AND BANK BALANCES
**US$176.1**
MILLION

EPS (US CENTS)
**FY2014**
**2.5 US CENTS**

"SWIBER CONTINUED TO WIN SIZEABLE CONTRACTS LAST DECEMBER AND IN FEBRUARY THIS YEAR WITH A TOTAL VALUE EXCEEDING **US$1 BILLION** FOR EPCIC PROJECTS IN WEST AFRICA AND SOUTH ASIA."

***RAYMOND KIM GOH***
*Executive Chairman*

# MESSAGE *from the* *Executive* CHAIRMAN

// SWIBER'S FOCUSED APPROACH AND LEANER ORGANISATION SET-UP HELP TO SET THE STAGE TO SURMOUNT HURDLES AND MAKE BETTER PROGRESS IN THE CURRENT MARKET ENVIRONMENT. //

*Dear Shareholders,*

I am pleased to present the Swiber Holdings Limited annual report for the 12 months ended 31 December 2014 (“FY2014”).

The second half of 2014 was a turbulent phase for the global oil market. After reaching a peak in June, oil prices were down by half at the end of the year. The oil price collapse was triggered by fears of excess supply amid expectations of weaker demand growth. While the U.S. economy is improving, slowing growth in China and continuing uncertainty about the direction of the Eurozone economy have dampened global oil demand. Together with the expansion of U.S. shale output and the intention of Organization of the Petroleum Exporting Countries to maintain its output, there are concerns the global oil market could be facing a supply glut.

The weaker oil price environment has seen oil majors recalibrating their investment budgets and plans as they adjust to the present market dynamics. These changes in the oil and gas industry would inevitably have a knock-on effect in the oilfield services supply chain including price pressures and potential delays in the award of projects.

From the Group’s perspective however, we believe that the implications of the expenditure cuts may not be uniform across the oil and gas supply chain. Firstly, the impact on shallow water projects is expected to be less than deep water activities due to the former’s lower breakeven costs. As we narrow down to the different stages of the offshore oil and gas value chain, the Group believes that field development and production activities face lower risk of significant investment downsizing compared to projects in the exploration stage.

Swiber is an established provider of EPIC (Engineering, Procurement Installation and Construction) services for shallow water oil and gas field developments. Our EPIC activities focus on supporting the field development stage, that is post exploration and appraisal stages, and after customers have decided to commence development activity. The Group’s services are not heavily employed in the exploration stage of the oil and gas value chain. As such, we believe that our business would be less susceptible to the industry’s expenditure cuts and the Group is positioned in the right space to capitalise on future bidding opportunities.

Swiber has continued to win sizeable contracts last December and in February this year with a total value exceeding US$1 billion for EPCIC projects in West Africa and South Asia. These wins are indeed a feather in our cap. Not only did we manage to bring in new projects during one of the industry’s more challenging times, we also achieved the largest contract win in the Group’s corporate history which marked our successful foray into West Africa. Furthermore, these new contracts have boosted Swiber’s order book to an all-time high of US$1.4 billion as at 27 February 2015.

# MESSAGE *from the* *Executive* CHAIRMAN

In FY2014, the Group made a timely move to restructure our organisation following a strategic decision to realign our business focus to offshore construction services. Over the years, Swiber has seen considerable growth in our scale of operations. Besides expanding our geographical boundaries across the Asia Pacific, Latin America and West Africa, we also grew our portfolio of businesses catering to the offshore oil and gas industry ranging from EPIC services to marine support and engineering services.

With this redefinition of our corporate strategy to focus on offshore EPIC services, the Group divested its equity interests in subsidiaries and joint ventures that do not directly form part of our core activities.

This will allow Swiber to fully exploit our resources to hone our core expertise in offshore EPIC services and make bigger waves in the offshore oil and gas services sector. Additionally, we believe a focused approach and leaner organisation set-up will help set the stage for Swiber to surmount any hurdles, and make better progress in the current market environment.

For FY2014, the Group reported a profitable performance albeit lower than last year due mainly to higher other operating income and share of profit from our associates and joint venture companies as our top line slowed down due to lower revenue recognition from ongoing projects. Work on new projects commenced only from the last quarter of FY2014 and in FY2015.

Looking at the present circumstances, it appears that the sharp decline in oil prices has been arrested. However, as the oil market may remain volatile in the near term, we will continue to navigate the Group on its course with caution and prudence and take the necessary steps to mitigate such risks. As we implement initiatives to optimise our cost structures, the Group will continue to pursue business prospects in our target markets.

Leveraging on our fundamental strength in the execution of turnkey EPIC solutions for shallow water oil and gas projects, we believe Swiber is well-positioned to capitalise on project bidding opportunities in the Asia Pacific, Latin America and West Africa. Taking a longer-term view of our customer markets, we envisage Mexico's energy reforms to bring new prospects for offshore services, emerging opportunities in West Africa's offshore market and a potential recovery in certain existing markets which had previously slowed down due to political reasons. Swiber will continue to stay focused and enhance our EPIC capabilities to be ahead of the curve so that we are ready to capitalise on favourable market developments when they arise.

## A NOTE OF APPRECIATION

On behalf of the Board, I would like to thank our shareholders and bondholders for their support of Swiber. With a veteran management team who has been through major oil and gas cycles, we believe we are able to steer the Group safely through this period of market uncertainty.

I also wish to express my appreciation to my fellow Directors for their valuable contributions and guidance. To our management and staff, thank you for your tireless efforts and unwavering commitment to build Swiber into a global offshore EPIC company. Last but not least, I would like to extend my sincere thanks and appreciation to our valued customers, business partners and associates for their continued support and patronage of Swiber, and also thank God for his abundance of blessings and grace upon Swiber.

**Raymond Kim Goh**
*Executive Chairman*


SWIBER
DLH

# MESSAGE *from the* Group CEO

// SWIBER IS POSITIONED IN A MORE RESILIENT MARKET SEGMENT AS THE GROUP FOCUSES ON EPIC SERVICES FOR SHALLOW WATER OIL AND GAS FIELD DEVELOPMENT PROJECTS. //

*Dear Shareholders,*

The market environment has become more challenging from the second half of 2014 as crude oil prices have fallen significantly after peaking in June last year. In response to the slide in oil prices, oil majors have announced plans to cut their capital expenditure budgets. While lower oil prices have undoubtedly weighed on overall market sentiment across the oil and gas value chain, I remain confident in the abilities of our experienced management team to steer the Group through this slowdown.

In fact, Swiber is proving its strength as we continued to secure sizeable new contracts including our largest award in the Group's corporate history in recent months despite the prevailing industry headwinds. I am pleased to report that with these contracts, our order book reached a record level of US$1.4 billion as at 27 February 2015.

During 2014, the Group was actively seeking opportunities to strengthen our order book while undertaking an organisation restructuring to sharpen our operational focus on offshore construction services for shallow water oil and gas field developments. This was also a timely exercise under current market circumstances as it would enable the Group to move forward with a leaner operating structure and fully dedicate our resources to the development of our core business.

## BOOSTING OUR PIPELINE OF PROJECTS

During 2014, the Group clinched new contracts in our existing markets and also made successful inroads into a new emerging market for offshore exploration and production.

In the first half of 2014, Swiber bagged three contracts amounting to around US$145 million for works to be executed in Latin America and Southeast Asia, while our associate company and joint venture company were awarded contracts totaling US$90 million for services to be executed in Southeast Asia. Swiber also secured a US$80 million EPIC (Engineering, Procurement Installation and Construction) contract in Latin America for subsea development work including pipeline tie-in work.

Towards the end of 2014, Swiber was awarded a landmark project worth US$710 million by a Houston-based oil and gas company to provide EPCIC (Engineering, Procurement, Construction, Installation and Commissioning) services for an offshore field development project in West Africa. The award of this project represents a major leap forward as it is the largest contract in the Group's history and also marks our success in penetrating a new growth market.

"THE GROUP STRENGTHENED OUR ORDER BOOK AND ALSO STREAMLINED OUR OPERATIONS TO SHARPEN OUR FOCUS ON OFFSHORE CONSTRUCTION SERVICES."

***FRANCIS WONG***
*Group CEO*

We believe our maiden contract in West Africa also underlines our relentless effort to raise our capabilities to deliver higher-value EPCIC services. Under this contract, Swiber will be providing full EPCIC services for an offshore processing facility as well as associated subsea infrastructure developments. Project completion is expected to take place in the middle of 2017.

Swiber's new project wins gathered steam as we secured another sizeable contract shortly after the award of the West Africa project. In February 2015, the Group clinched a US$310 million EPCIC contract from a national oil company ("NOC") in South Asia to provide a full suite of services for 8 new platforms and associated pipelines required for the development of a new offshore gas field. This project is expected to be completed in March 2017.

This NOC in South Asia is a repeat customer for whom the Group has completed various offshore projects in the past seven years. This new project in South Asia is a testament of the NOC's trust in Swiber's capabilities and allows us to deepen our relationship with the NOC. Swiber will be utilising our state-of-the-art construction and support vessels and mobilising our highly skilled Project Management Team to execute this project.

Swiber's recent contract wins can be attributed to the competitive advantages that we have built into our business model. Foremost of these is our strategy of investing in a suite of marine assets. Due to our ability to integrate our offshore EPIC and offshore marine services, the Group is able to optimise our vessel usage and lower mobilisation costs. With our sizeable fleet, the Group also benefits from economies of scale that yield cost savings which we can pass on to our clients. In addition, our good long term relationships with suppliers provide greater flexibility and cost efficiency in procurement and logistics. All these factors enable Swiber to put up competitive bids when we tender for projects in the current market environment.

## STREAMLINING OPERATIONS TO FOCUS ON EPIC SERVICES FOR OFFSHORE OIL AND GAS DEVELOPMENTS

In line with our strategy to focus on EPIC services, the Group initiated an internal restructuring and streamlined our operations to deploy our resources towards optimising the performance of the core business.

As part of the restructuring efforts, the Group sold its equity interests in subsidiaries and joint ventures that do not form part of our core activities. In March 2014, the Group divested its stake in Kreuz Holdings Limited and sold our equity interests in Newcruz International Pte. Ltd. ("Newcruz") and PTSB Holdings Pte. Ltd. ("PTSB") in December 2014. These efforts allow us to fully focus on our core expertise in providing our customers a complete and integrated suite of EPIC services.

In addition, the Group terminated and restructured certain existing vessels that were previously under various leasing arrangements. We believe this initiative will help to lower our leasing expenses and enhance the profitability of our operations in future.

## FY2014 FINANCIAL REVIEW

For the financial year ended 31 December 2014 ("FY2014"), the Group reported a net profit of US$31.2 million compared to US$90.9 million in FY2013. The contraction in bottom line was attributed mainly to a 30.1% decline in Group revenue to US$726.5 million. The top line declined as revenue from ongoing projects was substantially recognised in FY2013 while new projects commenced only in the fourth quarter of FY2014 and from FY2015.

As a result of lower revenue, the Group's gross profit margin narrowed to 2.4% in FY2014 from 16.4% previously due to under absorption of fixed costs. The Group's bottom line was also weighed down by increases in other operating expenses and finance expenses which rose 64.2% and 39.5% to US$28.5 million and US$65.5 million respectively in FY2014. Other operating expenses increased due to higher net fair value loss on financial instruments, while finance expenses climbed on higher borrowings, issuance of debt securities and negative carry between new issuance of debt securities and repayment of maturing debt securities.

The effect of the above factors on the Group's net profit was partially cushioned by higher other operating income, share of profit from associates and joint ventures and lower administrative expenses in FY2014. Other operating income soared to US$103.5 million from US$66.6 million in FY2013, lifted mainly by a net gain on disposal of a group of subsidiaries and associates; while share of profit from associates and joint ventures increased to US$41.5 million in FY2014 from US$29.5 million in the previous year. The Group's efforts to streamline its operations during FY2014 are also paying off as administrative expenses fell by 30.3% to US$55.3 million.

As a result, the Group's earnings per share for FY2014 decreased to 2.5 US cents from 8.5 US cents in FY2013. Net asset value per share increased to 90.6 US cents as at 31 December 2014, from 89.7 US cents as at 31 December 2013.

## FOCUS ON SHALLOW WATER DEVELOPMENT PROJECTS PROVIDES MORE RESILIENCE

Amid expectations of modest global economic growth, the current supply-demand imbalances of the global oil market have engendered price volatility in the past months. This has in turn led to oil companies revising downwards their planned budgets for capital expenditures.

Nevertheless, we believe that Swiber is positioned in a more resilient market segment. We focus on shallow water projects which are expected to be less affected than deep water projects due to lower breakeven costs. Furthermore, our EPIC services are primarily related to the field development stages of the offshore oil and gas value chain and are not heavily employed in projects at the exploration stages, which typically face higher risk of capital expenditure reductions and suspensions in an environment of weak oil prices. In view of these factors, the Group continues to see opportunities in our fields of expertise.

We are working actively on new project tenders in our target markets in the Asia Pacific, Latin America and West Africa. We will continue to work closely with our customers and strategic partners to seize the demand for offshore construction services that support oil companies' development of new oil and gas basins as well as existing fields. Swiber has also taken steps to reaffirm our long-term commitment to customers in Mexico's oil and gas industry by flying the Mexican flag on five of our vessels from August 2014.

Swiber is an established and reputable brand in the offshore EPIC services industry for shallow water projects. This is built on our ability to provide a full suite of EPIC services, our highly experienced and skilled team, and best-in-class fleet to deliver solutions exceeding customers' expectations. To improve our competitive standing, we will continue to strengthen our capabilities in higher-value EPIC services and enhance our operational performance.

In the face of current industry challenges, we find greater motivating force to raise the bar higher as we execute initiatives to hone Swiber's market competitiveness. The organisation restructuring, which was mostly completed last year, is part our strategy to ready ourselves and place the Group in a better position to move forward confidently into 2015. With leaner and focused operations, we will remain prudent and cautious, and continue to maximise cost efficiencies by optimising our administrative structure to yield cost savings.

In closing, I would like to acknowledge the unyielding spirit, concerted effort and contributions of Swiber's management and staff. With their dedication and support of the Group's strategic direction and goals, I am positive that Swiber will be able to ride through the industry difficulties to evolve into a stronger EPIC company in the global offshore oilfield services sector.

**Francis Wong**
*Group CEO*

# BOARD *of* Directors

*Seated (left to right)*
Francis Wong, Raymond Kim Goh, Yeo Jeu Nam

*Standing (left to right)*
Darren Yeo, Jean Pers, Nitish Gupta, Leonard Tay, Oon Thian Seng, Chia Fook Eng

## RAYMOND KIM GOH

*Executive Chairman*

Date of Appointment: November 12, 2004
Last Re-elected: April 21, 2014

Mr. Raymond Goh is an industry veteran with close to two decades of experience in the offshore oil and gas industry. As Founder and Executive Chairman of the Swiber Group, Mr. Raymond Goh is the key figure in leading Swiber's overall business, operations and marketing activities globally. In his role, Mr. Goh sets the long-term growth strategy of the Swiber Group and spearheads growth initiatives to expand the Swiber Group's resources, develop new markets, and invest in new vessel designs and technology. Mr. Goh is also active in grassroot community activities. He serves as a patron of the Punggol North Citizen's Consultative Committee. He also serves as Chairman of the School Advisory Board (SAC) for Westwood Primary School. Mr. Goh is currently also the Non-Executive Chairman of Vallianz Holdings Limited. Mr. Goh graduated from Murdoch University in Australia with a Bachelor of Commerce (Honours) degree.

## FRANCIS WONG

*Executive Director*
*Group CEO*

Date of Appointment: November 29, 2005
Last Re-elected: April 19, 2013

Mr. Francis Wong joined Swiber in 2005 and was appointed to the Board in November 2005. As Swiber's Group CEO, Mr. Wong has been charting Swiber's corporate and strategic directions as well as steering its operations. With his strong financial background, Mr. Wong has put in place strong financial controls for the Group to support its rapid expansion regionally and globally, and into new business operations. Active in his professional field, Mr. Wong is a fellow member of the Institute of Chartered Secretaries and Administrators and a fellow certified practicing accountant of CPA Australia. He is also a chartered accountant certified by the Malaysian Institute of Accountants and the New Zealand Institute of Chartered Accountants. Mr. Wong holds a Bachelor of Commerce degree from Australia's Deakin University in 1988 and a Master of Commerce in Accounting from the University of Auckland in 1990.

## DARREN YEO

*Executive Director*
*Deputy Group CEO*

Date of Appointment: November 12, 2004
Last Re-elected: April 19, 2013

Mr. Darren Yeo was appointed to the Board of Swiber in 2004 and is the Deputy Group CEO, where he spearheads the Group's growth initiatives alongside Mr. Francis Wong. Mr. Yeo brings with him over 20 years of industry experience under his belt. He graduated from the National University of Singapore with a Bachelor of Engineering degree and holds a diploma in Marketing from the Singapore Institute of Management. Mr. Yeo is also the Vice Chairman of Vallianz Holdings Limited.

## LEONARD TAY

*Executive Director*
*Group CFO*

Date of Appointment: May 14, 2013
Last Re-elected: April 21, 2014

Mr. Leonard Tay was an Independent Non-Executive Director and Audit Committee Chairman on the Board of Swiber from 2006 to 2009. Mr. Tay took on the role of Group CFO in 2009 and was appointed as Executive Director in 2013. With over two decades of financial management experience under his belt, Mr. Tay is deeply involved in the strategic planning and management of the Group's financial directives and fiscal policies. Prior to his appointment to the Swiber Board in 2006, Mr. Tay was an Executive Director and Chief Financial Officer of Altitude Trust Management Pte. Ltd., the trustee manager of Altitude Aircraft Leasing Trust. He has also spent nine years in public accounting with the Big Four accounting firms. Mr. Tay holds a Bachelor's degree in Business from Monash University and is a member of the Institute of Singapore Chartered Accountants, CPA Australia and the Singapore Institute of Directors.

## JEAN PERS

*Executive Director*

Date of Appointment: November 29, 2005
Last Re-elected: April 21, 2014

Mr. Jean Pers joined Swiber in 2002 and was appointed to the Board of Directors in 2005. Mr. Pers brings to Swiber over 35 illustrious years of engineering and operational experience in the offshore business. Prior to his career at Swiber, Mr. Pers was head of the Marine Department at IKL Indonesia and advisor to Voies Navigables de France and the Navigation Authority, which controls most of French navigable rivers and canals. Mr. Pers graduated from Ecole Nationale Ingenieurs in France in 1974 with a Diploma in Engineering. Mr. Pers has also been a member of CNEDIES, Centre National des Experts since 1988, an organisation that provides expertise to analyse the causes of industrial accidents.

# BOARD of Directors

## NITISH GUPTA
*Executive Director*

Date of Appointment: March 19, 2009
Last Re-elected: April 18, 2012

Mr. Nitish Gupta joined Swiber in 2006 and was appointed to the Board of Directors in March 2009. Having worked for a number of established offshore oil and gas construction companies in various countries and regions around the world since 1992, Mr. Gupta brings to Swiber years of extensive industry expertise and experience. Mr. Gupta graduated from Delhi College of Engineering, Delhi University in India with a Bachelor in Civil Engineering (Honours).

## YEO JEU NAM
*Lead Independent Non-Executive Director*

Date of Appointment: September 29, 2006
Last Re-elected: April 21, 2014

Mr. Yeo Jeu Nam was appointed to the Board of Directors of Swiber in 2006. He also sits on the board of Vallianz Holdings Limited and Frencken Group Limited as an Independent Non-Executive Director. He has more than 30 years of consultancy experience. Before founding Radiance Consulting Pte. Ltd., of which Mr. Yeo is currently its Managing Director, he was a Senior Consulting Partner with Ernst & Young Consultants where he headed the Strategy and Transformation practice as well as the HR Consulting practice for more than 12 years. He was also previously a Director at PwC Consulting where he headed their Public Sector Consulting practice. He graduated from the National University of Singapore with a Bachelor of Arts and a Bachelor of Social Sciences (Class II Upper, Honours). Mr. Yeo is also an alumnus of INSEAD.

## OON THIAN SENG
*Independent Non-Executive Director*

Date of Appointment: September 29, 2006
Last Re-elected: April 18, 2012

Mr. Oon Thian Seng is an advocate and solicitor, being one of the founding partners of TS Oon & Bazul, Singapore and sole proprietor of Oon & Partners LLP, Malaysia. He was appointed to the Board of Directors of Swiber in 2006. Mr. Oon holds a Bachelor of Laws (Honours) degree from the University of Warwick and a Master of Laws from the London School of Economics, University of London in England. Mr. Oon was admitted to the Bar of England and Wales in 1991 and as an Advocate and Solicitor of the Supreme Court of Singapore in 1993 and the High Court of Malaya in 2001.

## CHIA FOOK ENG
*Independent Non-Executive Director*

Date of Appointment: June 17, 2009
Last Re-elected: April 19, 2013

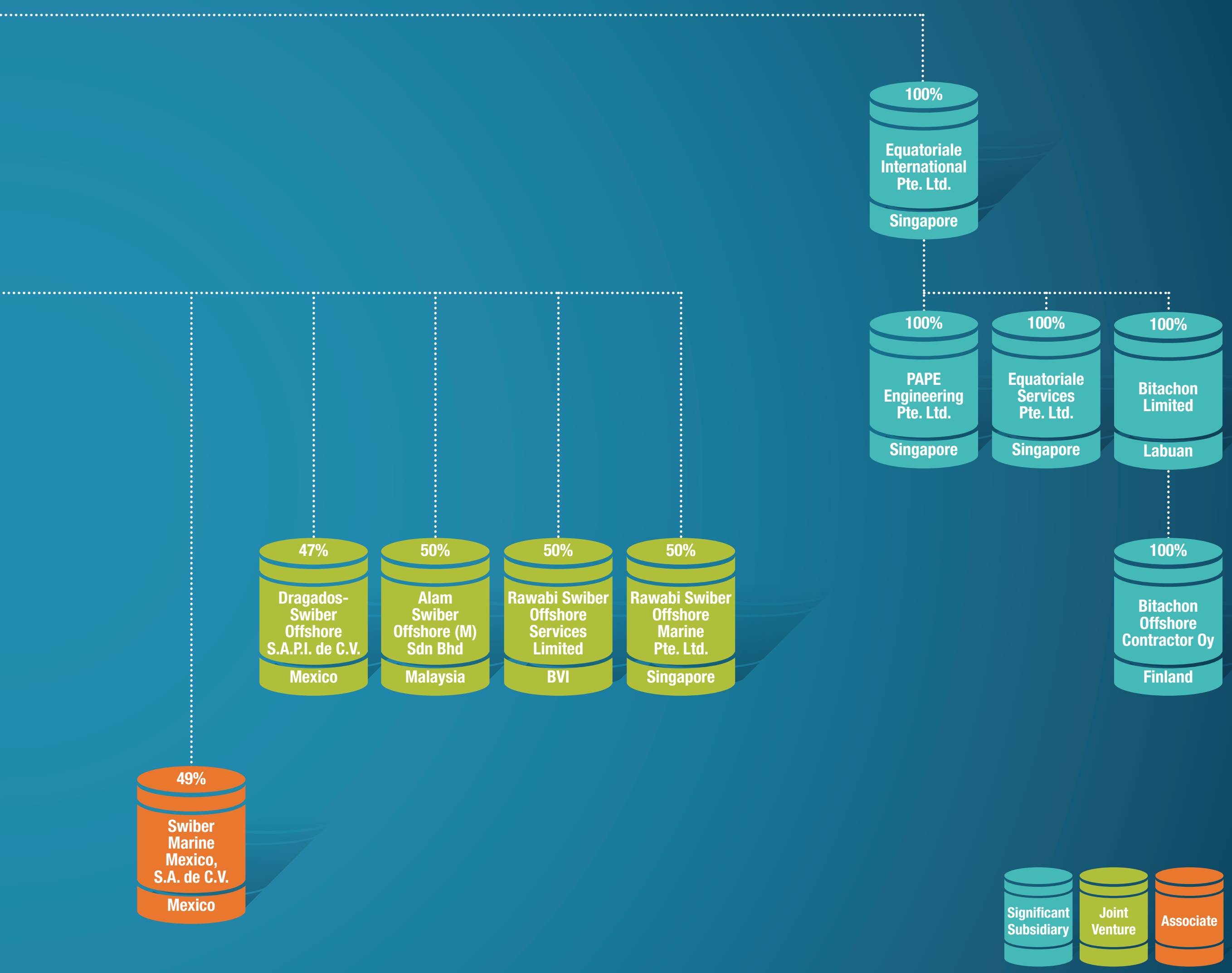
Mr. Chia Fook Eng brings to Swiber more than four decades of management experience in the marine and the oil and gas industry. He comes from a strong marine engineering background and has worked at established engineering and construction companies in Singapore and the Asia Pacific region. He was appointed as an Independent Director on Swiber's Board of Directors in 2009. Prior to his appointment, Mr. Chia served as an Advisor to Swiber's Board of Directors on matters relating to the Group's business. Mr. Chia holds a Bachelor of Science Degree in Mechanical Engineering from National Cheng Kung University and a Diploma in Management Studies from Graduate School of Business, University of Chicago.


3
+19


# SWIBER HOLDINGS LIMITED

- 100% Resolute Offshore Pte. Ltd. — Singapore
- 100% Swiber Corporate Pte. Ltd. — Singapore
- 100% Swiber Capital Pte. Ltd. — Singapore
  - 100% Swiber Atlantis Pte. Ltd. — Singapore
- 100% Swiber Offshore Marine Pte. Ltd. — Singapore
  - 100% Swiber Marine Pte. Ltd. — Singapore
    - 50% Swiwar Offshore Pte. Limited — Singapore
- 100% Swiber Offshore Construction Pte. Ltd. — Singapore
  - 100% Holmen DLB Pte. Ltd. — Singapore
  - 100% Tuscan Offshore Pte. Ltd. — Singapore
  - 100% Swiber International Pte. Ltd. — Singapore
    - 100% Newcruz Offshore Marine Pte. Ltd. — Singapore
    - 99% Tuscan Marine S.A. de C.V. SOFOM E.N.R. — Mexico
    - 49% PT Equitoria Offshore Berjaya — Indonesia
  - 99% Swiber Offshore Mexico S.A. de C.V. — Mexico
  - 100% Swiber Engineering Ltd. — Labuan
    - 100% ACS Marine Offshore SPRL — Belgium
    - 49% Alam Swiber DLB 1 (L) Inc — Labuan
    - 49% Victorious LLC — Marshall Islands
- 49% Resolute Pte. Ltd. — Singapore
- 27.02% Vallianz Holdings Limited — Singapore
- 23% PT Rajawali Swiber Cakrawala — Indonesia
- 49% Swiber Offshore (India) Private Limited — India
- 25% Holmen Heavylift Offshore Pte. Ltd. — Singapore
- 49% Holmen Kaizen Ltd. — BVI

# *Corporate* STRUCTURE




* *updated as at 23 March 2015*

1 Silver Infocomm Event

# SWIBER Gives *Back*

### REACHING OUT THROUGH RELATIONSHIPS

As a CSR philosophy, Swiber considers “relationship building” high up in our objectives when it comes to advancing the different causes we choose to participate in.

2014 saw the continuation of our partnership with non-profit organisation RSVP (Retired Senior Volunteer Programme) Singapore, as “IT Trainers/Volunteers” during their Silver Infocomm Event, in celebration of Senior Volunteer Week. We also entered into our fourth year and fifth year of scholarship programmes for Tomorrow’s Hope (Nias, Indonesia) and Phoenix Association (Yangon, Myanmar), respectively.

Since we started helping out these disadvantaged youth in Tomorrow’s Hope, three primary students have successfully graduated and are now in High School. As for the Phoenix Scholars, we are proud to say that six have gotten their degrees and are now all gainfully employed.

We also had our second year of Blood Donation with the Singapore Red Cross that saw 75 successful blood donors (up from 44 last year), overshooting our projected number of units.

Indeed, the Swiberites are ready to roll-up their sleeves, not just for work but for a good cause too.

2

Phoenix Scholars in July 2014


3

Swiber's Children with Tomorrow's Hope

4

Brave Blood Donor

For the third installment of the Swiber Gives Back programme, each business division and overseas offices were challenged to do renovation works, transform homes by building improvements into the homes of families that really need it. Named "Swiber Builds It Forward", it is by far, the one that has generated the most direct and immediate impact for our recipients.

The homes were in varying degrees of disrepair and neglect – due to different reasons: financial hardships, physical disabilities and dire family circumstances. Each team then held creative fund-raising activities to help fund the makeover activities.

We are grateful that these families welcomed us into their homes and into their private lives and gave us the trust and confidence that our makeover projects will bring positive changes to one of their most treasured possessions – their homes.

# SWIBER *Builds It* FORWARD



## SWIBER INDIA

From a mud shelter to a brick home, what a transformation it has been. We are inspired by what Swiber India has done for a rural family in India, as they overhauled the roof, walls and floors – to provide a stronger foundation for their home.



## SWIBER MEXICO

This Project for an Orphanage took 18 days to complete, as Del Carmen experienced several heavy rains during the renovation period. Everybody showed up to clean, repair and repaint the playground and laundry area, where pooling water was always a problem. And indeed, the team could not have come at a better time – as mosquitoes breed during the rainy season. This could put the kids and the staff at risk, for mosquito-borne diseases.

## SWIBER INDONESIA

This team gave hope to this family with very desperate medical challenges. They overhauled the roof and walls so that this special family will never have to worry again when the rain comes.

## NSE SHIPYARD

This team won the battle over dirt, clutter, grime and garbage for this family with nine children. They helped fulfill the parents' dream to provide a clean house for their family. Sometimes, what these working parents need is just a chance to break the cycle of helplessness over their dire conditions at home.

## OER

Space solutions for this family of four (who is also accommodating a chronically ill relative) are what the team had in mind when they first saw the house. This project proved that the size of the project does not dictate the impact of the results. The refurbished room is exactly what the family needs and they are very grateful of the outcome.

## SOC

After getting to know each family member and understanding more about their living conditions, this team was determined to provide lasting solutions for this family who has been suffering over bedbugs for seven years. A full renovation of all the living quarters did not just transform the home but the lives living in it as well.

## PAPE

This team went all-out in helping out a single mother, doing her best to provide a home for her eleven children – the youngest of which is a special needs daughter. They worked together to put in place, a well-orchestrated plan, even engaging the help of like-minded SMEs in the carpentry business and suppliers of home furnishings for the total home renovation.

## SWIBER CORPORATE

The team carefully made home adjustments that will better accommodate the needs of this elderly couple who were both crippled by polio since they were young. The thoughtful renovation has provided ease, comfort and dignity in the way the couple can carry out their daily living, in their golden years.

# Corporate INFORMATION

## BOARD OF DIRECTORS

**Mr. Raymond Kim Goh**
Executive Chairman

**Mr. Francis Wong Chin Sing**
Executive Director &
Group CEO

**Mr. Yeo Chee Neng**
Executive Director &
Deputy Group CEO

**Mr. Tay Gim Sin Leonard**
Executive Director &
Group CFO

**Mr. Jean Pers**
Executive Director

**Mr. Nitish Gupta**
Executive Director

**Mr. Yeo Jeu Nam**
Lead Independent
Non-Executive Director

**Mr. Chia Fook Eng**
Independent
Non-Executive Director

**Mr. Oon Thian Seng**
Independent
Non-Executive Director

## COMPANY SECRETARY

**Ms. Lee Bee Fong**

## EXECUTIVE COMMITTEE

**Mr. Raymond Kim Goh**
Chairman

**Mr. Francis Wong Chin Sing**

**Mr. Yeo Chee Neng**

**Mr. Jean Pers**

**Mr. Nitish Gupta**

**Mr. Tay Gim Sin Leonard**

## AUDIT COMMITTEE

**Mr. Yeo Jeu Nam**
Chairman

**Mr. Chia Fook Eng**

**Mr. Oon Thian Seng**

**Mr. Francis Wong Chin Sing**

## REMUNERATION COMMITTEE

**Mr. Yeo Jeu Nam**
Chairman

**Mr. Chia Fook Eng**

**Mr. Oon Thian Seng**

## NOMINATING COMMITTEE

**Mr. Oon Thian Seng**
Chairman

**Mr. Yeo Jeu Nam**

**Mr. Chia Fook Eng**

## REGISTERED OFFICE

**Swiber Holdings Limited**
(Registration No.: 200414721N)
12 International Business Park
Swiber@IBP #01-05
Singapore 609920
T: +65 6505 0800
F: +65 6505 0802
www.swiber.com

## SHARE REGISTRAR

**Boardroom Corporate & Advisory Services Pte Ltd**
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

## PRINCIPAL BANKERS

**AmBank (M) Berhad**
22nd Floor
Bangunan Ambank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia

**Australia and New Zealand Banking Group Limited**
10 Collyer Quay #22-00
Ocean Financial Centre
Singapore 049315

**Bank of America Merrill Lynch**
9 Raffles Place #18-00
Republic Plaza Tower 1
Singapore 048619

**Chinatrust Commercial Bank Co., Ltd**
8 Marina View #33-02
Asia Square Tower 1
Singapore 018960

**CIMB Bank Berhad**
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623

**Citibank N.A.**
3 Temasek Avenue
Centennial Tower
Singapore 039190

**DBS Bank Limited**
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

**Deutsche Bank AG**
One Raffles Quay
#16-00 South Tower
Singapore 048583

**ICICI Bank Limited**
9 Raffles Place
#50-01 Republic Plaza
Singapore 048619

**Malayan Banking Berhad**
2 Battery Road
Maybank Tower
Singapore 049907

**Qatar National Bank SAQ**
One Temasek Ave #22-03
Millenia Tower
Singapore 039192

**RHB Bank Bhd**
90 Cecil Street #03-00
RHB Bank Building
Singapore 069531

**The Bank of East Asia, Limited**
60 Robinson Road
BEA Building
Singapore 068892

**The Hongkong and Shanghai Banking Corporation Limited**
21 Collyer Quay
#04-01 HSBC Building
Singapore 049320

**The Siam Commercial Bank Public Company Limited**
8th Floor, Zone B
9 Ratchadapisek Road
Chatuchak
Bangkok 10900

**United Overseas Bank Limited**
80 Raffles Place
UOB Plaza
Singapore 048624

## AUDITORS

**PricewaterhouseCoopers LLP**
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge: Lee Chian Yorn
*(Appointed with effect from financial year ended 31 December 2011)*

## INVESTOR RELATIONS CONSULTANT

**Octant Consulting**
7500A Beach Road
The Plaza, #08-318
Singapore 199591
T: +65 6296-3583

# // CORPORATE GOVERNANCE REPORT //

Swiber Holdings Limited ("**Swiber**" or the "**Company**") and the Board of Directors (the "**Board**") consider good corporate governance to be the trademark of a well-managed organization. The focus of the Company's governance framework, which is formulated on the Company's vision and mission, is to promote accountability and transparency.

The Board and Management are committed to maintaining a high standard of corporate governance within the Group through, where it is applicable and practical to the Group, adopting the Principles of the Code of Corporate Governance 2012 (the "**Code**") which was issued by the Monetary Authority of Singapore on 2 May 2012. The Company will continually review its corporate governance processes to strive to fully comply with the Code as it recognizes the importance of good governance for continued growth and stakeholders' confidence.

The Board is pleased to report compliance of the Company with the Code and Mainboard Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"), where applicable, except where otherwise stated.

## BOARD MATTERS

**Principle 1: Board Conduct of Affairs**
**Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with management to achieve this objective and management remains accountable to the board.**

The Board's primary role is to protect and enhance long-term shareholder value. Apart from its statutory duties and responsibilities, the Board sets the strategies for the Group, oversees the executive management and affairs of the Group. It reviews and advises on overall strategies, policies and objectives, sets goals, supervises Management, monitors business performance and goals achievement, and assumes responsibility for overall corporate governance of the Group to ensure that the Group's strategies are in the interests of the Company and its stakeholders.

The Board is also responsible for the following corporate matters:

(a) Approval of quarterly, half-yearly and year-end results announcements;
(b) Approval of the annual report and accounts;
(c) Convening of shareholders' meetings;
(d) Major investments and funding;
(e) Interested person transactions;
(f) Material acquisitions and disposal of assets;
(g) Corporate strategic direction, strategies and action plans;
(h) Issuance of policies and key business initiatives; and
(i) Consider sustainability issues such as social and environmental factors as part of its strategic formulation.

The Board meets on a regular basis and as and when necessary to address any specific significant matters that may arise, if physical meeting is not possible, the Articles of Association ("**Articles**") of the Company provides for the Board to conduct meetings by tele-conferencing or video-conferencing. While the Board considers Directors' attendance at Board meetings to be important, it should not be the main criteria to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provisions of guidance and advice on various matters relating to the Group.

In recognition of the high standard of accountability to our shareholders, the Board has established various Board committees, namely, Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Executive Committee ("**Exco**"). These committees function within clearly defined terms of references and operating procedures, which will be reviewed on a regular basis by the Board. The effectiveness of each committee will also be constantly reviewed by the Board.

# // CORPORATE GOVERNANCE REPORT //

**EXECUTIVE COMMITTEE**

The Exco was established under the leadership of the Executive Chairman and comprises of representatives from the business divisions. The Exco is a formal committee and is charged with supporting the Executive Chairman and the Group Chief Executive Officer ("**CEO**") in delivering the Group's long term strategic plans, annual business plans and major corporate projects, handling of operating matters that are significant or involve questions of principle, and measuring a good internal flow of information.

The Exco comprises the following members:

Raymond Kim Goh (Chairman)
Francis Wong Chin Sing
Yeo Chee Neng
Nitish Gupta
Jean Pers
Tay Gim Sin Leonard

The Exco meets regularly and exercises its powers and authority, taking into consideration the best interest of the Group. The Exco shall meet at such times and places as the Exco shall deem advisable on the call of the Chairman of the Exco, the Chairman of the Board, the Group CEO, or, in their absence, by any member of the Exco.

The main responsibilities of the Exco include:

(a) to formulate the Group's strategic development initiatives, direct the Group in its widest context and ensures sound operation of general Group management;
(b) to ensure implementation, checking and coordination of the Group's strategic plans in the areas of research and development, operations, financial, administrative, risk and legal issues, human resources and investment;
(c) to review, recommend and confirm presidential appointments to the Group;
(d) to establish policies for the Group and make sure those are followed through with at all times;
(e) to consider cross-business major project issues; identify, manage and mitigate business risks;
(f) to promote and maintain the TRADEmark values of the Group, namely Trust, Respect, Affirmation, Determination and Excellence;
(g) to monitor working capital and cash collection and prioritise the allocation of capital;
(h) to promote the principles inherent in the Group becoming an integrated Global Enterprise;
(i) to ensure co-ordination across the Group; identify gaps, issues and conflicts and commission appropriate resolutions;
(j) to foster relations with global clients and improve existing client associations;
(k) to consider promotions and succession planning for senior management; and
(l) to undertake other roles and responsibilities as directed by the Group CEO.

The Exco is guided by and practises the following principles:

(a) Provide clear vision and a sense of direction
(b) Articulate a strategy
(c) Establish and live the corporate values
(d) Lead by example
(e) Align individual and company goals
(f) Encourage and respond to feedback
(g) Coach and support to deliver peak performance
(h) Behave consistently and in accordance with the Group's TRADEmark values
(i) Promote empowerment
(j) Encourage and stimulate change
(k) Aim to give praise
(l) Work as a team to deliver corporate success
(m) Become a global business

During the financial year, the number of meetings held and the attendance of each member of the Board and Board committees' meetings are as follows:

| | Board | AC | NC | RC |
|---|---|---|---|---|
| **Number of scheduled meetings held** | **4** | **4** | **2** | **2** |
| **Directors** | **Number of meetings attended** | | | |
| Raymond Kim Goh | 4/4 | NA | NA | NA |
| Francis Wong Chin Sing | 4/4 | 4/4 | NA | NA |
| Yeo Chee Neng | 4/4 | NA | NA | NA |
| Jean Pers | 4/4 | NA | NA | NA |
| Nitish Gupta | 3/4 | NA | NA | NA |
| Tay Gim Sin Leonard | 4/4 | NA | NA | NA |
| Yeo Jeu Nam | 4/4 | 4/4 | 2/2 | 2/2 |
| Oon Thian Seng | 4/4 | 4/4 | 2/2 | 2/2 |
| Chia Fook Eng | 4/4 | 4/4 | 2/2 | 2/2 |

The Directors of the Company are provided with continuing briefings from time to time and are kept updated on relevant new laws and regulations, including Directors' duties and responsibilities, corporate governance and developing trends, insider trading and financial reporting standards so as to enable them to properly discharge their duties as Board or Board committee members.

As an integral part of the process of appointing new Director(s), the NC ensures an orientation program and furnishing of the Group's corporate information, including but not limited to constitutional and governing documents, terms of reference of Board committees, annual reports, etc, for new Board members to familiarize themselves with the Group's business, their roles and responsibilities. Upon the appointment of the new Director, the Company will provide a formal letter to the said Director setting out the Director's duties and obligation.

The Directors participate in seminars and discussions to keep themselves updated on the latest changes and developments concerning the Group and keep abreast of the latest regulatory changes. The Directors are also provided with updates on the relevant new laws and regulations related to the Group's operating environment through e-mail and regular meetings.

**Principle 2: Board Composition and Guidance**
**There should be a strong and independent element on the board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.**

As at the date of this Annual Report, the Board comprises nine (9) Directors of whom six (6) are Executive Directors and three (3) are Independent Non-Executive Directors, with the Independent Non-Executive Directors making up of not less than one third (1/3) of the Board, thus providing a strong and independent element on the Board capable of exercising objective judgment. With effect from 13 January 2015, Mr. Yeo Chee Neng, the then Non-Executive Director of the Company, was re-designated to Executive Director and Deputy Group CEO of the Company.

The NC reviews, the size and composition of the Board and Board committees. The Board considers the present Board size and the number of Board committees to be sufficient for effective decision-making. The current Board composition provides diversity with the requisite mix of skills, expertise and experience, and collectively possesses the necessary core competencies such as accounting, finance, business, investment, legal and management experience, industry knowledge and strategic planning experience. Collectively, they provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies business and other affairs. The Board does not currently have a female Director, however, it will not discriminate any consideration on the nomination of a suitable female candidate as a Director, as and when there is a need to appoint a new Director to the Board.

Each Director has been appointed based on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business.

All Directors are subject to retirement and re-election at least once every three (3) years. The independence of each Independent Non-Executive Director is reviewed and assessed annually by the NC in light of the guidelines provided in the Code. Consideration is given to guideline 2.4 of the Code which states the independence of any Director who has served on the Board beyond nine (9) from the date of his first appointment be subject to particularly rigorous review by the NC. The NC would provide its views to the Board why any such Director should be considered independent. The NC is of the view that the three (3) Independent Non-Executive Directors (who represent one-third (1/3) of the Board) are independent and none of their tenure has exceeded a cumulative term of nine (9) years.

None of the Independent Non-Executive Director of the Company has been appointed as Director to the Company's principal subsidiaries. The Board and the Management are of the view that the current Board structures of the principal subsidiaries of the Company are well organized and constituted. The Board will from time to time make the appropriate corporate decisions to consider the appointment of the Independent Non-Executive Director to the Company's principal subsidiaries.

Each Director is responsible for notifying the Chairman and the Company Secretary about any external positions, appointments or arrangements that could result in the Director not being "independent".

As and when required, the Independent Non-Executive Directors will hold a meeting without the presence of Management and Executive Directors, in order to facilitate a more effective check on the Management and/or the Executive Directors.

The profiles of each of the Directors are set out on page 23 and 24 of this Annual Report.

**Principle 3: Chairman and Chief Executive Officer**
**There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.**

Mr. Raymond Kim Goh continues to serve as the Executive Chairman of the Group and play an active role in mapping out the directions for the Group's growth at a strategic level. He promotes culture of openness and debate within the Board and between the Board and Management. He exercises control over the quality and timeliness of information flow between the Board and Management. In addition, he provides close oversight, guidance, advice and leadership to the Group CEO and Management. At annual general meetings ("**AGM**") and other shareholders' meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

Mr. Francis Wong Chin Sing, the Group CEO and Managing Director, leads the Management in setting strategies, objectives and missions and is responsible for the day-to-day operations of the Group. He ensures that the Board members are provided with accurate and timely information.

The separation of the roles of Chairman and Group CEO is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and Group CEO are not related. The division of responsibilities and functions between both roles has been demarcated with the concurrence of the Board.

The performance and remuneration of Mr. Raymond Kim Goh and Mr. Francis Wong Chin Sing are reviewed annually by the NC and the RC, whose members also comprised only of Independent Non-Executive Directors of the Company. As such, the strong independent element on the Board ensures decisions are not based on a considerable concentration of power in a single individual. With the existence of various Board committees with power and authority to perform key functions, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Mr. Yeo Jeu Nam is the Lead Independent Director of the Company to whom concerns may be conveyed to as and when the need arises. His appointment as the Lead Independent Director is required for the Company where the Chairman is part of the Management team and is not an Independent Non-Executive Director.

**Principle 4: Board Membership**
**There should be a formal and transparent process for the appointment and re-appointment of directors to the board.**

The Board reviews the composition of the Board and Board committees annually, having regard to the performance and contribution of each individual Director.

The NC comprises Mr. Oon Thian Seng, Mr. Yeo Jeu Nam and Mr. Chia Fook Eng as members who are Independent Non-Executive Directors. Mr. Oon Thian Seng is the Chairman of the NC.

The NC is responsible for:

(a) the review of the size, structure and compositions of the Board;
(b) the review of board succession plans for Directors, in particular, the Chairman and for the Group CEO, if any;
(c) the development of a process for evaluation of the performance of the Board, its Board committees and Directors;
(d) the review of training and professional development programs for the Board; and
(e) the appointment and re-appointment of Directors (including alternate directors, if applicable).

In its search and selection process for new Directors, other than through formal search, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates and appraises the nominees to ensure that the candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group. The NC will make recommendation to the Board on each nomination of appointment of new Director for the Board's consideration and approval.

The NC is responsible for reviewing and recommending all nominations and re-nominations of Directors. All Directors are subject to retirement in accordance with the provisions of the Company's Articles whereby one-third (1/3) of the Directors are required to retire (or if their number is not a multiple of three (3), the number nearest to but not less than one-third (1/3)) and subject themselves for re-election by shareholders at every AGM. A newly appointed Director is subject to re-election by shareholders at the next AGM following his appointment and, thereafter, shall not be taken into account in determining the number of Directors who are to retire by rotation.

Apart from the requirements by the Company's Articles, the NC also review the re-election of Directors taking into consideration the Directors' attendances and participation at the Board meetings, personal attributes, contributions towards issues from time to time.

The NC has recommended and the Board has agreed that Mr. Francis Wong Chin Sing, Mr. Nitish Gupta and Mr. Oon Thian Seng, who retire by rotation pursuant to the Company's Articles and being eligible for re-election, be re-elected as Directors of the Company at the forthcoming AGM of the Company.

There are no relationships including immediate family relationships between Mr. Francis Wong Chin Sing, Mr. Nitish Gupta and Mr. Oon Thian Seng and the other Directors, the Company or its 10% shareholders. The key information of Mr. Francis Wong Chin Sing, Mr. Nitish Gupta and Mr. Oon Thian Seng can be found on page 23 and 24 of this Annual Report.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he has an interest.

All Directors have declared their board representations and principal commitments including their directorships in other listed companies both current and those held over in the preceding three (3) years (from 31 December 2011 to 31 December 2014) are as follows:

| Name of Directors | Current directorship in the listed company | Past directorship in other listed company | Other principal commitment, if any |
|---|---|---|---|
| Raymond Kim Goh | Vallianz Holdings Limited | Kreuz Holdings Limited | Patron of Punggol North Citizen's Consultative Committee<br><br>Chairman of the School Advisory Board for Westwood Primary School |
| Francis Wong Chin Sing | – | Kreuz Holdings Limited | – |
| Yeo Chee Neng | Vallianz Holdings Limited | Kreuz Holdings Limited | – |
| Jean Pers | – | – | – |
| Nitish Gupta | – | – | – |
| Tay Gim Sin Leonard | ISDN Holdings Limited | – | – |
| Yeo Jeu Nam | Vallianz Holdings Limited<br><br>Frencken Group Limited | EDMI Limited | Director of Radiance Consulting Pte. Ltd. |
| Oon Thian Seng | – | – | Partner of TS Oon & Bazul, Singapore and Oon & Partners LLP, Malaysia |
| Chia Fook Eng | – | – | – |

The NC is aware that some of the Directors do hold multiple directorships as each of them are required to disclose their other directorships to the board, upon appointment and cessation. The NC is of the view that the contribution and performance assessment of the Directors should not be restricted to the number of board representations, but should also take into account his time commitments for the Board and participation and attendance at the meetings. Other consideration also includes the ability and integrity of Directors to avoid potential conflict of interests while serving multiple board representations. Therefore, the NC will from time to time, evaluate their performance to ensure that each Director has devoted adequate and sufficient time to carry out his duties and responsibilities effectively, taking into consideration the Director's other board representation and/or principal commitments. The NC reviewed, taking into account the individual performance assessment and their actual conduct on the Board, and is satisfied that the Directors with multiple board representations have given adequate time and attention to the Company affairs during the financial year under review.

**Principle 5: Board Performance**
**There should be a formal annual assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.**

The Group implemented the Board-approved evaluation process and performance criteria to assess the performance of the Board as a whole as well as the contribution of each individual Director.

As at the date of this Annual Report, the NC has adopted a formal process to assess the effectiveness of the Board and the Board committees as a whole. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board. The evaluation exercise is carried out by way of a performance evaluation checklist, which is circulated to the Board members for completion and thereafter for the NC to review and determine the actions required, if any, to improve the corporate governance of the Company and effectiveness of the Board as a whole.

A review of the Board's performance is undertaken collectively by the Board semi-annually and informally on a continuous basis by the NC with input from the other Board members. Renewals or replacement of Board members, when it occurs, do not necessarily reflect their contributions to date, but may be driven by the need to position and shape the Board in line with the medium term needs of the Company and its business.

The performance of the Board is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The criteria include board structure, board processes, board roles and responsibilities, conduct and performance of its principle functions and duties.

Assessment of individual Director's performance is undertaken by the NC. Some factors considered in the individual review are Director's attendance and participation in and outside meetings, the quality of Director's intervention and industry and business knowledge made by the Director.

The NC is satisfied that each Director has contributed effectively and demonstrated commitment to their respective role (including commitment of time for the Board and Board committee meetings, and any other duties). The Board as a whole has also met the performance evaluation criteria and objectives during the financial year under review.

**Principle 6: Access to Information**
**In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

The Board and the Board committees are furnished with management reports containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision-making process. Management team would also provide additional information on the matters for discussion.

All Directors have separate and independent access to senior management and to the Company Secretary. The Company Secretary administers and prepares minutes of the Board and the Board committees' meetings and assists the Chairman in ensuring that the Board procedures are followed and that applicable statutory and regulatory rules and regulations are complied with.

The appointment and the removal of the Company Secretary are subject to the Board's approval as a whole.

The Directors, in furtherance of their duties, are entitled to take independent professional advice at the expense of the Company when necessary.

**REMUNERATION MATTERS**

**Principle 7: Procedures for Developing Remuneration Policies**
**There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

The RC comprises Mr. Yeo Jeu Nam, Mr. Oon Thian Seng and Mr. Chia Fook Eng who are Independent Non-Executive Directors. Mr. Yeo Jeu Nam is the Chairman of the RC.

The RC is responsible for:

(a) the review and recommendation to the Board a framework of remuneration for the Directors and key management personnel;
(b) the review and recommendation of specific remuneration package for each Executive Director;
(c) the review of all aspects of remuneration of Directors, including Directors' fees, salaries, allowances, bonuses, the options to be issued under the share option scheme, the awards to be granted under the share plan and other benefit in-kind, where applicable; and
(d) the review of the remuneration of the key management personnel and would cover all aspects of remuneration including salaries, allowances, bonuses, options and benefit in-kind, where applicable.

The Chairman of the RC reviews, for recommendation to the Board, the specific remuneration package for the Executive Directors and key management personnel. There are appropriate and meaningful measures in place for the purpose of assessing the performance of Executive Directors and key management personnel. The RC will consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contributions to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent. In determining remuneration packages of Executive Directors and key management personnel, the RC will ensure that Executive Directors and key management personnel are adequately but not excessively rewarded.

In reviewing and recommending the remuneration of Non-Executive Director and Independent Non-Executive Directors, the RC will consider, in consultation with the Board, the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Non-Executive Directors. The RC will ensure that Non-Executive Director and Independent Non-Executive Directors are not over compensated to the extent that their independence may be compromised. Each member of the RC does not participate in any decision concerning his own remuneration.

The Independent Non-Executive Directors hold shares in the Company to ensure their interests are aligned with the shareholders' interests.

**Principle 8: Level and Mix of Remuneration**
**The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, company should avoid paying more than is necessary for this purpose.**

**Principle 9: Disclosure on Remuneration**
**Every company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.**

The Company sets remuneration packages to ensure that it is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise to run the Group successfully.

In addition to the above, the Company ensures that the performance-related remuneration were implemented to ensure that the interests of the shareholders are aligned with and in order to promote the long-term success of the Company.

The Company had taken appropriate and meaningful measures in assessing the Executive Directors' and key management personnel's performance. The Company will assess the remuneration and employment conditions within the industry and take into account the Group's and individual's performance. The remuneration package of the Executive Directors and key management personnel is made up of fixed and variable compensation. The fixed compensation comprises annual basic salary and fixed allowances, whereas, variables compensation includes short-term and long-term cash incentives and share-based long-term incentives. The RC reviews and ensures that the remuneration of the Executive Directors and key management personnel commensurate with their performance taking into account the performance of the Group as a whole during the financial year.

Long-term incentive schemes are generally encourage for the Executive Directors and key management personnel. The RC had reviewed the Executive Directors and key management personnel who are eligible for benefits under the long-term incentive schemes. The long-term incentives schemes of the Company include the Swiber Employee Share Option Scheme and Swiber Performance Share Plan. The time-based vesting characteristics of the scheme and share plan helps to strengthen the Group's ability to reward and retain the key management personnel.

Other than the above, the Executive and Non-Executive Directors receive directors' fees subject to the shareholders' approval at the AGM, in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and the Board committees. The Directors' fees are recommended by the RC to the Board and upon concurrence, the Board further recommended the same for the shareholders' approval at the AGM.

During the financial year, the performance conditions and criteria used to determine the entitlement of Executive Directors and key management personnel under the short-term and long-term incentive schemes have been met.

# // CORPORATE GOVERNANCE REPORT //

All the Executive Directors of the Company, namely, Mr. Raymond Kim Goh, Mr. Francis Wong Chin Sing, Mr. Yeo Chee Neng, Mr. Jean Pers, Mr. Nitish Gupta and Mr. Tay Gim Sin Leonard have entered into separate service agreements with the Company which are reviewed annually (unless otherwise terminated by either party giving not less than six (6) months' notice to the other). The service agreements cover the terms of employment and specifically, the salaries and bonuses.

The Independent Non-Executive Directors do not have any service agreements with the Company except for directors' fees, which have to be approved by shareholders at AGMs. The Independent Non-Executive Directors do not receive any other forms of remuneration from the Company.

In view of the competitive nature of the Group's business as well as the sensitivity of information on remuneration, the Company is only disclosing the remuneration of each Director in percentage terms and do no disclose the upper limit of the remuneration band. The Company believes that full disclosure of their remuneration in dollar terms is not to the best interest of the Company. The following table shows a breakdown of the annual remuneration in percentage terms of Directors of the Company for the financial year under review:

| Remuneration Band and Name of Directors | Salary | Performance Incentives (1)/ Bonus(2) | Directors' fees | Others Benefits | Total |
|---|---|---|---|---|---|
| **S$500,000 and above** | | | | | |
| Raymond Kim Goh | 39% | 53% | 2% | 6% | 100% |
| Francis Wong Chin Sing | 40% | 46% | 2% | 12% | 100% |
| Nitish Gupta | 40% | 52% | 2% | 6% | 100% |
| Jean Pers | 36% | 60% | 2% | 2% | 100% |
| Tay Gim Sin Leonard | 32% | 65% | 2% | 1% | 100% |
| **S$250,000 to S$499,999** | | | | | |
| Yeo Chee Neng | – | 94% | 6% | – | 100% |
| **Below S$250,000** | | | | | |
| Yeo Jeu Nam | – | 52% | 48% | – | 100% |
| Chia Fook Eng | – | 51% | 49% | – | 100% |
| Oon Thian Seng | – | 51% | 49% | – | 100% |

**Notes:**
1. Performance incentives refer to long-term cash incentive plan and long-term performance driven award.
2. Bonus is short-term cash incentive plan and is a sum of money or given in addition to usual compensation, normally for outstanding performance and service for certain period.

To maintain confidentiality of staff remuneration matters and for competitive reason, the names of the key executives of the Group and their total remuneration received during the financial year are not disclosed in this Annual Report. The following table shows the annual remuneration of the top 10 key executives of the Group (who are not Directors or the CEO) for the financial year under review:

(a) 7 key executives received remuneration of more than S$450,000.
(b) 1 key executive received remuneration of S$250,000 but less than S$450,000.
(c) 2 key executives received remuneration of less than S$250,000.

Mr. Alok Gupta, brother of Mr. Nitish Gupta, was employed as General Manager, Marine Operations of a wholly-owned subsidiary of the Company during the period from 1 January 2014 to 31 October 2014 and his remuneration was within the band of S$100,000 to S$150,000.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company and key management personnel are expected to carry out their roles as outlined in their letters of employment and therefore, the Company should be able to avail itself to remedies against the Executive Directors and the key management personnel in the event of such breach of (fiduciary) duties.

Details of the share options and awards under the Swiber Employee Share Option Scheme and Swiber Performance Share Plan can be found on page 50 to 53 of this Annual Report.

## ACCOUNTABILITY AND AUDIT

**Principle 10: Accountability**
**The board should present a balanced and understandable assessment of the company's performance, position and prospects.**

The Company provides the shareholders with quarterly and annual financial report which include a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. The Board is provided with appropriately detailed management reports on a quarterly basis.

For quarterly financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the Listing Manual of the SGX-ST. For the full-year financial statements, the Board provides an opinion that the Group's internal controls, addressing financial, operational and compliance risks, are adequate. This is based on the internal controls established and maintained by the Company and the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board committees and the Board.

The Board ensures that all relevant regulatory compliances and updates will be highlighted from time to time to ensure adequate compliances with the regulatory and relevant government authorities.

**Principle 11: Risk Management and Internal Controls**
**The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.**

The Board annually reviews the adequacy and effectiveness of the Group's risk management and internal controls framework, including financial, operational, compliance and information technology controls.

On an annual basis, the Company's internal auditors prepare an audit plan which complements that of the external auditors, so as to review the adequacy and effectiveness of the system of internal controls of the Group. These include operational, financial and compliance controls. The internal auditors follow up these recommendations to ensure that Management has implemented them on a timely and appropriate manner and reports to the AC periodically. In addition, the external auditors will highlight and report to the AC at the AC meetings, of any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the internal and external auditors are reported to the AC.

Financial, operational and compliance assessment checklists, which takes into account the significant operational, regulatory compliances and guidance and financial risks, were also prepared and reviewed by the Management, Group CEO and Group Chief Financial Officer ("**CFO**") for the financial year under review in order to assist the AC and the Board to assess the adequacy of the risk management and internal control systems of the Group.

With the presence of the Exco who meets regularly, the Board is able to receive the feedback and response on the risks and legal issues which will affect the Group in terms of operational risks, on a timely basis.

For the financial year under review, the Group CEO and the Group CFO have provided their confirmation and assurance to the Board on the integrity of the financial statements for the Company and that they give a true and fair view of the Company's operations, finances and effectiveness of the Company's risk management and internal controls systems.

Based on the internal controls established by and maintained by the Company, the assurance provided by the Group CEO and the Group CFO, the work performed by the internal and external auditors and reviews performed by Management and various Board committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Company's risk management and internal controls in place in addressing the financial, operational and compliance risks, are adequate and effective for the financial year ended 31 December 2014.

The system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Company is also consistently improving the Company's internal controls and to adopt the recommendations which were highlighted by the internal and external auditors to further safeguard the Company's internal controls.

The Company does not have a risk management committee. The senior management assumes the responsibility of the risk management function. The senior management regularly assesses and reviews the Group's business and operational environment in order to identify areas of significant business and financial risks, such as credit risks, foreign exchange risks, liquidity risks and interest rate risks, as well as appropriate measures to control and mitigate these risks.

**Principle 12: Audit Committee**
**The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.**

The AC comprises Mr. Yeo Jeu Nam, Mr. Oon Thian Seng, Mr. Chia Fook Eng and Mr. Francis Wong Chin Sing. Save for Mr. Francis Wong Chin Sing, an Executive Director of the Company, the other three (3) members of the AC are Independent Non-Executive Directors. Mr. Yeo Jeu Nam is the Chairman of the AC.

Areas of review of the AC include:

(a) the audit plans and reports of the Company's external auditors;
(b) co-operation given by the Company's officers to the external auditors;
(c) the financial statements of the Company and its subsidiaries before their submission to the Board;
(d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial positions of the Company and the Group;
(e) the nomination of the Company's internal and external auditors for re-appointment including recommending to the Board, remuneration and terms of engagement;
(f) the Company's internal audit plans and reports;
(g) interested person transaction (if any);
(h) the adequacy and effectiveness of the Company's system of internal controls and regulatory compliance through discussion with Board, Management, internal and external auditors;
(i) the transactions in which there may be potential conflicts of interests between the Group and its interested persons and recommending whether those who are in a position of conflict should abstain from participating in any discussion or deliberations of the Board or voting on resolutions of the Board or the shareholders in relation to such transactions;
(j) the procedures to hedge the exposure to foreign currency fluctuations (if any); and
(k) the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's results of operation and/or financial position, if any.

The AC has the express power to conduct or authorize investigations into any matters within its terms of reference and has full access to and co-operation by Management. The AC has full discretion to invite any other Directors or key management personnel to attend its meetings and to ensure that reasonable resources are available to enable it to discharge its function properly.

As at the date of this Annual Report, the AC has met with the external and internal auditors separately without the presence of Executive Directors/Management to review any area of audit concern. Ad-hoc AC meetings may be carried out from time to time, as circumstances require.

The Company has implemented a whistle blowing policy which will provide well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. The AC will review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objectives are to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. There have been no reported incidents pertaining to whistle-blowing for the financial year ended 31 December 2014.

Statutory audit review and the implementation of the Company's material internal controls are reviewed by the Company's external auditors, Messrs PricewaterhouseCoopers LLP ("**PwC**") to the extent set out in their audit plan. Any material non-compliance and internal control weaknesses noted during their audit, and the external auditors' recommendations to address such non-compliance and weaknesses, will be reported to the AC.

Any material non-compliances and internal control weaknesses will be followed up by the Management as part of Management's role in the review of the Company's internal control systems. For the financial year ended 31 December 2014, the Board is satisfied that the Company's internal controls are adequate.

The AC reviews the scope and results of the audit work, the cost effectiveness of the audit and the independence and objectivity of the external auditors. During the financial year under review, the AC has reviewed the independence of external auditors including the volume of all non-audit services provided to the Group, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC is pleased to recommend the re-appointment of PwC as external auditors of the Company at the forthcoming AGM.

The Group has appointed different auditors for its overseas subsidiaries. The Board and the AC are satisfied that such appointment (including the significant associated companies which are not audited by PwC) would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 712 and Rule 716 of the Listing Manual of the SGX-ST in the appointment of its external auditors.

The aggregate amount of agreed fees to be paid to PwC for the financial year under review is US$472,000 which comprises audit fee of US$429,000 and non-audit fee of US$43,000.

In order to ensure that the AC is able to fulfill its responsibilities, Management provides Board members with management reports and updates of the accounting standards, regulations and issues which have direct impact on the financial statements. This is to ensure that all relevant information including the material events and transactions are circulated to AC as and when they arise.

In addition to that, whenever necessary, senior management staff will be invited to attend the AC meetings to answer queries and provide detailed insights into their areas of operations. The AC is kept informed by Management on the status of on-going activities between Board meetings. Where a decision has to be made before a Board meeting, a directors' resolution is done in accordance with the Articles of the Company and the AC are provided with all necessary information to enable them to make informed decisions.

The AC has full access to and co-operation by the Management and has been given resources to enable the AC to discharge its functions properly. The external and internal auditors have unrestricted access to the AC.

The AC has been provided with the phone numbers and email particulars of the Company's senior management and Company Secretary to facilitate access.

As at the date of this Annual Report, none of the former partner or Director of the Company's external auditors' firm has been appointed as a member of the AC.

**Principle 13: Internal Audit**
**The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**

The Board supports the need of an internal audit function where its primary objective is to maintain a system of internal controls and processes to safeguard shareholders' investment and the Group's assets. The internal auditors' primary role is to assist the Board and Management to review the effectiveness of the key internal controls, including financial, operational and compliance controls, and risk management on an ongoing basis and to provide an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The internal auditor team is expected to meet the standards set by nationally or internationally recognized professional bodies including the standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

The Group has outsourced its internal audit function to Messrs MS Risk Management Pte. Ltd. The internal auditors carry out their duties as set out in their engagement terms, together with review and audit on the Company's design and implementation of the internal controls to the extent as set out in their annual internal audit plan. Any internal control issues will be highlighted and noted during their audit review and their recommendations will be reported to the AC during the AC quarterly meeting.

The internal auditors' primary line of reporting is to the Chairman of the AC. Procedures are in place for internal auditors to report independently their findings and recommendations to the AC. The AC will review the internal audit plan, the scope and findings of internal audit procedures and reports during the year. For the financial year ended 31 December 2014, the AC is satisfied that the internal audit is adequately resourced and has appropriate standing within the Group.

**SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES**

**Principle 14: Shareholders' Rights**
**Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**

**Principle 15: Communication with Shareholders**
**Companies should actively engage their shareholders and put in place an investor relations policy promote regular, effective and fair communication with shareholders.**

**Principle 16: Conduct of Shareholders' Meeting**
**Companies should encourage greater shareholders participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

The Board is mindful of its obligations to provide its shareholders with timely disclosure of material information presented in a fair and objective manner.

The Company does not practise selective disclosure. In line with the continuing obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Board's policy is that all shareholders would be equally informed of all major developments and/or transactions impacting the Group. The Company is committed to disclosing as much relevant information as it possible, in a timely, fair and transparent manner, to its shareholders.

Quarterly results of the Company will be published through the SGXNET, news releases and the Company's website. All information on the Company's new initiatives will be first disseminated via SGXNET followed by a news release, which will also be available on the website. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the period prescribed by the SGX-ST and are available on the Company's website. The Company notifies the date of the release of its quarterly results at least five (5) days prior to the date of the results announcements through the SGXNET. The release of such timely and relevant information is crucial to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

The Company has an investor relations team and supported by external consultant firm in promoting communication with shareholders and analysts. Contact information of the internal and external investor relations teams are made available on the Company's website.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders will receive the annual report of the Company and notice of AGM. At the AGM, shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the Directors. The Chairmen of the AC, NC and RC would be present at the AGM to answer any question relating to the work of these committees. The external auditors are also present to address shareholders' queries about the conduct of the audit and preparation and content of the auditors' report.

Shareholders are given the right to vote on the resolutions at general meetings. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The Company provides for separate resolutions at general meetings on each distinct issue will be carried in a separate resolution. The results of all general meetings of the Company are notified and released through SGXNET after the meetings. Proxy form is sent with the notice of general meeting to all shareholders so that those shareholders who are unable to attend the general meeting in person can appoint a proxy or proxies to attend and vote on their behalf. The Company's Articles allow a shareholder of the Company to appoint up to two proxies to attend and vote at all general meetings on his/her behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company will not implement voting in absentia by mail, email or fax. Minutes of the general meetings which include substantial and relevant comments and queries from shareholders relating to the agenda of the general meetings together with responses from the Board and Management are prepared and made available to the shareholders upon request.

In line with the new listing rules to promote greater transparency in general meetings and support listed companies in enhancing their shareholders' participation introduced by the SGX-ST on 31 July 2013 which takes effect from 1 August 2015, the Company will conduct the voting of all resolutions at its general meetings in year 2015 by poll where shareholders are accorded rights proportionate to their shareholdings and all votes are counted. The Board noted that the new rule will enhance transparency of the voting process and encourage greater shareholders participation.

As at the date of this Annual Report, the Company does not have a formal dividend policy in place. However, the Company, in determining the form, frequency and amount of future dividends on the Company's shares in any particular year, will take into account, among other things, the level of cash and retained earnings, the results of operations, the capital expenditure requirements, the expansion and/or investment plans and other factors that the Company's Directors may deem appropriate.

In considering dividend payments for the future financial years, the Directors will take into account the current desire to maintain and potentially increase dividend level subject to the objective of maximising shareholders' value over longer term and the factors stated in the paragraph above.

**INTERESTED PERSON TRANSACTIONS**

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis. There were no material interested person transactions entered into by the Group during the financial year under review.

**MATERIAL CONTRACTS**

Save for the service agreements entered into between the Executive Directors, there was no material contract entered into by the Company and its subsidiaries involving the interests of any Director or controlling shareholders subsisting at the end of the financial year ended 31 December 2014.

**DEALING IN SECURITIES**

The Company has adopted an internal code on dealings in securities. Directors, senior management and employees (collectively "**Officers**") of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's securities during the periods commencing two (2) weeks before announcement of the Group's quarterly results and one (1) month before the announcement of the Group's yearly results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Officers of the Group are advised not to deal in the Company's securities for a short-term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods. Officers are to consult with the Group CFO or Company Secretary before trading in Company's securities and to confirm annually that they have complied with and not in breach of the code. The Board is kept informed when a Director trades in the Company's securities.

**OTHER CODES**

The Company has a Code of Business Conduct for employees that sets the responsibilities, policies as well as standard and ethical conduct expected of employees. The Code of Business Conduct covers all aspects of the business operations of the Group such as confidentiality of information, insider trading, gifts, gratuities or bribes and dishonest conduct. Employees are required to observe and maintain high standards of integrity, as well as compliance with laws and regulations and company policies.

## USE OF PROCEEDS

The Company had in February 2015, completed its renounceable underwritten rights issue of 305,693,000 new ordinary shares (“**Rights Shares**”) in the capital of the Company (“**Rights Issue**”) at an issue price of S$0.15 per Rights Share as set out in the Company’s Offer Information Statement dated 8 January 2015 (the “**OIS**”).

As announced by the Company on 23 March 2015, the Company had fully utilized the gross proceeds in the following manner:

– S$45.0 million for general working capital such as payment of trade payables and general expenses; and
– S$0.9 million for professional and other fees and expenses incurred in connection with the Rights Issue.

The utilization of the gross proceeds is consistent with the intended uses as stated in the OIS.

# FINANCIAL // CONTENTS //



# // DIRECTORS' REPORT //

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

**DIRECTORS**

The directors of the Company in office at the date of this report are as follows:

Raymond Kim Goh
Francis Wong Chin Sing
Yeo Chee Neng
Jean Pers
Nitish Gupta
Tay Gim Sin Leonard
Yeo Jeu Nam
Oon Thian Seng
Chia Fook Eng

**ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under “Share Options” in this report.

**DIRECTORS’ INTERESTS IN SHARES OR DEBENTURES**

According to the register of directors’ shareholdings kept by the Company pursuant to Section 164 of the Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations, except as follows:

| | Holdings registered in the name of director or nominee | | | Holdings in which director is deemed to have an interest | | |
|---|---|---|---|---|---|---|
| | At 1.1.2014 or date of appointment if later | At 31.12.2014 | At 21.1.2015 | At 1.1.2014 or date of appointment if later | At 31.12.2014 | At 21.1.2015 |
| **The Company** | | | | | | |
| **(No. of ordinary shares)** | | | | | | |
| Raymond Kim Goh | 42,800,000 | 7,800,000 | 7,800,000 | – | 77,000,000[1] | 77,000,000[1] |
| Francis Wong Chin Sing | 13,333,333 | 333,333 | 333,333 | – | – | – |
| Yeo Chee Neng | 35,403,000 | 20,403,000 | 20,403,000 | – | – | – |
| Jean Pers | 35,200,000 | 20,200,000 | 20,200,000 | – | – | – |
| Nitish Gupta | 5,560,000 | 560,000 | 560,000 | – | – | – |
| Tay Gim Sin Leonard | 100,000 | 400,000 | 400,000 | – | – | – |
| Yeo Jeu Nam | 30,000 | 30,000 | 30,000 | – | – | – |
| Oon Thian Seng | 30,000 | 30,000 | 30,000 | – | – | – |
| Chia Fook Eng | 15,000 | 15,000 | 15,000 | – | – | – |

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

| | Holdings registered in the name of director or nominee | | | Holdings in which director is deemed to have an interest | | |
|---|---|---|---|---|---|---|
| | At 1.1.2014 or date of appointment if later | At 31.12.2014 | At 21.1.2015 | At 1.1.2014 or date of appointment if later | At 31.12.2014 | At 21.1.2015 |
| **Kreuz Holdings Limited[(2)]** | | | | | | |
| **(No. of ordinary shares)** | | | | | | |
| Raymond Kim Goh | 1,000,000 | – | – | – | – | – |
| Francis Wong Chin Sing | 1,000,000 | – | – | – | – | – |
| Jean Pers | 1,000,000 | – | – | – | – | – |
| Nitish Gupta | 1,000,000 | – | – | – | – | – |
| Yeo Jeu Nam | 150,000 | – | – | – | – | – |
| Oon Thian Seng | 90,000 | – | – | – | – | – |
| Chia Fook Eng | 20,000 | – | – | – | – | – |

Notes:
(1) Mr Raymond Kim Goh is deemed to have an interest in the shares held by Newshire Capital Limited by virtue of Section 4 of the Securities and Futures Act (Cap. 289).
(2) Kreuz Holding Limited was acquired by Kreuz Subsea Group Pte. Ltd. (formerly known as SEA9 Pte. Ltd.) on 25 February 2014 by way of Scheme of Arrangement under Section 210 of the Singapore Companies Act, Chapter 50.

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

## SHARE OPTIONS AND AWARDS

### (a) Options to take up unissued shares

Swiber Employee Share Option Scheme

On 29 September 2006, the Company adopted the Swiber Employee Share Option Scheme ("Scheme") to grant share options to eligible employees (including executive directors) and non-executive directors (including independent directors) of the Company and its subsidiaries. Under the Scheme, the executive directors who are controlling shareholders and their respective associates shall not be eligible to participate in the Scheme.

The Scheme is administered by the Share Options Committee comprising the following members:

Yeo Jeu Nam
Chia Fook Eng
Oon Thian Seng
Raymond Kim Goh

The Scheme shall continue in operation for a maximum period of 10 years commencing from 29 September 2006, provided always that the Scheme may continue for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

**SHARE OPTIONS AND AWARDS (CONTINUED)**

**(a) Options to take up unissued shares (continued)**

Swiber Employee Share Option Scheme (continued)

The Share Options Committee has the absolute discretion to grant options with an exercise price at a discount to a price ("Market Price") equal to the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited for the five consecutive market days immediately preceding the relevant date of grant of the options (subject to a maximum limit of 20%) or at Market Price. The options may be exercisable after the first anniversary from the date of grant if offer price is not at a discount or after the second anniversary from the date of grant if offer price is at a discount. The total number of shares over which options may be granted or to be granted under the Scheme on any date, when added to the number of shares issued and issuable in respect of all options granted or to be granted under the Scheme and all awards granted or to be granted under Swiber Performance Share Plan and all shares, option or awards granted or to be granted under any other share option schemes or share plans of the Company shall not exceed 15% of the total number of issued shares, excluding treasury shares of the Company from time to time. The options granted under the Scheme will have a life span of five years. Options granted may lapse or be exercised earlier in circumstances which includes the termination of the employment of the participants in the group, the bankruptcy of the participants, the death of the participants, a take-over or winding up of the Company.

**(b) Unissued shares under option**

Details of share options are disclosed in Note 23 to the financial statements.

The number of unissued ordinary shares of the Company under option in relation to the Scheme outstanding at the end of the financial year are as follows:

| Date of grant | No. of unissued ordinary shares under option at 31 December 2014 | Exercise price | Exercise period |
|---|---|---|---|
| 26 January 2011 | 15,000,000 | S$0.97 | 26 January 2012 to 25 January 2016 |
| 19 March 2013 | 15,000,000 | S$0.64 | 19 March 2014 to 18 March 2018 |

The details of share options granted under the Scheme to the directors of the Company are as follows:

| Name of Director | Options granted during the year | Aggregate options granted since commencement of Scheme to 31 December 2014 | Aggregate options exercised since commencement of Scheme to 31 December 2014 | Aggregate options outstanding as at 31 December 2014 |
|---|---|---|---|---|
| Raymond Kim Goh | – | 10,000,000 | – | 10,000,000 |
| Francis Wong Chin Sing | – | 6,000,000 | – | 6,000,000 |
| Yeo Chee Neng | – | 4,000,000 | – | 4,000,000 |
| Jean Pers | – | 4,000,000 | – | 4,000,000 |
| Nitish Gupta | – | 4,000,000 | – | 4,000,000 |
| Yeo Jeu Nam | – | 800,000 | – | 800,000 |
| Oon Thian Seng | – | 600,000 | – | 600,000 |
| Chia Fook Eng | – | 600,000 | – | 600,000 |

**SHARE OPTIONS AND AWARDS (CONTINUED)**

**(b) Unissued shares under option (continued)**

Except as disclosed above, no options have been granted to controlling shareholders of the Company or their associates.

During the year under review, no participants to the Scheme has received options which represents 5% or more of the total number of shares under option available under the Scheme and no shares were issued at a discount to the market price.

**(c) Unissued shares under awards**

Swiber Performance Share Plan

The Swiber Performance Share Plan ("Plan") was approved by the shareholders on 29 September 2006. The purpose of the Plan is to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards excellence performance and to maintain a high level of contribution to the Group. Full-time employees of the Group (including executive directors) and non-executive directors (including independent directors) are eligible to participate in the Plan. Under the Plan, the executive directors who are controlling shareholders and their respective associates shall not be eligible to participate in the Plan.

The Plan is administered by the Awards Committee comprising of the following members:

Yeo Jeu Nam
Chia Fook Eng
Oon Thian Seng
Raymond Kim Goh

The total number of new shares which may be issued pursuant to the awards granted on any date and total number of existing shares which may be purchased from the market for delivery pursuant to awards granted under the Plan, when added to the number of new shares issued and issuable or existing shares delivered and deliverable in respect of all awards granted or to be granted under the Plan, all options granted or to be granted under the Scheme and all shares, options or awards granted or to be granted under any other share scheme of the Company shall not exceed 15% of the total number of issued shares, excluding treasury shares of the Company from time to time. The Plan is designed to reward the participants through the issue of fully-paid shares free of charge according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods. The Awards Committee has the absolute discretion to determine the eligible participants in the Plan.

Details of share awards are disclosed in Note 23 to the financial statements.

The details of share awards granted under the Plan to the directors of the Company are as follows:

| Name of Director | Awards granted during the year | Awards vested during the year | Aggregate awards granted since commencement of the Plan to 31 December 2014 | Aggregate ordinary shares vested to the participant since commencement of the Plan to 31 December 2014 | Aggregate awards unvested as at 31 December 2014 |
|---|---|---|---|---|---|
| Tay Gim Sin Leonard | – | 300,000 | 900,000 | 500,000 | 400,000 |

**SHARE OPTIONS AND AWARDS (CONTINUED)**

**(c) Unissued shares under awards (continued)**

Swiber Performance Share Plan (continued)

During the financial year, 931,668 treasury shares of the Company were re-issued pursuant to the Plan.

| Date of grant | At 1 January 2014 | Vested | Cancelled | At 31 December 2014 |
|---|---|---|---|---|
| 26 January 2011 | 1,031,668 | (896,668) | (135,000) | – |
| 19 March 2013 | 6,000,000 | (2,000,000) | – | 4,000,000 |

**AUDIT COMMITTEE**

At the end of financial year, the Audit Committee comprises of three independent non-executive directors and one executive director:

Yeo Jeu Nam (Chairman)
Oon Thian Seng
Chia Fook Eng
Francis Wong Chin Sing

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board of Directors acting through the Audit Committee.

The Audit Committee has met four times during the financial year and has reviewed the following, where relevant, with the executive directors and the external and internal auditors of the Company:

(a) the scope and the results of internal audit procedures with the internal auditor;

(b) the Group's financial and operating results and accounting policies;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's external auditors;

(f) the re-appointment of the external auditors of the Group; and

(g) the adequacy and effectiveness of the Group's system of internal controls and regulatory compliance.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

# // DIRECTORS' REPORT //
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**INDEPENDENT AUDITOR**

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

**RAYMOND KIM GOH**
Director

**FRANCIS WONG CHIN SING**
Director

23 March 2015

# // STATEMENT BY DIRECTORS //

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 57 to 130 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

**RAYMOND KIM GOH**
Director

**FRANCIS WONG CHIN SING**
Director

23 March 2015

# // INDEPENDENT AUDITOR'S REPORT //

TO THE MEMBERS OF SWIBER HOLDINGS LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Swiber Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 57 to 130, which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 March 2015

# // STATEMENT OF FINANCIAL POSITION //
AS AT 31 DECEMBER 2014

| | Note | Group 2014 US$'000 | Group 2013 US$'000 | Company 2014 US$'000 | Company 2013 US$'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 4 | **176,098** | 162,413 | **19,416** | 20,553 |
| Trade receivables | 5 | **454,342** | 510,576 | **–** | – |
| Other receivables | 6 | **207,205** | 307,441 | **910,079** | 608,759 |
| Inventories | 7 | **6,887** | 10,391 | **–** | – |
| Derivative financial instruments | 9 | **–** | 56,830 | **–** | 56,830 |
| Asset held for sale | | **–** | 771 | **–** | – |
| Construction contract work-in-progress | 8 | **175,987** | 205,231 | **–** | – |
| | | **1,020,519** | 1,253,653 | **929,495** | 686,142 |
| **Non-current assets** | | | | | |
| Derivative financial instruments | 9 | **–** | 1,704 | **–** | – |
| Investments in associates | 10 | **196,357** | 106,358 | **141,720** | 73,336 |
| Investments in joint ventures | 11 | **22,559** | 54,193 | **–** | – |
| Investments in subsidiaries | 12 | **–** | – | **121,805** | 249,628 |
| Other receivables | 6 | **157,048** | 150,441 | **67,578** | 27,810 |
| Property, plant and equipment | 13 | **748,690** | 414,302 | **575** | 92 |
| Deferred income tax assets | 20 | **3,819** | – | **–** | – |
| Goodwill | | **309** | 309 | **–** | – |
| | | **1,128,782** | 727,307 | **331,678** | 350,866 |
| **Total assets** | | **2,149,301** | 1,980,960 | **1,261,173** | 1,037,008 |

The accompanying notes form an integral part of these financial statements.

# // STATEMENT OF FINANCIAL POSITION //
AS AT 31 DECEMBER 2014

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | **2014** | 2013 | **2014** | 2013 |
| | | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade payables | 14 | **181,699** | 228,787 | **–** | – |
| Other payables | 15 | **89,537** | 111,621 | **259,776** | 259,098 |
| Income tax liabilities | 30 | **16,221** | 32,338 | **–** | – |
| Bank borrowings | 16 | **251,289** | 258,130 | **–** | – |
| Derivative financial instruments | 9 | **4,376** | 3,638 | **4,376** | 3,638 |
| Notes payable | 17 | **71,615** | 94,347 | **71,615** | 94,347 |
| Convertible bonds | 18 | **–** | 37,500 | **–** | 37,500 |
| Finance leases | 19 | **26,529** | 3,469 | **212** | 36 |
| | | **641,266** | 769,830 | **335,979** | 394,619 |
| **Non-current liabilities** | | | | | |
| Derivative financial instruments | 9 | **38,182** | 8,515 | **27,974** | 6,162 |
| Bank borrowings | 16 | **101,181** | 69,763 | **–** | – |
| Notes payable | 17 | **566,645** | 371,811 | **417,802** | 255,748 |
| Finance leases | 19 | **148,702** | 2,708 | **305** | 48 |
| Deferred income tax liabilities | 20 | **–** | 16,769 | **–** | – |
| | | **854,710** | 469,566 | **446,081** | 261,958 |
| **EQUITY** | | | | | |
| **Capital, reserves and non-controlling interests** | | | | | |
| Share capital | 21 | **208,246** | 208,246 | **208,246** | 208,246 |
| Treasury shares | 22 | **–** | (780) | **–** | (780) |
| Perpetual capital securities | 24 | **63,512** | 63,601 | **63,512** | 63,601 |
| Hedging reserve | 23 | **(13,428)** | (5,902) | **(8,023)** | (3,544) |
| Translation reserve | 23 | **4,514** | (517) | **–** | – |
| Equity reserve | 23 | **(590)** | (7,899) | **–** | – |
| Employees' share options & awards reserve | 23 | **6,643** | 6,138 | **6,643** | 6,138 |
| Retained earnings | | **284,740** | 282,868 | **208,735** | 106,770 |
| Equity attributable to owners of the Company and perpetual capital securities holders | | **553,637** | 545,755 | **479,113** | 380,431 |
| Non-controlling interests | | **99,688** | 195,809 | **–** | – |
| Total equity | | **653,325** | 741,564 | **479,113** | 380,431 |
| **Total liabilities and equity** | | **2,149,301** | 1,980,960 | **1,261,173** | 1,037,008 |

The accompanying notes form an integral part of these financial statements.

# // CONSOLIDATED INCOME STATEMENT //
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | Group 2014 US$'000 | Group 2013 US$'000 |
|---|---|---|---|
| **Revenue** | 25 | **726,513** | 1,039,133 |
| **Cost of sales** | | **(708,999)** | (868,776) |
| **Gross profit** | | **17,514** | 170,357 |
| Other operating income - net | 28 | **103,505** | 66,582 |
| Administrative expenses | | **(55,291)** | (79,284) |
| Other operating expenses | | **(5,904)** | (17,342) |
| Finance expenses | 29 | **(65,541)** | (46,979) |
| Share of profits of associates and joint ventures | 10,11 | **41,451** | 29,456 |
| **Profit before tax** | | **35,734** | 122,790 |
| Income tax expense | 30 | **(4,487)** | (31,895) |
| **Profit for the year** | | **31,247** | 90,895 |
| Attributable to: | | | |
| Owners of the Company | | **16,422** | 62,115 |
| Perpetual capital securities holders | | **6,111** | 6,169 |
| Non-controlling interests | | **8,714** | 22,611 |
| | | **31,247** | 90,895 |
| **Earnings per share (in US cents):** | | | |
| Basic (restated) | 31 | **2.5** | 9.4 |
| Diluted (restated) | 31 | **2.5** | 8.8 |

The accompanying notes form an integral part of these financial statements.

# // CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME //

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | Group | |
|---|---|---|---|
| | | **2014** | 2013 |
| | | **US$'000** | US$'000 |
| **Profit for the year** | | **31,247** | 90,895 |
| **Other comprehensive income:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Cash flow hedges | | | |
| - Fair value (losses)/ gains | | **(8,306)** | 2,947 |
| - Reclassification | | **1,403** | 3,485 |
| Currency translation differences arising from consolidation | | | |
| - Gains/ (losses) | | **2,640** | (139) |
| - Reclassification | | **2,391** | – |
| Share of other comprehensive income of | | | |
| - Associates | | **(500)** | 28 |
| - Joint ventures | | **(123)** | 53 |
| **Other comprehensive (loss)/ income for the year, net of tax** | 30(b) | **(2,459)** | 6,374 |
| **Total comprehensive income for the year** | | **28,752** | 97,269 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **13,927** | 68,489 |
| Perpetual capital securities holders | | **6,111** | 6,169 |
| Non-controlling interests | | **8,714** | 22,611 |
| Total | | **28,752** | 97,269 |

The accompanying notes form an integral part of these financial statements.

# // CONSOLIDATED STATEMENT OF CHANGES IN EQUITY //

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**GROUP** — **Attributable to equity holders of the Company**

| | Share capital US$'000 | Treasury shares US$'000 | Hedging reserve US$'000 | Translation reserve US$'000 | Equity reserve US$'000 | Employees' share options & awards reserve US$'000 | Retained earnings US$'000 | Equity attributable to owners of the Company US$'000 | Perpetual capital securities US$'000 | Equity attributable to owners of the Company and perpetual capital securities holders US$'000 | Non-controlling interests US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | | | | | |
| ***Beginning of financial year*** | 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 income for the year | – | – | (7,526) | 5,031 | – | – | – | (2,495) | – | (2,495) | – | (2,495) |
| **Total comprehensive income for the year** | – | – | (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 subsidiaries (Note 4) | – | – | – | – | 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) |
| ***End of financial year*** | 208,246 | – | (13,428) | 4,514 | (590) | 6,643 | 284,740 | 490,125 | 63,512 | 553,637 | 99,688 | 653,325 |

The accompanying notes form an integral part of these financial statements.

# // CONSOLIDATED STATEMENT OF CHANGES IN EQUITY //

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| GROUP | Attributable to equity holders of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital US$'000 | Treasury shares US$'000 | Hedging reserve US$'000 | Translation reserve US$'000 | Equity reserve US$'000 | Employees' share options & awards reserve US$'000 | Retained earnings US$'000 | Equity attributable to owners of the Company US$'000 | Perpetual capital securities US$'000 | Equity attributable to owners of the Company and perpetual capital securities holders US$'000 | Non-controlling interests US$'000 | Total US$'000 |
| **2013** | | | | | | | | | | | | |
| ***Beginning of financial year*** | 208,246 | (1,643) | (12,387) | (378) | (7,584) | 4,236 | 227,356 | 417,846 | 63,627 | 481,473 | 184,106 | 665,579 |
| Profit for the year | – | – | – | – | – | – | 62,115 | 62,115 | 6,169 | 68,284 | 22,611 | 90,895 |
| Other comprehensive income for the year | – | – | 6,485 | (139) | 28 | – | – | 6,374 | – | 6,374 | – | 6,374 |
| **Total comprehensive income for the year** | – | – | 6,485 | (139) | 28 | – | 62,115 | 68,489 | 6,169 | 74,658 | 22,611 | 97,269 |
| Value of employee services received for issue of share options | – | – | – | – | – | 2,759 | – | 2,759 | – | 2,759 | – | 2,759 |
| Performance shares awarded using treasury shares | – | 863 | – | – | (6) | (857) | – | – | – | – | – | – |
| Acquisition of a subsidiary | – | – | – | – | (337) | – | – | (337) | – | (337) | (158) | (495) |
| Redemption of preference shares issued by a subsidiary | – | – | – | – | – | – | – | – | – | – | (10,750) | (10,750) |
| Dividends paid on preference shares issued by a subsidiary | – | – | – | – | – | – | (5,703) | (5,703) | – | (5,703) | – | (5,703) |
| Interim dividends paid | – | – | – | – | – | – | (900) | (900) | – | (900) | – | (900) |
| Perpetual capital securities distribution payable and paid | – | – | – | – | – | – | – | – | (6,213) | (6,213) | – | (6,213) |
| Transaction costs relating to perpetual securities | – | – | – | – | – | – | – | – | 18 | 18 | – | 18 |
| **Total transactions with owners recognised directly in equity** | – | 863 | – | – | (343) | 1,902 | (6,603) | (4,181) | (6,195) | (10,376) | (10,908) | (21,284) |
| ***End of financial year*** | 208,246 | (780) | (5,902) | (517) | (7,899) | 6,138 | 282,868 | 482,154 | 63,601 | 545,755 | 195,809 | 741,564 |

The accompanying notes form an integral part of these financial statements.

# // CONSOLIDATED STATEMENT OF CASH FLOWS //
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | Group 2014 US$'000 | 2013 US$'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit after income tax | | **31,247** | 90,895 |
| Adjustments for: | | | |
| Income tax expense | | **4,487** | 31,895 |
| Impairment loss on accounts receivables | | **–** | 6,445 |
| Bad debts written off | | **838** | 48 |
| Depreciation of property, plant and equipment | | **44,092** | 34,737 |
| Employees' share options and awards expense | | **1,222** | 2,759 |
| Property, plant and equipment written off | | **7** | 8,830 |
| Interest income | | **(3,329)** | (5,104) |
| Finance costs | | **65,541** | 46,979 |
| Fair value loss/ (gain) on financial liabilities designated as fair value through profit or loss | | **22,565** | (49,078) |
| Unrealised foreign currency losses | | **3,138** | 1,535 |
| Gain on disposal of property, plant and equipment | | **(1,796)** | (3,142) |
| Gain on disposal of associates, joint ventures and subsidiaries | | **(101,812)** | (5,398) |
| Share of profit of associates and joint ventures | | **(41,451)** | (29,456) |
| | | **24,749** | 131,945 |
| Change in working capital, net of effects from acquisition and disposal of subsidiaries: | | | |
| Trade receivables | | **(74,730)** | 96,141 |
| Construction contract work-in-progress | | **29,244** | (178,470) |
| Inventories | | **2,150** | 158,808 |
| Other assets and receivables | | **128,072** | (81,549) |
| Trade payables | | **33,906** | 63,454 |
| Other payables | | **(53,282)** | (223,833) |
| Cash generated from/ (used in) operations | | **90,109** | (33,504) |
| Income taxes paid | | **(13,690)** | (22,773) |
| Interest expense paid | | **(43,331)** | (30,320) |
| **Net cash generated from/ (used in) operating activities** | | **33,088** | (86,597) |
| **Investing activities** | | | |
| Interest income received | | **2,095** | 1,107 |
| Dividends received from associates | 10 | **3,706** | 9,404 |
| Dividend received from a joint venture | 11 | **1,000** | – |
| Investment in associates | | **(41,810)** | – |
| Proceeds on disposal of property, plant and equipment | | **7,951** | 196,504 |
| Proceeds from disposal of subsidiaries | 4 | **93,406** | 76 |
| Proceeds from disposal of joint venture | | **–** | 1,450 |
| Proceeds from disposal of associates | | **11,248** | – |
| Purchases of property, plant and equipment | (Note A) | **(191,765)** | (144,152) |
| Cash flow from acquisition of subsidiary | 37 | **20** | (400) |
| **Net cash (used in)/ generated from investing activities** | | **(114,149)** | 63,989 |

The accompanying notes form an integral part of these financial statements.

# // CONSOLIDATED STATEMENT OF CASH FLOWS //

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | Group 2014 US$'000 | Group 2013 US$'000 |
|---|---|---|---|
| **Financing activities** | | | |
| Pledged deposits | | **1,253** | 151 |
| Proceeds from issuance of notes payable | | **288,339** | 240,945 |
| Repayment of obligations under finance leases | | **(18,557)** | (4,404) |
| Dividends paid on preference shares issued by a subsidiary | | **(5,286)** | (5,703) |
| Redemption of convertible bonds | | **(36,490)** | - |
| Redemption of notes payable | | **(96,820)** | (188,278) |
| Dividends paid to equity holders of the Company | | **(14,550)** | (900) |
| Redemption of preference shares issued by a subsidiary | | **(5,200)** | (10,750) |
| Proceeds from bank borrowings | | **651,370** | 1,101,084 |
| Repayment of bank borrowings | | **(667,901)** | (1,076,377) |
| **Net cash generated by financing activities** | | **96,158** | 55,768 |
| | | | |
| Net increase in cash and cash equivalents | | **15,097** | 33,160 |
| Cash and cash equivalents at the beginning of the year | | **151,375** | 118,310 |
| Effects of currency translation on cash and cash equivalents | | **(159)** | (95) |
| **Cash and cash equivalents at the end of the year** | 4 | **166,313** | 151,375 |
| | | | |
| Cash and cash equivalents consists of: | | | |
| Cash at bank | | **166,255** | 151,325 |
| Fixed deposits | | **9,785** | 11,046 |
| Cash on hand | | **58** | 42 |
| | 4 | **176,098** | 162,413 |
| Less: Pledged cash placed with banks | | **(9,785)** | (11,038) |
| Total | | **166,313** | 151,375 |

**Note to the consolidated statement of cash flows**

(A) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$497,993,000 (2013: US$146,278,000) of which US$191,218,000 (2013: US$1,271,000) and US$100,010,000 (2013: US$855,000) were acquired under finance leases and bank borrowings respectively. An amount of US$15,000,000 remains unpaid as at balance sheet date.

The accompanying notes form an integral part of these financial statements.

## 1. GENERAL INFORMATION

Swiber Holdings Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 12 International Business Park, #01-05 Swiber@IBP, Singapore 609920.

The principal activity of the Company is that of an investment holding company. The principal activities of its associates, joint ventures and subsidiaries are disclosed in Notes 10, 11 and 12 respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

***Interpretations and amendments to published standards effective in 2014***

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

*FRS 112 Disclosures of Interests in Other Entities*

The Group has adopted the above new FRS on 1 January 2014, which is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*. The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation except for 'investment entity' from 1 January 2014. The Group has incorporated the additional required disclosures into the financial statements.

*Amendments to FRS 110 and FRS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual period commencing 1 January 2016).*

The Group has early adopted the above amended standards that are not yet applicable, but may be early adopted for the current financial year. The amended standards set out that the gain or loss resulting from a downstream transaction involving assets that constitute a business, as defined in FRS 103 *Business Combinations*, between an entity and its associate or joint venture is recognised in full in the investor's financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 Revenue recognition**

Revenue comprise of the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

<u>Construction contracts</u>

Please refer to the paragraph "Construction contracts" (Note 2.9) for the accounting policy for revenue from construction contracts.

<u>Charter hire income</u>

Charter hire income from vessels, derived from the offshore marine support business, is recognised on a straight-line basis over the term of the charter agreement.

<u>Diving Services</u>

Revenue generated from subsea diving support service includes project supervision and engineering tasks. Revenue from rendering of services is recognised when services are completed.

<u>Rendering of service</u>

Engineering, shipbuilding and repair work income from short-term contracts is recognised as and when service is rendered.

Revenue from engineering and shipbuilding long-term contracts is recognised in accordance with the group's accounting policy on construction contracts (Note 2.9).

<u>Interest income</u>

Interest income is recognised using the effective interest method.

<u>Dividend income</u>

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**2.3 Group accounting**

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise of the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, joint ventures and associates" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Group accounting (continued)**

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associates and joint ventures

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associates and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates and joint ventures represents the excess of the cost of acquisition of the associate or joint venture over the Group's share of the fair value of the identifiable net assets of the associate or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associates' or joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates or joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate or joint venture equals to or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group. The gain or loss resulting from a downstream transaction involving assets that constitute a business, as defined in FRS 103, between an entity (including its consolidated subsidiaries) and its associate or joint venture is recognised in full in the investor's financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Group accounting (continued)**

(c) Associates and joint ventures (continued)

(iii) Disposals

Investments in associates and joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associate or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph “Investments in subsidiaries, associates and joint ventures” for the accounting policy on investments in associates in the separate financial statements of the Company.

**2.4 Financial assets**

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

(i) Financial assets at fair value through profit or loss

Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as “trade receivables” (Note 5) and “cash and cash equivalents” (Note 4) on the balance sheet.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group’s management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.4 Financial assets (continued)**

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/ Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.4 Financial assets (continued)**

(e) Impairment (continued)

(i) Loans and receivables/ Held-to-maturity financial assets (continued)

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.4(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**2.5 Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

**2.6 Derivative financial instruments and hedging activities**

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as cash flow hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Derivative financial instruments and hedging activities (continued)

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

Cash flow hedge

(i) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

(ii) Cross currency swaps

The Group has entered into cross currency swaps that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the cross currency swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion of cross currency swaps are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

### 2.7 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of derivative financial instruments are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

### 2.9 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the physical proportion of contract work completed, or to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activities on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received are included within "trade payables".

### 2.10 Leases

(a) *When the Group is the lessee:*

The Group leases motor vehicles and certain plant and machinery under finance leases and vessels, land dormitories and certain plant and machinery under operating leases from non-related parties.

(i) *Lessee - Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.10 Leases (continued)**

*(a) When the Group is the lessee: (continued)*

*(i) Lessee - Finance leases (continued)*

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

*(ii) Lessee - Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

*(b) When the Group is the lessor:*

The Group leases equipment under finance leases and building and certain vessels under operating leases to non-related parties.

*(i) Lessor - Finance leases*

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in “other receivables”. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

*(ii) Lessor - Operating leases*

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.10 Leases (continued)**

*(b) When the Group is the lessor: (continued)*

*(ii) Lessor - Operating leases (continued)*

Contingent rents are recognised as income in profit or loss when earned.

**2.11 Dividends to Company's shareholders**

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

**2.12 Non-current assets held for sale**

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

**2.13 Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost for consumables and spare parts are determined using the weighted average method and pipe lines using the first-in, first-out method. Cost of work-in-progress comprises direct materials and, where applicable, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

**2.14 Property, plant and equipment**

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.16 on borrowing costs).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Property, plant and equipment (continued)

(b) Depreciation

Construction-in-progress is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | | Useful lives |
|---|---|---|
| Leasehold property | – | Over the term of the lease |
| Vessels | – | 18 to 23 years, net of residual value |
| Furniture and equipment | – | 3 to 5 years |
| Motor vehicles | – | 10 years |
| Drydocking | – | 3 years |
| Cranes and machineries | – | 20 years |

The estimated useful lives, residual value and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimates accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Depreciation on property, plant and equipment under construction-in-progress, which includes costs for vessels under construction, commences when these assets are ready for its intended use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "gain or loss on disposal of property, plant and equipment".

### 2.15 Intangible assets

Goodwill on acquisition

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associates represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associates and joint ventures are included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associates include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the assets under construction. This includes those costs on borrowings acquired specifically for assets under construction, as well as those in relation to general borrowings used to finance the assets under construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

### 2.17 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment
Investments in subsidiaries, associates and joint ventures

Property, plant and equipment and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

### 2.19 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Convertible foreign currency bonds

Convertible foreign currency bonds are designated as a financial liability at fair value through profit or loss. When the conversion option of the convertible foreign currency bonds is exercised, the carrying amounts of convertible foreign currency bonds are derecognised with a corresponding recognition of share capital.

### 2.20 Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options and share awards is recognised as an expense with a corresponding increase in the employees' share option and awards reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options and share awards granted on the date of the grant.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Employee compensation (continued)

(b) Share-based compensation (continued)

Non-market vesting conditions are included in the estimation of the number of shares under options and awards that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options and awards that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the employees' share option and awards reserve over the remaining vesting period.

When the options and awards are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

### 2.22 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.23 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars, which is the functional currency of the Company.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.23 Currency translation (continued)**

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement as disclosed in Note 29.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

**2.24 Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

### 2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs that will affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

Included in the contract revenue are revenue and unbilled receivables arising from variation work performed for customers when it is probable that the customers will approve the variation claims.

Significant judgment is required to estimate the probability of recovery of variation claims submitted to customers, which will affect the revenue and unbilled receivables recognised in relation to these variation claims. In making these estimates, management has relied on the work of external experts as well as past experience and discussions with customers.

If the percentage of completion on uncompleted contracts at the balance sheet date increases/ decreases by 1% from management's estimates, the Group's revenue will increase/ decrease by US$8,303,000 and US$8,618,000 respectively.

If the estimated total contract costs of uncompleted contracts increase/ decrease by 1% from management's estimates, the Group's profit will decrease/ increase by US$3,875,000 and US$3,620,000 respectively.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) Impairment of investment in and amounts due from associates and joint ventures

The Group assesses whether at each reporting date there is objective evidence that investment in associates and joint ventures are impaired. In considering whether the associates and joint ventures are impaired, the Group has made its assessment based on estimates. It involves the consideration of the performance of the associates and joint ventures and the market conditions in which the associates and joint ventures operate in. This affects the Group's share of net assets of the associates and joint ventures.

Management has evaluated the recoverability of the investments based on such estimates and is confident that no allowance for impairment is necessary.

If the performance of the associates and joint ventures and/ or market conditions were to deteriorate which will affect the Group's share of net assets of the associates and joint ventures, impairment may be required. The carrying amounts of the other receivables due from and investment in associates and joint ventures at the end of the reporting period are disclosed in Notes 5, 6, 10 and 11 respectively.

(c) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The carrying amount of loans and receivables at the end of the reporting period are disclosed in Notes 4, 5 and 6 respectively. Loans and receivables that are past due and not impaired are disclosed in Note 34(b)(ii).

(d) Uncertain Tax Positions

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide income tax liabilities. In determining the income tax liabilities, management has estimated the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

The Group has significant open tax assessments with a tax authority at the balance sheet date. As management believes that the tax positions are sustainable, the Group has not recognised any additional tax liability on these uncertain tax positions.

The carrying amount of the Group's income tax liabilities at the end of the reporting period are disclosed in Note 30.

(e) Residual values, estimated useful lives and impairment of vessels

Vessels are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives reflect the management's estimate of the periods that the Group intends to derive future economic benefits from the use of vessels. Changes in the business plans and strategies, expected level of usage and future technological developments could impact the economic useful lives and the residual values and recoverable values of these assets, therefore future depreciation charges could be revised and impairment lost could be recorded. The carrying amount of the Group's vessels at the end of the reporting period is disclosed in Note 13 to the financial statements.

## 4. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Cash at bank and on hand | **166,313** | 151,367 | **19,416** | 20,553 |
| Short-term bank deposits | **9,785** | 11,046 | **–** | – |
| | **176,098** | 162,413 | **19,416** | 20,553 |

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Cash and bank balances (as above) | **176,098** | 162,413 |
| Less: Bank deposits pledged | **(9,785)** | (11,038) |
| Cash and cash equivalents per consolidated statement of cash flows | **166,313** | 151,375 |

Bank deposits are pledged in relation to the security granted for certain banking facilities such as performance gurantees and letter of credits. None of these facilities were drawn down as balance sheet date.

Acquisition and disposal of subsidiaries

Please refer to Note 37 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

(a) On 4 March 2014, the Company has completed the disposal of its 57.5% equity interests in Kreuz Holdings Limited.

(b) On 30 December 2014, the Group disposed of its entire interest in Newcruz International Pte. Ltd. and its wholly owned subsidiary, Newcruz Shipbuilding Engineering Pte. Ltd. (together as "NIPL Group") and PTSB Holdings Pte. Ltd. and its associate, PT Swiber Berjaya to Vallianz Holdings Limited ("Vallianz") for a total consideration of US$31,701,000, which was satisfied by US$22,500,000 perpetual securities and 160 million ordinary shares to be issued by Vallianz.

The effects of the disposal on the cash flows of the Group were:

| | **2014** |
|---|---|
| | **US$'000** |
| Carrying amounts of assets and liabilities disposed of | |
| Cash and bank balances | **8,398** |
| Trade receivables | **170,011** |
| Other receivables | **4,581** |
| Inventories | **1,353** |
| Investment in associates | **200** |
| Property, plant and equipment | **112,876** |
| Total assets | **297,419** |
| | |
| Trade and other payables | **(133,930)** |
| Borrowings | **(26,686)** |
| Deferred income tax liabilities | **(15,745)** |
| Income tax liabilities | **(12,910)** |
| Total liabilities | **(189,271)** |

## 4. CASH AND CASH EQUIVALENTS (CONTINUED)

| | 2014 US$'000 |
|---|---|
| Net assets derecognised | **108,148** |
| Less: Non-controlling interests | **(84,586)** |
| Net assets disposed of | **23,562** |

The aggregate cash inflows arising from the disposal of the subsidiaries were:

| | 2014 US$'000 |
|---|---|
| Net assets disposed of (as above) | **23,562** |
| Gain on disposal (Note 28) | **96,831** |
| Total consideration from disposal | **120,393** |
| Less: Non-cash consideration from disposal | **(18,589)** |
| Cash proceeds from disposal | **101,804** |
| Less: cash and cash equivalent in subsidiaries disposed | **(8,398)** |
| Net cash flows on disposal | **93,406** |

## 5. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | **2014 US$'000** | 2013 US$'000 |
| Trade receivables | | |
| – Non related parties | **248,661** | 269,288 |
| – Associates | **61,918** | 77,626 |
| – Joint ventures | **11,403** | 10,530 |
| – Related parties | **11,229** | 567 |
| | **333,211** | 358,011 |
| Less: Allowance for impairment of receivables – non-related parties (Note 34(b)(ii)) | **–** | (17,400) |
| | **333,211** | 340,611 |
| Construction contracts | | |
| – Due from customers (Note 8) | **121,131** | 169,965 |
| | **454,342** | 510,576 |

Related parties refer to companies which are controlled or jointly controlled by a member of the key management personnel of the Group.

Certain subsidiaries of the Group have factored trade receivables with carrying amounts of Nil (2013: US$20,233,000) to a bank in exchange for cash during the financial year ended 31 December 2014. The transaction has been accounted for as a collateralised borrowing as the bank has full recourse to those subsidiaries in the event of default by the debtors (Note 16).

## 6. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Deposits | **515** | 3,752 | **–** | – |
| Prepayments | **10,176** | 54,216 | **6** | 8 |
| Capitalised vessel costs | **75,716** | 20,418 | **–** | – |
| Non-trade receivables due from: | | | | |
| – Non-related parties | **51,908** | 104,065 | **8,425** | 9,021 |
| – Associates | **173,543** | 162,574 | **35,340** | 22,911 |
| – Joint ventures | **31,572** | 50,227 | **–** | – |
| – Subsidiaries | **–** | – | **913,063** | 575,426 |
| – Related parties | **–** | 42,545 | **–** | 9,118 |
| Loans to: | | | | |
| – Associates | **20,823** | 20,085 | **20,823** | 20,085 |
| | **364,253** | 457,882 | **977,657** | 636,569 |
| Less: Non-current portion | **(157,048)** | (150,441) | **(67,578)** | (27,810) |
| | **207,205** | 307,441 | **910,079** | 608,759 |

Related parties refer to companies which are controlled or jointly controlled by a member of the key management personnel of the Group.

Non-trade balances due from associates, joint ventures, related parties and subsidiaries as at balance sheet date are unsecured, interest free and repayable on demand, other than as disclosed below.

Non-current portion of the Group's other receivables mainly relate to:

(i) Capitalised vessel costs amounting to US$28,887,000 (2013: US$15,731,000) which is amortised over the lease term of the underlying vessels;
(ii) Advances to third parties of US$10,000,000 (2013: US$10,000,000) which bear fixed interest rates of 3.5% (2013: 3.5%) per annum and is repayable within three to six years;
(iii) Amounts due from a third party of US$6,755,000 (2013: US$7,725,000) of which the interest rate is repriced at a 3 month interval and is repayable within five to six years;
(iv) Amount due from a third party of US$4,000,000 (2013: Nil) which is unsecured, interest-free and repayable in full by 2018;
(v) An amount due from an associate of US$5,000,000 (2013: US$5,000,000) which bears a fixed interest rate of 3.5% (2013: 3.5%) per annum and is repayable within three years;
(vi) An amount due from an associate of US$11,000,000 (2013: US$20,000,000) which bears a fixed interest of 6% (2013: 6%) per annum with no fixed terms of repayment;
(vii) An amount due from an associate of US$70,583,000 (2013: US$71,900,000) which is unsecured, interest free, and repayable in full by 2018; and
(viii) Loans to associates of US$20,823,000 (2013: US$20,085,000) which bears a fixed interest of 6% (2013: 6%) per annum with no fixed terms of repayment. The Group does not intend to demand settlement of these amounts within twelve months from the balance sheet date.

## 6. OTHER RECEIVABLES (CONTINUED)

The fair values of non-current other receivables are computed based on cash flows discounted at market borrowing rates. The fair values are within Level 2 of the fair values hierarchy:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| Other receivables (non-current) | **5.20%** | 2.51% |

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 US$'000** | 2013 US$'000 | **2014 US$'000** | 2013 US$'000 |
| Advances to third parties (Note ii) | **9,267** | 10,380 | **–** | – |
| Amounts due from third parties (Note iii and iv) | **6,755** | 7,725 | **6,755** | 7,725 |
| Amounts due from associates (Note v, vi and vii) | **70,472** | 85,711 | **–** | – |
| Loans to associates (Note viii) | **21,014** | 17,742 | **21,014** | 17,742 |

## 7. INVENTORIES

| | Group | |
|---|---|---|
| | **2014 US$'000** | 2013 US$'000 |
| Pipelines | **1,553** | 1,513 |
| Consumables and spares | **5,334** | 8,878 |
| | **6,887** | 10,391 |

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$141,835,000 (2013: US$279,358,000).

## 8. CONSTRUCTION CONTRACTS

| | Group | |
|---|---|---|
| | **2014 US$'000** | 2013 US$'000 |
| Construction contract work-in-progress, at cost | **175,987** | 205,231 |
| Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts | **1,611,558** | 1,299,979 |
| Less: Progress billings | **(1,510,460)** | (1,130,014) |
| | **101,098** | 169,965 |
| Presented as: | | |
| Due from customers on construction contracts (Note 5) | **121,131** | 169,965 |
| Due to customers on construction contracts (Note 14) | **20,033** | – |

Due from customers on construction contracts include unbilled receivables arising from variation claims on construction contracts submitted to customers amounting to US$76,447,000 (2013: US$116,160,000).

## 9. DERIVATIVE FINANCIAL INSTRUMENTS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | | Fair value | | | Fair value | |
| | Contract notional amount US$'000 | Asset US$'000 | Liability US$'000 | Contract notional amount US$'000 | Asset US$'000 | Liability US$'000 |
| **2014** | | | | | | |
| *Cash-flow hedges:* | | | | | | |
| Current | | | | | | |
| Cross currency swaps | 75,848 | – | 4,376 | 75,848 | – | 4,376 |
| **Total** | **75,848** | **–** | **4,376** | **75,848** | **–** | **4,376** |
| Non-current | | | | | | |
| Cross currency swaps | 601,821 | – | 35,990 | 445,744 | – | 27,974 |
| Interest rate swaps | 30,000 | – | 1,472 | – | – | – |
| Sub-total | 631,821 | – | 37,462 | 445,744 | – | 27,974 |
| *Non-hedging instruments:* | | | | | | |
| Non-current | | | | | | |
| Currency forwards | 19,929 | – | 720 | – | – | – |
| **Total** | **651,750** | **–** | **38,182** | **445,744** | **–** | **27,974** |
| **2013** | | | | | | |
| *Non-hedging instruments:* | | | | | | |
| Current | | | | | | |
| Cross currency swaps | 98,184 | – | 3,638 | 98,184 | – | 3,638 |
| Share options | – | 56,830 | – | – | 56,830 | – |
| Total | 98,184 | 56,830 | 3,638 | 98,184 | 56,830 | 3,638 |
| *Cash-flow hedges:* | | | | | | |
| Non-current | | | | | | |
| Cross currency swaps | 381,634 | 1,541 | 6,162 | 264,720 | – | 6,162 |
| Interest rate swaps | 30,000 | – | 2,353 | – | – | – |
| Sub-total | 411,634 | 1,541 | 8,515 | 264,720 | – | 6,162 |
| *Non-hedging instruments:* | | | | | | |
| Non-current | | | | | | |
| Currency forwards | 19,929 | 163 | – | – | – | – |
| Total | 431,563 | 1,704 | 8,515 | 264,720 | – | 6,162 |

(i) Cross currency swaps

The Group utilises cross currency swaps to hedge semi-annual interest payments and eventual settlement of notes payable and bank borrowings that will mature between June 2015 to August 2018 (2013: July 2014 to August 2018). Fair value gains and losses on the cross currency swaps recognised in other comprehensive income are reclassified to profit or loss over the period of the borrowings.

(ii) Interest rate swaps

The Group utilises interest rate swaps to hedge variable monthly interest payments on borrowings that will mature on 10 October 2017. Fair value gains and losses on the interest rate swaps are reclassified to profit and loss as part of interest expense over the period of the borrowings.

## 9. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Share options

On 2 October 2013, the Company entered into an option agreement with Vallianz, an associate of Group, where Vallianz shall issue and the Company shall acquire an aggregate of 500,000,000 share options (the "Vallianz Options") with each Vallianz Option carrying the right to subscribe for one new ordinary share in the share capital of Vallianz at the exercise price of S$0.055 per Vallianz Option. The consideration for the Vallianz Options is S$1 each.

During the financial year ended 31 December 2014, the Company exercised the Vallianz Options and subscribed for new ordinary shares in Vallianz. The excess of fair value of the Vallianz Options over the exercise price of the Vallianz Options as at the dates of subscription were recognised as costs of investments in associates.

## 10. INVESTMENTS IN ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Beginning of financial year | **106,358** | 97,225 | **73,336** | 43,336 |
| Additions | **59,925** | 30,000 | **58,282** | 30,000 |
| Perpetual securities of associate (see below) | **22,500** | – | **22,500** | – |
| Disposals of associates | **(18,581)** | (36,177) | **(12,398)** | – |
| Currency translation differences | **(263)** | (1,223) | **–** | – |
| Dividends received | **(3,706)** | (9,404) | **–** | – |
| Long term interests reclassified to receivables | **(10,000)** | – | **–** | – |
| | **156,233** | 80,421 | **141,720** | 73,336 |
| Realisation of gains on disposal of property, plant and equipment arising from partial disposal of associate | **839** | – | | |
| Elimination of gains on disposal of property, plant and equipment to associates | **–** | (1,812) | | |
| Dilution of shares (Note 28) | **(1,435)** | – | | |
| Share of profits | **41,220** | 27,721 | | |
| Share of movement in hedging reserve (Note 23) | **(500)** | – | | |
| Share of movement in equity reserve (Note 23) | **–** | 28 | | |
| End of financial year | **196,357** | 106,358 | | |

During the financial year, the Group's equity interest in Vallianz decreased from 28.9% to 27.0% due to the exercise of share options by the shareholders of Vallianz and the issuance of new shares by Vallianz during the year. The Group recognised a loss on dilution of equity interest amounting to US$1,435,000 during the financial year.

On 30 December 2014, the Group completed its disposal of its entire investment in associate, PT Swiber Berjaya ("PTSB"), and other subsidiaries for a total consideration of US$31,071,000. This consideration was satisfied by the issuance of ordinary shares and Senior Perpetual Securities ("the Securities") by Vallianz (Note 4). Gain on disposal of PTSB amounted to US$6,600,000, which has been recognised in profit or loss during the financial year.

The Securities were issued to the Company on 5 January 2015. The main features of the Securities are as follow:

(a) Subscriber of these Securities are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 4% per annum, subject to a step-up rate of 4.3% from 3 January 2018;

(b) The Issuer may at its sole discretion, elect to defer any distribution provided that the Issuer or any of its subsidiaries will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank;

(c) The Securities have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 3 January 2018 at their principal amount together with any accrued, unpaid or deferred distributions.

## 10. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of associates held by the Group as at the balance sheet date are as follows:

| Name of associate | Country of incorporation and operation | Equity holding 2014 % | Equity holding 2013 % | Principal activities |
|---|---|---|---|---|
| Vallianz Holdings Limited [1] [a] [b] | Singapore | **27** | 28.9 | Investment holding |
| PT Swiber Berjaya [b] | Indonesia | **–** | 49 | Vessel owning and chartering |
| PT Rajawali Swiber Cakrawala[2] | Indonesia | **23** | 23 | Offshore marine engineering |
| Swiber Offshore (India) Private Limited [3] | India | **49** | 49 | Operator and charterer of vessels |
| Resolute Pte Ltd [1] | Singapore | **49** | 49 | Investment holding |
| Holmen Heavylift Offshore Pte Ltd [4] [b] | Singapore | **25** | 49 | Investment holding |
| Holmen Kaizen Ltd [8] | British Virgin Islands | **49** | 49 | Vessel owning and chartering |
| Held by subsidiaries | | | | |
| Victorious LLC [5] | Marshall Islands | **49** | 49 | Vessel owning and chartering |
| Vallianz Marine Pte Ltd [c] | Singapore | **–** | 49 | Vessel owning and chartering |
| Dragados - Swiber Offshore S.A.P.I de C.V. [6] [b] | Mexico | **48** | 49 | Offshore marine engineering |
| Swiber Marine Mexico, S.A. de C.V. [7] | Mexico | **49** | – | Vessel owning and chartering |
| PT Kreuz Berjaya [8] | Indonesia | **49** | 49 | Offshore marine engineering |

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by Ernst & Young, Indonesia.
(3) Audited by Devesh K Shah & Co, India.
(4) Audited by Baker Tilly TFW LLP, Singapore.
(5) Audited by Ernst & Young, New York.
(6) Audited by Deloitte, Mexico.
(7) Audited by PricewaterhouseCoopers, Mexico.
(8) Not required to be audited by law in its country of incorporation and not material to the Group's results and financial position.

**Notes**
(a) Listed on Singapore Exchange Securities Trading Limited – Catalist.
(b) Diluted during the year.
(c) Disposed during the year.

The Group's investments in associated companies include investments in a listed associated company with a carrying amount of US$107,508,000 (2013: US$14,445,000), for which the published price quotations are US$51,961,000 (2013: US$54,230,000) at the balance sheet date. The fair value measurement is classified within Level 1 of the fair value hierarchy.

Contingent liabilities relating to the Group's interest in the associated companies amounted to US$31,245,000 (2013: Nil).

## 10. INVESTMENTS IN ASSOCIATES (CONTINUED)

Set out below are the summarised financial information for the associated companies of the Group as at 31 December 2014, which, in the opinion of the Directors, are material to the Group.

*Summarised balance sheet*

| | Vallianz Holdings Limited | | Resolute Pte. Ltd. | | PT Rajawali Swiber Cakrawala | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | **As at 31 December** | | **As at 31 December** | | **As at 31 December** | | **As at 31 December** | |
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current assets** | **183,001** | 12,895 | **1,386** | 2,709 | **119,983** | 179,093 | **304,370** | 194,697 |
| Includes: | | | | | | | | |
| – Cash and cash equivalents | **24,917** | 1,812 | **70** | 583 | **62,768** | 76,540 | **87,755** | 78,935 |
| **Current liabilities** | **(206,908)** | (20,117) | **(14,861)** | (12,040) | **(55,046)** | (144,692) | **(276,815)** | (176,849) |
| Includes: | | | | | | | | |
| – Financial liabilities (excluding trade payables) | **(156,560)** | (17,558) | **(14,861)** | (12,040) | **(29,077)** | (141,820) | **(200,498)** | (171,418) |
| **Non-current assets** | **788,713** | 133,137 | **99,700** | 104,900 | **26,414** | 1,726 | **914,827** | 239,763 |
| **Non-current liabilities** | **(524,058)** | (53,816) | **(38,229)** | (50,229) | **(251)** | (166) | **(562,538)** | (104,211) |
| Includes: | | | | | | | | |
| – Financial liabilities | **(510,886)** | (53,816) | **(38,229)** | (50,229) | **–** | – | **(549,115)** | (104,045) |
| – Other liabilities | **(13,172)** | – | **–** | – | **(251)** | (166) | **(13,423)** | (166) |
| **Net assets** | **240,748** | 72,099 | **47,996** | 45,340 | **91,100** | 35,961 | **379,844** | 153,400 |

## 10. INVESTMENTS IN ASSOCIATES (CONTINUED)

*Summarised statement of comprehensive income*

| | Vallianz Holdings Limited | | Resolute Pte. Ltd. | | PT Rajawali Swiber Cakrawala | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | **For year ended 31 December** | | **For year ended 31 December** | | **For year ended 31 December** | | **For year ended 31 December** | |
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Revenue | **153,680** | 19,985 | **5,286** | 5,698 | **306,394** | 302,152 | **465,360** | 327,835 |
| Expenses Includes: | | | | | | | | |
| – Depreciation and amortisation | **(17,610)** | (1,545) | **–** | – | **(335)** | (221) | **(17,945)** | (1,766) |
| – Interest expense | **(22,258)** | (3,092) | **(2,183)** | (2,667) | **(43)** | (1,629) | **(24,484)** | (7,388) |
| **Profit from continuing operations** | **21,603** | 11,041 | **2,656** | 4,625 | **64,020** | 34,073 | **88,279** | 49,739 |
| Income tax expense | **(1,173)** | (728) | **–** | – | **(9,281)** | (9,626) | **(10,454)** | (10,354) |
| **Profit after tax** | **20,430** | 10,313 | **2,656** | 4,625 | **54,739** | 24,447 | **77,825** | 39,385 |
| **Other comprehensive loss** | **(2,409)** | (98) | **–** | – | **–** | – | **(2,409)** | (98) |
| **Total comprehensive income** | **18,021** | 10,215 | **2,656** | 4,625 | **54,739** | 24,447 | **75,416** | 39,287 |
| **Dividends received from associate** | **214** | 138 | **–** | – | **–** | – | **214** | 138 |

The share of profit after tax, other comprehensive loss and total comprehensive income for other individually immaterial associates is US$21,931,000 (2013: US$11,314,000), US$127,000 (2013: Nil), US$21,894,000 (2013: US$11,314,000) respectively.

## 10. INVESTMENTS IN ASSOCIATES (CONTINUED)

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated companies.

*Reconciliation of summarised financial information*

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated companies, is as follows:

| | Vallianz Holdings Limited | | Resolute Pte. Ltd. | | PT Rajawali Swiber Cakrawala | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | **As at 31 December** | | **As at 31 December** | | **As at 31 December** | | **As at 31 December** | |
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Net assets** | | | | | | | | |
| **At 1 January** | **72,099** | 61,884 | **45,340** | 40,715 | **35,961** | 11,514 | **153,400** | 114,113 |
| Profit for the year | **20,430** | 10,313 | **2,656** | 4,625 | **54,739** | 24,447 | **77,825** | 39,385 |
| Other comprehensive income | **(2,409)** | (98) | **–** | – | **–** | – | **(2,409)** | (98) |
| Movement in equity reserves | **150,628** | – | **–** | – | **–** | – | **150,628** | – |
| **At 31 December** | **240,748** | 72,099 | **47,996** | 45,340 | **90,700** | 35,961 | **379,444** | 153,400 |
| | **27%** | 28.9% | **49%** | 49% | **23%** | 23% | | |
| Interest in associates | **65,002** | 20,837 | **23,518** | 22,217 | **20,861** | 8,271 | **109,381** | 51,325 |
| Goodwill | **8,453** | – | **–** | – | **–** | – | **8,453** | – |
| Investment in perpetual securities | **22,500** | – | **–** | – | **–** | – | **22,500** | – |
| **Carrying value** | **95,955** | 20,837 | **23,518** | 22,217 | **20,861** | 8,271 | **140,334** | 51,325 |
| **Add:** | | | | | | | | |
| **Carrying value of individually immaterial associates** | | | | | | | **56,023** | 55,033 |
| **Carrying value of Group's interest in associates** | | | | | | | **196,357** | 106,358 |

## 11. INVESTMENTS IN JOINT VENTURES

| | Group 2014 US$'000 | Group 2013 US$'000 |
|---|---|---|
| Beginning of financial year | **54,193** | 21,938 |
| Addition | **–** | 35,067 |
| Disposals | **–** | (3,699) |
| Long term interests reclassified to receivables | **(30,000)** | – |
| Currency translation differences | **(742)** | (901) |
| Dividends received | **(1,000)** | – |
| | **24,451** | 57,005 |
| Share of profits | **231** | 1,735 |
| Share of movement in hedging reserves (Note 23) | **(123)** | 53 |
| End of financial year | **22,559** | 54,193 |

Details of the Group's joint ventures as at balance sheet date are as follows:

| Name of joint venture | Country of incorporation and operation | Proportion of ownership interest and voting power held 2014 % | 2013 % | Principal activity |
|---|---|---|---|---|
| Rawabi Swiber Offshore Marine Pte Ltd [(1)] | Singapore | **50** | 50 | Vessel owning and chartering |
| Rawabi Swiber Offshore Services Limited [(2)] | British Virgin Islands | **50** | 50 | Offshore marine engineering and vessel chartering |
| Alam Swiber DLB 1 (L) Inc [(3)] | Malaysia | **50** | 50 | Operate and manage vessel |
| Alam Swiber Offshore (M) Sdn Bhd [(3)] | Malaysia | **50** | 50 | Engineering and technical support services |
| Swiwar Offshore Pte Limited[(1)] | Singapore | **50** | 50 | Vessel owning and chartering |

(1) Audited by PricewaterhouseCoopers LLP, Singapore.
(2) Not required to be audited by law in its country of incorporation and not material to the Group's results and financial position.
(3) Audited by Ernst & Young, Malaysia.

There are no contingent liabilities relating to the Group's interest in the joint venture companies.

## 11. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Set out below are the summarised financial information for the joint ventures of the Group as at 31 December 2014, which, in the opinion of the directors, are material to the Group.

*Summarised balance sheet*

| | Alam Swiber DLB 1 (L) Inc | | Swiwar Offshore Pte Limited | | **Total** | |
|---|---|---|---|---|---|---|
| | **As at 31 December** | | **As at 31 December** | | **As at 31 December** | |
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current assets** | **9,000** | 48 | **7,326** | 11,723 | **16,326** | 11,771 |
| Includes: | | | | | | |
| – Cash and cash equivalents | **4,379** | 2,462 | **2,854** | 5,662 | **7,233** | 8,124 |
| **Current liabilities** | **(20,667)** | (11,714) | **(21,323)** | (947) | **(41,990)** | (12,661) |
| Includes: | | | | | | |
| – Financial liabilities (excluding trade payables) | **(14,299)** | (5,473) | **(20,218)** | (760) | **(34,517)** | (6,233) |
| – Other current liabilities (including trade payables) | **(6,368)** | (6,241) | **(1,105)** | (187) | **(7,473)** | (6,428) |
| **Non-current assets** | **60,112** | 65,969 | **25,903** | 2,563 | **86,015** | 68,532 |
| **Non-current liabilities** | **(28,097)** | (29,855) | **(246)** | – | **(28,343)** | (29,855) |
| Includes: | | | | | | |
| – Financial liabilities | **(28,097)** | (29,855) | **(246)** | – | **(28,343)** | (29,855) |
| – Other liabilities | **–** | – | **–** | – | **–** | – |
| **Net assets** | **20,348** | 24,448 | **11,660** | 13,339 | **32,008** | 37,787 |

*Summarised statement of comprehensive income*

| | Alam Swiber DLB 1 (L) Inc | | Swiwar Offshore Pte Limited | | Total | |
|---|---|---|---|---|---|---|
| | **For year ended 31 December** | | **For year ended 31 December** | | **For year ended 31 December** | |
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Revenue | **2,250** | 12,061 | **5,255** | 6,298 | **7,505** | 18,359 |
| Expenses | | | | | | |
| Includes: | | | | | | |
| – Depreciation and amortisation | **(2,081)** | (2,872) | **(1,507)** | (320) | **(3,588)** | (3,192) |
| – Interest expense | **(1,720)** | (2,537) | **(473)** | (206) | **(2,193)** | (2,743) |
| **(Loss)/ Profit from operations** | **(2,649)** | 13,764 | **566** | 2,142 | **(2,083)** | 15,906 |
| Income tax expense | **-** | - | **13** | (13) | **13** | (13) |
| **(Loss)/ Profit after tax** | **(2,649)** | 13,764 | **579** | 2,129 | **(2,070)** | 15,893 |
| **Other comprehensive (loss)/income** | **(1,263)** | - | **(246)** | 107 | **(1,509)** | 107 |
| **Total comprehensive (loss)/income** | **(3,912)** | 13,764 | **333** | 2,236 | **(3,579)** | 16,000 |
| **Dividends received from joint venture** | **-** | - | **1,000** | - | **1,000** | - |

The share of profit after tax, other comprehensive income and total comprehensive income for other individually immaterial associates is US$1,266,000 (2013: US$1,239,000), US$55,000 (2013: Nil), US$1,211,000 (2013: US$1,239,000) respectively.

## 11. INVESTMENTS IN JOINT VENTURES (CONTINUED)

*Reconciliation of summarised financial information*

| | Alam Swiber DLB 1 (L) Inc | | Swiwar Offshore Pte Limited | | **Total** | |
|---|---|---|---|---|---|---|
| | **As at 31 December** | | **As at 31 December** | | **As at 31 December** | |
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Net assets** | | | | | | |
| **At 1 January** | **24,448** | 10,045 | **13,339** | 11,210 | **37,787** | 21,255 |
| (Loss)/profit for the year | **(2,649)** | 13,764 | **579** | 2,129 | **(2,070)** | 15,893 |
| Other comprehensive income | **(1,263)** | – | **(258)** | – | **(1,521)** | – |
| Dividend paid | **–** | – | **(2,000)** | – | **(2,000)** | – |
| Foreign exchange differences | **(188)** | 639 | **–** | – | **(188)** | 639 |
| **At 31 December** | **20,348** | 24,448 | **11,660** | 13,339 | **32,008** | 37,787 |
| Interest in joint venture | **50%** | 50% | **50%** | 50% | | |
| **Carrying value** | **10,174** | 12,224 | **5,830** | 6,670 | **16,004** | 18,894 |
| **Add :** | | | | | | |
| **Carrying value of individually immaterial joint ventures** | | | | | **6,555** | 35,299 |
| **Carrying value of Group's interest in joint ventures** | | | | | **22,559** | 54,193 |

## 12. INVESTMENTS IN SUBSIDIARIES

| | **Company** | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Quoted equity shares, at cost | **–** | 121,009 |
| Unquoted equity shares, at cost | **121,805** | 128,619 |
| | **121,805** | 249,628 |

Details of the Company's significant subsidiaries as at the balance sheet date are as follows:

| **Name of subsidiary** | **Country of incorporation and operation** | **Equity holding 2014 %** | **Equity holding 2013 %** | **Principal activities** |
|---|---|---|---|---|
| Swiber Offshore Construction Pte Ltd | Singapore | **100** | 100 | Offshore marine engineering |
| Swiber Offshore Marine Pte Ltd | Singapore | **100** | 100 | Vessel owning and chartering |
| Kreuz Holdings Limited [(a)] | Singapore | **–** | 57.5 | Investment holding |
| Swiber Corporate Pte Ltd (Formerly known as Swiber Corporate Services Pte Ltd) | Singapore | **100** | 100 | Provision of corporate services |
| Resolute Offshore Pte Ltd | Singapore | **100** | 100 | Vessel owning and chartering |

## 12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation and operation | Equity holding 2014 % | 2013 % | Principal activities |
|---|---|---|---|---|
| Held by subsidiaries | | | | |
| Swiber Offshore Mexico S.A. De C.V. [(1)] | Mexico | **100** | 100 | Offshore marine engineering |
| Swiber Engineering Ltd [(2)] | Malaysia | **100** | 100 | Offshore marine engineering |
| Swiber Atlantis Pte Ltd | Singapore | **100** | 100 | Vessel owning and chartering |
| Tuscan Marine, S.A. De C.V SOFOM E.N.R. [(1)] | Singapore | **100** | – | Vessel owning and chartering |
| Holmen DLB Pte Ltd [(3)] | Singapore | **100** | – | Vessel owning and chartering |
| Newcruz Shipbuilding & Engineering Pte Ltd [(a)] | Singapore | **–** | 100 | Building of ships, tankers and other ocean-going vessels |
| Newcruz Offshore Marine Pte Ltd | Singapore | **100** | 100 | Vessel owning and chartering |
| Equatoriale Services Pte Ltd | Singapore | **100** | 100 | Provision of drilling services |
| PAPE Engineering Pte Ltd | Singapore | **100** | 100 | Offshore marine engineering |
| ACS Marine Offshore SPRL [(4)] | Belgium | **100** | – | Offshore marine engineering |
| Bitachon Offshore Contractor Oy [(5)] | Finland | **100** | – | Offshore marine engineering |
| Kreuz Subsea Pte Ltd [(a)] | Singapore | **–** | 100 | Subsea services |
| Kreuz Subsea Marine Pte Ltd [(a)] | Singapore | **–** | 100 | Vessel owning and chartering |
| KSS Engineering Ltd [(a)] | Malaysia | **–** | 100 | Subsea services |
| Kreuz Subsea (B) Sdn Bhd [(a)] | Brunei | **–** | 100 | Subsea services |

All the subsidiaries were audited by PricewaterhouseCoopers LLP, Singapore unless otherwise indicated as follows:

(1) Audited by PricewaterhouseCoopers, Mexico.
(2) Not required to be audited by law in Labuan, Malaysia.
(3) Audited by Baker Tilly TFW LLP, Singapore.
(4) Audited by PricewaterhouseCoopers, Belgium.
(5) Audited by PricewaterhouseCoopers, Finland.

**Notes**

(a) Disposed during the year (Note 4)

The Company's investments in subsidiaries in the previous financial year include a listed subsidiary with a carrying amount of US$121,009,000 for which the published price quotation were US$199,700,000 as at 31 December 2013.

There are no non-controlling interests that are material to the Group as at 31 December 2014 other than preference shares issued by a subsidiary amounting to US$99,700,000 (2013: US$104,900,000).

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Construction-in-progress US$'000 | Vessels US$'000 | Drydocking US$'000 | Cranes and machineries US$'000 | Leasehold property US$'000 | Motor vehicles US$'000 | Furniture and equipment US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| Cost: | | | | | | | | |
| **At 1 January 2013** | 286,038 | 329,913 | 9,780 | 65,776 | 40,205 | 2,011 | 13,591 | 747,314 |
| Additions | 126,912 | 922 | 1,044 | 13,427 | 70 | 207 | 3,696 | 146,278 |
| Disposals | – | (369,732) | (718) | (19) | – | (324) | (1) | (370,794) |
| Disposal of subsidiaries | – | – | – | – | – | – | (84) | (84) |
| Written off | – | (8,809) | – | (5,460) | – | – | (90) | (14,359) |
| Reclassified to asset held for sales | – | (771) | – | – | – | – | – | (771) |
| Transfer | (400,298) | 400,298 | – | – | – | – | – | – |
| Exchange differences | – | (14) | – | (845) | (210) | (1) | (85) | (1,155) |
| **At 31 December 2013** | 12,652 | 351,807 | 10,106 | 72,879 | 40,065 | 1,893 | 17,027 | 506,429 |
| Additions | 81,942 | 403,138 | 1,176 | 6,758 | 29 | – | 4,950 | 497,993 |
| Disposals | – | (7,479) | – | (448) | (44) | (465) | (35) | (8,471) |
| Disposal of subsidiaries | (12,978) | (79,158) | (7,829) | (51,161) | (5,452) | (563) | (2,540) | (159,681) |
| Written off | – | – | – | – | – | – | (2,084) | (2,084) |
| Reclassified from assets held for sales | – | 771 | – | – | – | – | – | 771 |
| Exchange differences | (9) | (29) | – | (819) | (235) | (1) | (184) | (1,277) |
| **At 31 December 2014** | **81,607** | **669,050** | **3,453** | **27,209** | **34,363** | **864** | **17,134** | **833,680** |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Construction-in-progress US$'000 | Vessels US$'000 | Drydocking US$'000 | Cranes and machineries US$'000 | Leasehold property US$'000 | Motor vehicles US$'000 | Furniture and equipment US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| Accumulated depreciation: | | | | | | | | |
| **At 1 January 2013** | – | 29,521 | 1,957 | 18,081 | 8,709 | 778 | 10,107 | 69,153 |
| Depreciation | – | 18,710 | 3,337 | 7,479 | 2,216 | 229 | 2,766 | 34,737 |
| Disposals | – | (5,312) | (162) | (6) | – | (144) | (1) | (5,625) |
| Disposal of subsidiaries | | – | – | – | – | – | (65) | (65) |
| Written off | – | – | – | (5,460) | – | – | (69) | (5,529) |
| Exchange differences | – | (10) | – | (282) | (188) | – | (64) | (544) |
| **At 31 December 2013** | – | 42,909 | 5,132 | 19,812 | 10,737 | 863 | 12,674 | 92,127 |
| Depreciation | – | 30,668 | 737 | 6,354 | 2,230 | 142 | 3,961 | 44,092 |
| Disposals | – | (1,122) | – | (121) | (14) | (342) | (21) | (1,620) |
| Disposal of subsidiaries | – | (19,531) | (4,255) | (15,558) | (4,977) | (205) | (2,279) | (46,805) |
| Written off | – | – | – | – | – | – | (2,077) | (2,077) |
| Exchange differences | – | (11) | – | (385) | (214) | – | (117) | (727) |
| **At 31 December 2014** | **–** | **52,913** | **1,614** | **10,102** | **7,762** | **458** | **12,141** | **84,990** |
| Carrying amount: | | | | | | | | |
| **At 31 December 2014** | **81,607** | **616,137** | **1,839** | **17,107** | **26,601** | **406** | **4,993** | **748,690** |
| **At 31 December 2013** | **12,652** | **308,898** | **4,974** | **53,067** | **29,328** | **1,030** | **4,353** | **414,302** |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Motor vehicles US$'000 | Furniture and office equipment US$'000 | Total US$'000 |
|---|---|---|---|
| **Company** | | | |
| Cost: | | | |
| **At 1 January 2013** | 501 | 2,769 | 3,270 |
| Disposal | (183) | – | (183) |
| **At 31 December 2013** | 318 | 2,769 | 3,087 |
| Additions | – | 594 | 594 |
| Disposals | (208) | – | (208) |
| **At 31 December 2014** | **110** | **3,363** | **3,473** |
| Accumulated depreciation: | | | |
| **At 1 January 2013** | 266 | 2,701 | 2,967 |
| Depreciation | 37 | 50 | 87 |
| Disposal | (59) | – | (59) |
| **At 31 December 2013** | 244 | 2,751 | 2,995 |
| Depreciation | 30 | 51 | 81 |
| Disposals | (178) | – | (178) |
| **At 31 December 2014** | **96** | **2,802** | **2,898** |
| Carrying amount: | | | |
| **At 31 December 2014** | **14** | **561** | **575** |
| **At 31 December 2013** | **74** | **18** | **92** |

The carrying amounts of the Group's and Company's property, plant and equipment at balance sheet date includes an amount of US$241,356,000 (2013: US$13,833,000) and US$570,000 (2013: US$74,000) respectively in respect of assets held under finance leases (Note 19).

The Group has pledged certain vessels and equipment with carrying amounts of approximately US$221,213,000 (2013: US$218,139,000) on bank borrowings granted to the Group (Note 16).

In the last financial year, the Group's and Company's property, plant and equipment include capitalised borrowing costs of US$6,703,000 (Note 29).

## 14. TRADE PAYABLES

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Trade payables to: | | |
| – Non–related parties | **151,374** | 225,822 |
| – Associates | **7,475** | 1,663 |
| – Joint ventures | **2,817** | 1,071 |
| – Related parties | **–** | 231 |
| | **161,666** | 228,787 |
| Construction contracts: | | |
| – Due to customers (Note 8) | **20,033** | – |
| Total trade payables | **181,699** | 228,787 |

Related parties refer to companies which are controlled or jointly controlled by a member of the key management personnel of the Group.

## 15. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Other payables to: | | | | |
| – Non-related parties | **7,005** | 13,405 | **4,285** | 2,268 |
| – Associates | **34,063** | 8,517 | **10,913** | 10,480 |
| – Joint ventures | **–** | 1,998 | **–** | – |
| – Subsidiaries | **–** | – | **237,091** | 213,992 |
| Accruals | **48,469** | 87,701 | **7,487** | 32,358 |
| | **89,537** | 111,621 | **259,776** | 259,098 |

Non-trade payables due to associates, joint ventures, related parties and subsidiaries as at balance sheet date are unsecured, interest free and repayable on demand.

## 16. BANK BORROWINGS

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Current | **251,289** | 258,130 |
| Non-current | **101,181** | 69,763 |
| | **352,470** | 327,893 |

The exposure of the bank borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| <u>Repricing dates in:</u> | | |
| Less than 1 year | **352,470** | 326,831 |
| 1 - 5 years | **–** | 1,062 |
| | **352,470** | 327,893 |

(a) Security granted:

(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; and
(v) Charge on certain trade receivables.

(b) Fair value of non-current bank borrowings

As at balance sheet date, the fair value of non-current bank borrowings approximate its carrying amounts as the bank borrowings is floating rate bank borrowings.

In the previous financial year, the fair value of non-current bank borrowings was US$69,707,000 and were determined from cash flow analyses, discounted at 2.46%, which represented market borrowing rates of equivalent instruments at the balance sheet date which the directors expect to be available to the Group. The fair values were within Level 2 of the fair values hierarchy.

## 17. NOTES PAYABLE

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current – Unsecured** | | | | |
| Due within 1 year | **71,615** | 94,347 | **71,615** | 94,347 |
| **Non-current – Unsecured** | | | | |
| Due within 2 – 5 years | **566,645** | 371,811 | **417,802** | 255,748 |
| | **638,260** | 466,158 | **489,417** | 350,095 |

## 17. NOTES PAYABLE (CONTINUED)

Notes payable of the Group relates to a S$1 billion Multicurrency Medium Term Note Programme established on 20 July 2007, and a US$500 million Multicurrency Islamic Trust Certificates Issuance Programme established on 26 July 2013 which is structured based on the Islamic principles of Wakalah Bi Al-Istithmar.

The maturity profile of notes payable is as follow:

| | Maturity date | Group US$'000 | Company US$'000 |
|---|---|---|---|
| **Current** | | | |
| Multicurrency medium term notes | | | |
| – series 11 | 8 June 2015 | 71,615 | 71,615 |
| **Non-current** | | | |
| Multicurrency medium term notes | | | |
| – series 12 | 6 July 2016 | 56,102 | 56,102 |
| – series 14 | 18 April 2017 | 119,154 | 119,154 |
| – series 15 | 7 October 2016 | 74,192 | 74,192 |
| – series 16 | 6 June 2016 | 96,466 | 96,466 |
| – series 17 | 18 September 2017 | 71,888 | 71,888 |
| | | 417,802 | 417,802 |
| Islamic trust certificates | | | |
| – series 1 | 2 August 2018 | 111,924 | – |
| – series 2 | 30 October 2017 | 36,919 | – |
| | | 148,843 | – |
| | | 566,645 | 417,802 |

Simultaneously, cross currency swap contracts were established in relation to certain issued bonds creating an effective cash flow hedge against the foreign currency movements on the notes issued.

Fair value of non-current notes payable

| | Group | |
|---|---|---|
| | **2014 US$'000** | 2013 US$'000 |
| Notes payable | **549,558** | 358,077 |

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| Notes payable | **6.38%** | 6.68% |

The fair values are within Level 2 of the fair values hierarchy.

## 18. CONVERTIBLE BONDS

The Group's convertible bonds were redeemed in full on 16 October 2014.

## 19. FINANCE LEASES

The Group leases certain plant and equipment and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

| | Minimum lease payments | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Group** | | | | |
| Not later than one year | **34,920** | 3,661 | **26,529** | 3,469 |
| Between one and five years | **161,955** | 2,852 | **148,702** | 2,708 |
| | **196,875** | 6,513 | **175,231** | 6,177 |
| Less: Future finance charges | **(21,644)** | (336) | **–** | – |
| Present value of lease liabilities | **175,231** | 6,177 | **175,231** | 6,177 |
| **Company** | | | | |
| Not later than one year | **224** | 48 | **212** | 36 |
| Between one and five years | **320** | 66 | **305** | 48 |
| | **544** | 114 | **517** | 84 |
| Less: Future finance charges | **(27)** | (30) | **–** | – |
| Present value of lease obligations | **517** | 84 | **517** | 84 |

The Group and Company's obligations under finance leases are secured by the lessors' title to the leased assets.

## 20. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Deferred income tax assets | | | | |
| – To be settled within one year | **166** | – | **–** | – |
| – To be settled after one year | **3,653** | – | **–** | – |
| | **3,819** | – | **–** | – |
| Deferred income tax liabilities | | | | |
| – To be settled within one year | **–** | (1,528) | **–** | – |
| – To be settled after one year | **–** | (15,241) | **–** | – |
| | **–** | (16,769) | **–** | – |

Movement in deferred income taxes is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Beginning of financial year | **(16,769)** | (9,208) | **–** | (18) |
| Currency translation | **–** | 15 | **–** | – |
| Disposal of subsidiaries | **15,745** | – | **–** | – |
| Charged to profit or loss (Note 30) | **4,843** | (7,576) | **–** | 18 |
| End of financial year | **3,819** | (16,769) | **–** | – |

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of US$32,094,000 (2013: US$3,914,000) and capital allowances of US$4,000 (2013: US$1,684,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

The tax losses and capital allowances have no expiry date.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group
Deferred income tax liabilities

| | **2014 Accelerated tax depreciation US$'000** | 2013 Accelerated tax depreciation US$'000 |
|---|---|---|
| Beginning of financial year | **(24,155)** | (14,141) |
| Currency translation difference | **–** | 5 |
| Disposal of subsidiaries | **15,768** | – |
| Credited/ (charged) to profit or loss | **799** | (10,019) |
| End of financial year | **(7,588)** | (24,155) |

**20. DEFERRED INCOME TAX (CONTINUED)**

Group
Deferred income tax assets

| | Tax losses and allowances US$'000 | Other US$'000 | Total US$'000 |
|---|---|---|---|
| **2014** | | | |
| Beginning of financial year | **7,386** | **–** | **7,386** |
| Disposal of subsidiaries | **(23)** | **–** | **(23)** |
| Charged to profit or loss | **4,044** | **–** | **4,044** |
| End of financial year | **11,407** | **–** | **11,407** |
| **2013** | | | |
| Beginning of financial year | 4,529 | 404 | 4,933 |
| Credited to profit or loss | 2,857 | (404) | 2,453 |
| End of financial year | 7,386 | – | 7,386 |

Company
Deferred income tax liabilities

| | **2014 Accelerated tax depreciation US$'000** | 2013 Accelerated tax depreciation US$'000 |
|---|---|---|
| Beginning of financial year | **–** | (18) |
| Credited to profit or loss | **–** | 18 |
| End of financial year | **–** | – |

**21. SHARE CAPITAL**

| | Group and Company | | | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | Number of ordinary shares | | **US$'000** | US$'000 |
| Issued and paid up | **611,386,000** | 609,421,000 | **208,246** | 208,246 |

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

Pursuant to the Swiber Performance Share Plan (Note 23(b)), the Company issued 1,965,000 ordinary shares on 19 March 2014 at nil consideration. The newly issued shares rank pari passu in all respects with the previously issued shares.

## 22. TREASURY SHARES

| | Group and Company | | | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | Number of ordinary shares | | **US$'000** | US$'000 |
| Beginning of financial year | **931,668** | 1,963,334 | **780** | 1,643 |
| Treasury shares re-issued | **(931,668)** | (1,031,666) | **(780)** | (863) |
| End of financial year | **–** | 931,668 | **–** | 780 |

Pursuant to the Swiber Performance Share Plan, the Company re-issued 896,668 and 35,000 (2013: 1,031,666) treasury shares on 27 January 2014 and 19 March 2014 respectively at nil consideration.

## 23. OTHER RESERVES

Hedging reserve

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Beginning of financial year | **(5,902)** | (12,387) | **(3,544)** | (7,612) |
| Fair value movement | **(8,306)** | 2,947 | **(5,882)** | 1,609 |
| Reclassification to profit and loss | **1,403** | 2,459 | **1,403** | 2,459 |
| Disposal of an associate (Note 28) | **–** | 1,026 | **–** | – |
| | **1,403** | 3,485 | **1,403** | 2,459 |
| Share of associate's fair value losses on cash flow hedge (Note 10) | **(500)** | – | **–** | – |
| Share of joint venture's fair value losses on cash flow hedge (Note 11) | **(123)** | 53 | **–** | – |
| End of financial year | **(13,428)** | (5,902) | **(8,023)** | (3,544) |

Translation reserve

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Beginning of financial year | **(517)** | (378) | **–** | – |
| Disposal of subsidiaries | **2,391** | – | **–** | – |
| Net currency translation differences of financial statements of foreign subsidiaries, joint ventures and associates | **2,640** | (140) | **–** | – |
| Less: Non-controlling interests | **–** | 1 | **–** | – |
| | **2,640** | (139) | **–** | – |
| End of financial year | **4,514** | (517) | **–** | – |

## 23. OTHER RESERVES (CONTINUED)

Equity reserve

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Beginning of financial year | **(7,899)** | (7,584) |
| Share of associates' other reserve (Note 10) | **–** | 28 |
| Performance shares awarded using treasury shares | **(63)** | (6) |
| Acquisition of a subsidiary | **–** | (337) |
| Disposal of subsidiaries | **7,372** | – |
| End of financial year | **(590)** | (7,899) |

Employees' share options and awards reserve

| | Group and Company | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Beginning of financial year | **6,138** | 4,236 |
| Share based compensation expense (Note 27) | **1,222** | 2,759 |
| Issue of treasury shares | **(717)** | (857) |
| End of financial year | **6,643** | 6,138 |

(a) Swiber Employee Share Option Scheme ("Scheme")

Share options ("Options") were granted to directors of the Group under the Scheme, which became operative on 29 September 2006.

The terms of the exercise of Options are set out in the Directors' Report under the caption "Swiber Employee Share Option Scheme".

(i) On 26 January 2011, the Options to subscribe for 15,000,000 ordinary shares of the Company at an exercise price of S$0.97 per ordinary share were granted pursuant to the Scheme. The Options have a one year vesting period and are exercisable from 26 January 2012 and expire on 25 January 2016.

The fair value of Options granted on 26 January 2011, determined using the Black Scholes Model, was US$3,261,000. The significant inputs into the model were the share price of S$0.965 at the grant date, the exercise price of S$0.97, standard deviation of expected share price returns of 53%, the option life shown above and the annual risk-free interest rate of 1.54%. The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last two years.

(ii) On 19 March 2013, the Options to subscribe for 15,000,000 ordinary shares of the Company at an exercise price of S$0.64 per ordinary share were granted pursuant to the Scheme. The Options have a one year vesting period and are exercisable from 19 March 2013 and expire on 18 March 2018.

The fair value of Options granted on 19 March 2013, determined using the Black Scholes Model, was US$958,000. The significant inputs into the model were the share price of S$0.64 at the grant date, the exercise price of S$0.64, standard deviation of expected share price returns of 25%, the Option life shown above and the annual risk-free interest rate of 0.25%. The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last two years.

No Options were exercised in the financial year ended 31 December 2014.

## 23. OTHER RESERVES (CONTINUED)

Employees' share options and awards reserve (continued)

(b) Swiber Performance Share Plan ("Plan")

Share awards were granted to eligible employees of the Group under the Plan, which became operative on 29 September 2006.

The terms of the share awards are set out in the Directors' Report under the caption "Swiber Performance Share Plan".

(i) On 26 January 2011, 3,095,000 share awards were granted pursuant to the Plan. These share awards have a 3-year vesting period commencing from the date of the grant. The fair value of these share awards was determined based on the share price of S$0.965 at the grant date.

(ii) On 19 March 2013, 6,000,000 share awards were granted pursuant to the Plan. These share awards have a 3-year vesting period commencing from the date of the grant. The fair value of these share awards was determined based on the share price of S$0.64 at the grant date.

## 24. PERPETUAL CAPITAL SECURITIES

On 25 September 2012, the Company issued S$80 million 9.75% perpetual capital securities at an issue price of 100 per cent.

Holders of these perpetual capital securities are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 9.75% per annum, subject to a step-up rate from 25 September 2015. The Company has a right to defer this distribution under certain conditions.

The perpetual capital securities have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 25 September 2015 at their principal amount together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company or any of its subsidiaries, will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

These perpetual capital securities were issued for the Company's general corporate purposes as well as to acquire certain existing vessels which are under various leasing arrangements.

## 25. REVENUE

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Revenue from construction contracts | **478,045** | 628,383 |
| Charter hire income | **180,568** | 273,172 |
| Diving services | **18,774** | 98,163 |
| Others | **49,126** | 39,415 |
| | **726,513** | 1,039,133 |

## 26. EXPENSES BY NATURE

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Purchases of inventories | **141,835** | 279,358 |
| Purchase of spares and consumables | **72,356** | 98,690 |
| Ship management fees | **18,482** | 2,425 |
| Chartering expenses | | |
| – Operating lease | **123,555** | 81,908 |
| – Non-operating lease | **81,153** | 152,066 |
| Travelling and transportation expense | **11,319** | 15,319 |
| Labour and subcontractor costs | **126,739** | 241,677 |
| Depreciation of property, plant and equipment | **44,092** | 34,737 |
| Directors' fees | **374** | 598 |
| Employee compensation expenses (Note 27) | **30,325** | 53,551 |
| Impairment loss on trade receivables | **–** | 6,445 |
| Bad debts written off | **838** | 48 |
| Rental of equipment | **21,836** | 18,717 |

## 27. EMPLOYEE COMPENSATION EXPENSE

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Salaries, bonuses and other benefits | **25,849** | 43,199 |
| Employer's contribution to defined contribution plans including Central Provident Fund | **1,780** | 2,052 |
| Staff welfare | **1,474** | 5,541 |
| Share based compensation expense (Note 23(b)) | **1,222** | 2,759 |
| | **30,325** | 53,551 |

## 28. OTHER OPERATING INCOME - NET

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Gain/ (loss) on disposal of: | | |
| – Associates | **6,416** | 9,922 |
| – Subsidiaries (Note 4) | **96,831** | (1,249) |
| – Joint ventures | **–** | (2,249) |
| – Reclassified from hedging reserve (Note 23) | **–** | (1,026) |
| Loss on dilution of associate (Note 10) | **(1,435)** | – |
| | **101,812** | 5,398 |
| Fair value gains on financial instruments designated as fair value through profit or loss | | |
| – Convertible bonds | **1,900** | (1,304) |
| – Notes payable | **1,351** | (6,448) |
| – Share options | **(25,816)** | 56,830 |
| | **(22,565)** | 49,078 |
| Interest income charged to: | | |
| – Associates | **1,200** | 1,375 |
| – Joint ventures | **1,519** | 2,622 |
| – Others | **610** | 1,107 |
| | **3,329** | 5,104 |
| Gain on disposal of property, plant and equipment | **1,796** | 3,142 |
| Sale of scrap metal | **1,265** | 43 |
| Claim received | **1,181** | 595 |
| Net foreign exchange gains | **9,845** | 1,919 |
| Recovery of bad debts previously written off | **5,067** | – |
| Others | **1,775** | 1,303 |
| | **103,505** | 66,582 |

## 29. FINANCE EXPENSES

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Interest expense on: | | |
| Bank borrowings | **8,102** | 7,855 |
| Bills payable | **6,025** | 9,245 |
| Finance leases | **9,309** | 508 |
| Note payables and convertible bonds | **40,702** | 33,615 |
| | **64,138** | 51,223 |
| Cash flow hedges, reclassified from hedging reserve | **1,403** | 2,459 |
| | **65,541** | 53,682 |
| Less: Interest capitalised in construction-in-progress (Note 13) | **–** | (6,703) |
| | **65,541** | 46,979 |

Borrowing costs on general financing were capitalised at a rate of nil (2013: 6%).

## 30. INCOME TAX EXPENSE

(a) Income tax expense

| | Group 2014 US$'000 | Group 2013 US$'000 |
|---|---|---|
| Tax expense attributable to profit is made up of: | | |
| Profit for the financial year: | | |
| – Current income tax | **19,345** | 20,929 |
| – Deferred income tax (Note 20) | **(8,366)** | 7,310 |
| | **10,979** | 28,239 |
| (Over)/ under provision in prior financial years | | |
| – Current income tax | **(10,015)** | 3,390 |
| – Deferred income tax (Note 20) | **3,523** | 266 |
| | **(6,492)** | 3,656 |
| | **4,487** | 31,895 |

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

| | Group 2014 US$'000 | Group 2013 US$'000 |
|---|---|---|
| Profit before tax | **35,734** | 122,790 |
| Share of profits of associates and joint ventures (Note 10 and 11) | **(41,451)** | (29,456) |
| | **(5,717)** | 93,334 |
| Tax calculated at tax rate of 17% (2013: 17%) | **(972)** | 15,867 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | **1,457** | 1,891 |
| Expenses not deductible for tax purposes | **26,636** | 13,541 |
| Income not subject to tax | **(31,765)** | (27,599) |
| Tax incentives | **(394)** | – |
| Deferred tax benefits not recognised | **2,720** | 16,063 |
| Utilisation of previously unrecognised tax losses | **–** | (3,992) |
| Utilisation of previously unrecognised capital allowances | **(44)** | (1,861) |
| Withholding tax | **13,332** | 14,394 |
| Others | **9** | (65) |
| (Over)/ under provision in prior financial years | **(6,492)** | 3,656 |
| | **4,487** | 31,895 |

Movement in income tax liabilities is as follows:

| | Group 2014 US$'000 | Group 2013 US$'000 |
|---|---|---|
| Beginning of financial year | **32,338** | 30,116 |
| Currency translation | **12** | 28 |
| Disposal of subsidiaries | **(12,910)** | 648 |
| Acquisition of subsidiary | **1,141** | – |
| Income tax paid | **(13,690)** | (22,773) |
| Charges to profit and loss | **9,330** | 24,319 |
| End of financial year | **16,221** | 32,338 |

## 30. INCOME TAX EXPENSE (CONTINUED)

(b) The tax credit relating to each component of other comprehensive income is as follows:

| | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| | **Before tax US$'000** | **Tax credit US$'000** | **After tax US$'000** | Before tax US$'000 | Tax charge US$'000 | After tax US$'000 |
| Fair value (losses)/ gains and reclassification adjustments on cash flow hedges | **(8,317)** | **1,414** | **(6,903)** | 7,749 | (1,317) | 6,432 |
| Currency translation differences on translation of foreign operations | **5,031** | **–** | **5,031** | (139) | – | (139) |
| Share of other comprehensive income of associates and joint ventures | **(623)** | **–** | **(623)** | 81 | – | 81 |
| Other comprehensive income | **(3,909)** | **1,414** | **(2,495)** | 7,691 | (1,317) | 6,374 |

## 31. EARNINGS PER SHARE

On 4 February 2015, the Company issued 305,693,000 new ordinary shares at an issue price of S$0.15 each on the basis of one rights share for every two ordinary shares in the capital of the Company. The last market traded price of the Company's ordinary shares before the rights issue was S$0.196. The basic and diluted earnings per share for the financial years ended 31 December 2014 and 2013 have been adjusted for retrospectively to reflect the effect of the above rights issue.

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

| | Group | |
|---|---|---|
| | **2014 US$'000** | 2013 US$'000 |
| Net profit attributable to equity holders of the Company | **16,422** | 62,115 |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) (restated) | **662,777** | 660,296 |
| Basic earnings per share (in US cents) (restated) | **2.5** | 9.4 |

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense and fair value gains less the tax effect.

## 31. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share (continued)

For share awards, the weighted average number of shares on issue has been adjusted as if all dilutive share awards were exercised. The number of shares that could have been issued upon the exercise of all dilutive share awards less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Net profit attributable to equity holders of the Company | **16,422** | 62,115 |
| Interest expense on convertible bonds, net of tax | **–** | 1,498 |
| Fair value loss on convertible bonds designated as fair value through profit or loss | **–** | 1,304 |
| Net profit used to determine diluted earnings | **16,422** | 64,917 |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) (restated) | **662,777** | 660,296 |
| Adjustment for ('000) | | |
| – Convertible bonds | **–** | 62,517 |
| – Share awards | **4,000** | 16,743 |
| | **666,777** | 739,556 |
| Diluted earnings per share (in US cents) (restated) | **2.5** | 8.8 |

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.

## 32. CAPITAL COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, are as follows:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Commitments to contracts for the acquisition of property, plant and equipment | **26,420** | 14,471 |

## 33. OPERATING LEASE COMMITMENTS – WHERE THE GROUP IS A LESSEE

The Group leases land, apartments, equipment and vessels from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses, and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Not later than one year | **83,294** | 144,987 |
| Between two and five years | **202,878** | 296,724 |
| Later than five years | **4,311** | 22,941 |
| | **290,483** | 464,652 |

## 34. FINANCIAL RISK MANAGEMENT

*Financial risk factors*

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as interest rate swaps, cross currency swaps, currency forwards and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Financial risk management is carried out by a central treasury department ("Group Treasury") in accordance with the policies set by the Board of Directors.

(a) Market risk

*(i) Currency risk*

The Group operates in Asia and Latin America with dominant operations in Singapore, Malaysia, Brunei, Mexico and India. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Malaysian Ringgit ("MYR"), Euro ("EUR"), Brunei Dollar ("BND"), Mexican Peso ("MXN") and Indian Rupees ("INR"). Group Treasury manages the overall currency exposure mainly by entering into currency forwards with banks.

**34. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) Market risk (continued)

*(i) Currency risk* (continued)

The Group's currency exposure based on the information provided to key management is as follows:

Group

| | Singapore Dollars US$'000 | United States Dollars US$'000 | Euro US$'000 | Mexican Peso US$'000 | Chinese Yuan US$'000 | Indian Rupees US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Cash and cash equivalents | 5,210 | 168,759 | 68 | 80 | 61 | 611 | 1,309 | 176,098 |
| Trade receivables | 272 | 451,236 | 2 | 2,635 | – | 164 | 33 | 454,342 |
| Other receivables | 808 | 248,079 | 14 | 29,308 | – | – | 152 | 278,361 |
| Receivables from subsidiaries | – | 2,995,771 | – | – | – | – | – | 2,995,771 |
| | 6,290 | 3,863,845 | 84 | 32,023 | 61 | 775 | 1,494 | 3,904,572 |
| **Financial liabilities** | | | | | | | | |
| Bank borrowings | 609,691 | 484,383 | – | – | 71,887 | – | – | 1,165,961 |
| Trade payables | 23,196 | 116,371 | 1,405 | 14,821 | 85 | 3,564 | 2,224 | 161,666 |
| Other payables | 5,450 | 16,954 | 351 | 34,131 | – | 2,979 | 258 | 60,123 |
| Payables from subsidiaries | – | 2,995,771 | – | – | – | – | – | 2,995,771 |
| | 638,337 | 3,613,479 | 1,756 | 48,952 | 71,972 | 6,543 | 2,482 | 4,383,521 |
| **Net financial (liabilities)/ assets** | (632,047) | 250,366 | (1,672) | (16,929) | (71,911) | (5,768) | (988) | (478,949) |
| Effect of derivative financial instruments | 585,315 | – | – | – | – | – | – | 585,315 |
| **Currency exposure** | (46,732) | 250,366 | (1,672) | (16,929) | (71,911) | (5,768) | (988) | 106,366 |
| Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies | (46,732) | 211,601 | (1,672) | (1,974) | (71,911) | (5,768) | (988) | 82,556 |

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

*(i)* *Currency risk* (continued)

Group

| | Singapore Dollars US$'000 | United States Dollars US$'000 | Brunei Dollars US$'000 | Mexican Peso US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 5,121 | 151,045 | 477 | – | 5,770 | 162,413 |
| Trade receivables | 34,307 | 454,711 | 164 | 21,319 | 75 | 510,576 |
| Other receivables | 10,595 | 364,562 | 38 | 6,933 | 1,120 | 383,248 |
| Receivables from subsidiaries | 25,891 | 2,672,759 | – | – | – | 2,698,650 |
| | 75,914 | 3,643,077 | 679 | 28,252 | 6,965 | 3,754,887 |
| **Financial liabilities** | | | | | | |
| Bank borrowings | 478,174 | 359,513 | 41 | – | – | 837,728 |
| Trade payables | 37,039 | 117,146 | 4,645 | 31,919 | 11,376 | 202,125 |
| Other payables | 41,182 | 9,428 | 43,837 | 3,495 | 13,679 | 111,621 |
| Payables from subsidiaries | 40,440 | 2,658,204 | 6 | – | – | 2,698,650 |
| | 596,835 | 3,144,291 | 48,529 | 35,414 | 25,055 | 3,850,124 |
| **Net financial (liabilities)/ assets** | (520,921) | 498,786 | (47,850) | (7,162) | (18,090) | (95,237) |
| Effect of derivative financial instruments | 466,158 | – | – | – | – | 466,158 |
| **Currency exposure** | (54,763) | 498,786 | (47,850) | (7,162) | (18,090) | 370,921 |
| Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies | (82,678) | (106,560) | (47,828) | – | 6,489 | (230,577) |

**34. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) Market risk (continued)

*(i) Currency risk* (continued)

Company

| | Singapore Dollars US$'000 | United States Dollars US$'000 | Chinese Yuan US$'000 | Total US$'000 |
|---|---|---|---|---|
| **2014** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 1,799 | 17,575 | 42 | 19,416 |
| Other receivables | 60 | 977,591 | – | 977,651 |
| | 1,859 | 995,166 | 42 | 997,067 |
| **Financial liabilities** | | | | |
| Bank borrowings | 418,047 | – | 71,887 | 489,934 |
| Other payables | 1,463 | 258,313 | – | 259,776 |
| | 419,510 | 258,313 | 71,887 | 749,710 |
| **Net financial (liabilities)/ assets** | (417,651) | 736,853 | (71,845) | 247,357 |
| Effect of derivative financial instruments | 417,530 | – | 71,887 | 489,417 |
| **Currency exposure** | (121) | 736,853 | 42 | 736,774 |
| Currency exposure of financial liabilities/ (assets) net of those denominated in the respective entities' functional currencies | (121) | – | 42 | (79) |
| **2013** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 1,260 | 19,293 | – | 20,553 |
| Other receivables | 27 | 636,466 | – | 636,493 |
| | 1,287 | 655,759 | – | 657,046 |
| **Financial liabilities** | | | | |
| Bank borrowings | 350,179 | 37,500 | – | 387,679 |
| Other payables | 1,393 | 257,705 | – | 259,098 |
| | 351,572 | 295,205 | – | 646,777 |
| **Net financial (liabilities)/ assets** | (350,285) | 360,554 | – | 10,269 |
| Effect of derivative financial instruments | 350,095 | – | – | 350,095 |
| **Currency exposure** | (190) | 360,554 | – | 360,364 |
| Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies | (190) | – | – | (190) |

**34. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) Market risk (continued)

*(i)* *Currency risk* (continued)

If the SGD, EUR, MXN, INR and CNY change against the USD by 1% (2013: 1%), 0.7% (2013: 3%), 4% (2013: 0.4%), 4% (2013: 9%) and 0.4% (2013: 0.3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/ asset position will be as follows:

| | **Increase/ (Decrease)** | | | |
|---|---|---|---|---|
| | **2014** | | 2013 | |
| | **Profit after tax US$'000** | **Other comprehensive income US$'000** | Profit after tax US$'000 | Other comprehensive income US$'000 |
| **<u>Group</u>** | | | | |
| SGD against USD | | | | |
| – Strengthened | **(467)** | **–** | (827) | – |
| – Weakened | **467** | **–** | 827 | – |
| EURO against USD | | | | |
| – Strengthened | **(12)** | **–** | – | – |
| – Weakened | **12** | **–** | – | – |
| BND against USD | | | | |
| – Strengthened | **–** | **–** | (478) | – |
| – Weakened | **–** | **–** | 478 | – |
| MXN against USD | | | | |
| – Strengthened | **(79)** | **–** | – | – |
| – Weakened | **79** | **–** | – | – |
| INR against USD | | | | |
| – Strengthened | **(231)** | **–** | – | – |
| – Weakened | **231** | **–** | – | – |
| CNY against USD | | | | |
| – Strengthened | **(288)** | **–** | – | – |
| – Weakened | **288** | **–** | – | – |
| **<u>Company</u>** | | | | |
| SGD against USD | | | | |
| – Strengthened | **(1)** | **–** | (2) | – |
| – Weakened | **1** | **–** | 2 | – |

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

*(ii) Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant variable interest-bearing assets, except for amounts due from third parties as disclosed in Note 6.

The Group's and Company's exposure to cash flow interest rate risks arises mainly from non-current variable rate borrowings. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had increased/decreased by 0.5% (2013: 0.5%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by US$1,762,000 (2013: US$1,595,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

| | Company | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Corporate guarantees provided to banks on borrowings | **443,251** | 282,106 |

The trade receivables of the Group comprise 1 debtor (2013: 1 debtor) that represented approximately 50% of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

**By geographical areas**

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| South Asia | **20,776** | 15,461 |
| South East Asia | **236,164** | 289,229 |
| Latin America | **72,921** | 12,412 |
| Others | **3,350** | 23,509 |
| | **333,211** | 340,611 |

**34. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(b) Credit risk (continued)

*(i) Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

*(ii) Financial assets that are past due and/ or impaired*

There is no other class of financial assets that is past due and/ or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

| | **Group** | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Past due by: | | |
| Less than three months | **19,131** | 9,111 |
| Three to six months | **11,856** | 53,757 |
| More than six months | **79,400** | 95,796 |
| | **110,387** | 158,664 |

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

| | **Group** | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Past due more than three months | **–** | 20,918 |
| Less : Allowance for impairment of receivables (Note 5) | **–** | (17,400) |
| | **–** | 3,518 |
| Beginning of financial year | **17,400** | 11,014 |
| Amount written off during the year | **(15,342)** | (52) |
| Allowance made during the year | **–** | 6,445 |
| Disposal of subsidiaries | **(2,065)** | – |
| Currency translation difference | **7** | (7) |
| End of financial year | **–** | 17,400 |

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 4.

Management monitors rolling forecasts of the Group's and the Company's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents (Note 4)) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

**34. Financial risk management** (continued)

(c) Liquidity risk (continued)

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

| | Less than 1 year US$'000 | Between 1 and 5 years US$'000 | Over 5 years US$'000 |
|---|---|---|---|
| **Group** | | | |
| **At 31 December 2014** | | | |
| Trade and other payables | (221,789) | – | – |
| Borrowings | (376,428) | (894,837) | (27,016) |
| **At 31 December 2013** | | | |
| Trade and other payables | (313,746) | – | – |
| Borrowings | (393,638) | (428,361) | (16,065) |

| | Less than 1 year US$'000 | Between 1 and 5 years US$'000 | Over 5 years US$'000 |
|---|---|---|---|
| **Company** | | | |
| **At 31 December 2014** | | | |
| Other payables | (259,772) | – | – |
| Borrowings | (73,777) | (472,706) | – |
| Financial guarantee contracts | (191,895) | (226,312) | (25,044) |
| **At 31 December 2013** | | | |
| Other payables | (259,098) | – | – |
| Borrowings | (131,895) | (255,814) | – |
| Financial guarantee contracts | (210,154) | (55,896) | (16,056) |

**34. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(c) Liquidity risk (continued)

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | **Less than 1 year US$'000** | **Between 1 and 5 years US$'000** |
|---|---|---|
| **Group** | | |
| **At 31 December 2014** | | |
| Gross-settled currency swaps | | |
| – Receipts | 115,382 | 650,454 |
| – Payments | (117,048) | (655,237) |
| Net-settled currency forwards | | |
| – Net cash outflows | (86) | – |
| **At 31 December 2013** | | |
| Gross-settled currency swaps | | |
| – Receipts | 123,331 | 192,828 |
| – Payments | (126,781) | (195,674) |
| Net-settled currency forwards | | |
| – Net cash outflows | (90) | – |

| | **Less than 1 year US$'000** | **Between 1 and 5 years US$'000** |
|---|---|---|
| **Company** | | |
| **At 31 December 2014** | | |
| Gross-settled currency swaps | | |
| – Receipts | 99,580 | 385,779 |
| – Payments | (101,981) | (392,945) |
| **At 31 December 2013** | | |
| Gross-settled currency swaps | | |
| – Receipts | 115,550 | 164,931 |
| – Payments | (118,866) | (167,292) |

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a net gearing ratio. The Group and the Company are also required by the banks to maintain a net debt-to-equity ratio of not exceeding 2.0 times (2013: 2.0 times). The Group's and Company's strategies, which were unchanged from 2013, are to maintain gearing ratios below 2.0.

The net debt-to-equity ratio is calculated as net borrowings divided by total equity.

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Total borrowings | **1,165,961** | 837,728 | **489,934** | 387,679 |
| Less: Cash and cash equivalents | **(176,098)** | (162,413) | **(19,416)** | (20,553) |
| **Net borrowings** | **989,863** | 675,315 | **470,518** | 367,126 |
| **Total equity** | **653,325** | 741,564 | **479,113** | 380,431 |
| **Net debt-to-equity ratio** | **1.52** | 0.91 | **0.98** | 0.97 |

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 2014.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

| | Level 1 US$'000 | Level 2 US$'000 | Level 3 US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **At 31 December 2014** | | | | |
| *Liability* | | | | |
| Derivative financial instruments | – | 42,558 | – | 42,558 |
| **At 31 December 2013** | | | | |
| *Liability* | | | | |
| Derivative financial instruments | – | 12,153 | – | 12,153 |
| Convertible bonds | 37,500 | – | – | 37,500 |
| | 37,500 | 12,153 | – | 49,653 |
| *Asset* | | | | |
| Derivative financial instruments | – | 58,534 | – | 58,534 |
| **Company** | | | | |
| **At 31 December 2014** | | | | |
| *Liability* | | | | |
| Derivative financial instruments | – | 32,350 | – | 32,350 |
| **At 31 December 2013** | | | | |
| *Liability* | | | | |
| Derivative financial instrument | – | 9,800 | – | 9,800 |
| Convertible bonds | 37,500 | – | – | 37,500 |
| | 37,500 | 9,800 | – | 47,300 |
| *Asset* | | | | |
| Derivative financial instruments | – | 56,830 | – | 56,830 |

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial liabilities held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by dealer quotes provided by third party financial institutions as at balance sheet date. Share Options are valued using option valuation models. These financial instruments are classified as Level 2.

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 9 and Note 19 to the financial statements, except for the following:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Loans and receivables | **908,801** | 1,056,237 | **997,067** | 657,046 |
| Financial liabilities at amortised cost | **1,387,750** | 1,150,131 | **749,710** | 646,777 |

(g) Offsetting financial assets and financial liabilities

The Group has the following financial instruments subject to enforceable master netting arrangements of similar agreement as follows:

(i) Financial assets

| | **Gross amount – financial assets (a) US$'000** | **Gross amount – financial liabilities (b) US$'000** | **Net Amounts – presented in the balance sheet (c) = (a)–(b) US$'000** |
|---|---|---|---|
| **At 31 December 2014** | | | |
| Trade receivables | 466,185 | (11,843) | 454,342 |
| Other receivables | 304,275 | (26,429) | 277,846 |
| **Total** | 770,460 | (38,272) | 732,188 |
| **At 31 December 2013** | | | |
| Trade receivables | 549,729 | (39,153) | 510,576 |
| Other receivables | 382,861 | (3,365) | 379,496 |
| **Total** | 932,590 | (42,518) | 890,072 |

(ii) Financial liabilities

| | **Gross amount – financial assets (a) US$'000** | **Gross amount – financial liabilities (b) US$'000** | **Net Amounts – presented in the balance sheet (c) = (a)–(b) US$'000** |
|---|---|---|---|
| **At 31 December 2014** | | | |
| Trade payables | 193,542 | (11,843) | 181,699 |
| Other payables | 115,966 | (26,429) | 89,537 |
| **Total** | 309,508 | (38,272) | 271,236 |
| **At 31 December 2013** | | | |
| Trade payables | 267,940 | (39,153) | 228,787 |
| Other payables | 114,986 | (3,365) | 111,621 |
| **Total** | 382,926 | (42,518) | 340,408 |

## 35. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

| | **2014 US$'000** | 2013 US$'000 |
|---|---|---|
| Revenue from construction contracts and charter hire | | |
| – Associates | **152,540** | 230,539 |
| – Joint ventures | **4,944** | 8,295 |
| Disposal of vessels | | |
| – Associates | **–** | 321,000 |
| Revenue from corporate services income | | |
| – Associates | **708** | 639 |
| – Joint ventures | **86** | 1,061 |
| – Related parties | **–** | 17 |
| Management fee income | | |
| – Associates | **119** | 334 |
| Dividend income | | |
| – Associates | **3,706** | 9,404 |
| – Joint ventures | **1,000** | – |
| Interest income charged to | | |
| – Associates | **1,200** | 1,375 |
| – Joint ventures | **1,519** | 2,622 |
| Rental and miscellaneous income charged to | | |
| – Associates | **4,360** | 711 |
| – Joint ventures | **7,679** | – |
| – Related parties | **–** | 43 |
| Purchase of services from | | |
| – Associates | **205,713** | 111,958 |
| – Joint ventures | **13,212** | 25,471 |
| – Related parties | **–** | 3,884 |
| Purchase of vessels from | | |
| – Associates | **50,000** | – |
| – Joint ventures | **–** | 18,595 |

Related parties refer to companies which are controlled or jointly controlled by a member of the key management personnel of the Group.

Outstanding balances at 31 December 2014, arising from sale/ purchase of goods and services, are unsecured and receivable/ payable within 12 months from balance sheet date and are disclosed in Notes 5 and 6, and Notes 14 and 15 respectively.

## 35. RELATED PARTY TRANSACTIONS (CONTINUED)

***Key management personnel compensation***

Key management personnel compensation is as follows:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **US$'000** | US$'000 |
| Short-term benefits | **5,332** | 18,507 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | **97** | 82 |
| Share based compensation expense | **1,222** | 2,759 |
| | **6,651** | 21,348 |

On 7 March 2014, the Company transferred 89,780,000 shares held by the Company in Vallianz, an associate of the Group, to certain key management personnel as part of employee compensation expenses in respect to the financial year ended 31 December 2013. The costs of these employee compensation expenses have been accrued in full in the previous financial year.

The fair value of the shares in Vallianz transferred to these key management personnel amounted to US$14,102,000 based on the quoted market share price of Vallianz as at the date of transfer.

Details on directors' remuneration are disclosed in the Corporate Governance Report.

## 36. SEGMENT INFORMATION

The Group's chief operating decision maker has been identified as the Executive Chairman of the Group, who reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group.

The Group reports one operating segment – offshore construction services.

The Group provides a full suite of offshore engineering, procurement, installation and construction services ("EPIC") and delivers integrated and innovative solutions to wide and diverse range of offshore projects, including turnkey project management, procurement, transportation and installation of offshore structure, subsea completion works and decommissioning services. The EPIC services are complemented by the Group's marine and engineering division.

Geographical information

| | **Revenue[(1)] US$'000** | **Non–current assets[(2)] US$'000** |
|---|---|---|
| **2014** | | |
| South Asia | 44,552 | – |
| South East Asia | 479,136 | 825,893 |
| Latin America | 193,457 | 302,889 |
| Others [(3)] | 9,368 | – |
| | 726,513 | 1,128,782 |
| **2013** | | |
| South Asia | 92,919 | – |
| South East Asia | 761,782 | 726,683 |
| Latin America | 124,502 | 624 |
| Others [(3)] | 59,930 | – |
| | 1,039,133 | 727,307 |

## 36. SEGMENT INFORMATION (CONTINUED)

(1) Analysis of the Group's sales is by geographical location of customers, irrespective of the origin of the work/ services.

(2) Analysis of the carrying amount of segment assets and additions to the property, plant and equipment analysed by the geographical area in which the assets are located.

(3) Others comprise of operations in Europe, Southern Caribbean, Middle East and East Asia.

During the year, the Group had three (2013: three) customers in the Group that individually contributed 10% or more of the Group's total revenue. Revenue from these customers amounted to US$367,496,000 (2013: US$651,373,000) of the Group's total revenue.

## 37. BUSINESS COMBINATIONS

On 30 December 2014, the Group acquired 100% equity interests in Holmen DLB Pte. Ltd. ("HDLB") for a consideration of US$4,862,000. The principal activities of HDLB are that of vessel owning and chartering.

The acquisitions above did not result in significant assets acquired or liabilities assumed by the Group. Effect on cash flows of the Group arising from the acquisition is US$20,000 which consists cash and cash equivalents acquired. The consideration has not been settled as at the balance sheet date.

Acquisition-related costs

Acquisition-related costs of US$14,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

Contribution to results

The acquisition of HDLB contributed nil revenue and profit in the financial year ended 31 December 2014.

Had HDLB been consolidated from 1 January 2014, consolidated revenue and consolidated profit for the year ended 31 December 2014 would have been US$5,300,000 and US$5,285,000.

## 38. CONTINGENT LIABILITIES

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and related companies. These bank borrowings amount to US$443,251,000 (2013: US$282,106,000) as at balance sheet date.

Management is of the view that the fair value of corporate guarantees issued by the Company is not significant.

## 39. COMPARATIVES

Certain comparatives figures have been reclassified to conform with current year's presentation. The revised presentation does not result in a change in net profit before and after tax of the Group.

## 40. EVENTS AFTER THE REPORTING PERIOD

1. On 4 February 2015, the Company had allotted and issued 305,693,000 new ordinary shares ("Rights Shares") in the capital of the Company 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 and had raised gross proceeds of approximately S$45.9 million. The Rights Shares rank pari passu in all respects with the existing ordinary shares.

2. On 19 March 2015, the Company had allotted and issued 1,860,000 new ordinary shares in the capital of the Company pursuant to the vesting of share awards under the Swiber Performance Share Plan. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

## 41. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted:

*FRS 102 Share-based Payment (effective for annual periods beginning on or after 1 July 2014)*

The amendment clarifies the definition of vesting condition and separately defines 'performance condition' and 'service condition'. The Group will apply this amendment from 1 January 2015, but this is not expected to have any significant impact on the financial statements of the Group.

*FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)*

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32 *Financial instruments: Presentation*. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The Group will apply this amendment for business combinations taking place on/after 1 January 2015.

FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

*FRS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 July 2014)*

The standard is amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross carrying amount of the asset.

This amendment is not expected to have any significant impact on the financial statements of the Group.

## 41. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

*FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)*

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided. This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements. This amendment is not expected to have any significant impact on the financial statements of the Group.

*FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)*

The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39. This amendment is not expected to have any significant impact on the financial statements of the Group.

*FRS 115 Revenue from contracts with customers (effective from annual periods beginning on or after 1 January 2017)*

The standard applies to all contracts with customers, except for leases, financial instruments and insurance contracts. The standard provides a single, principle-based model to be applied to all contracts with customers. The standard provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard further introduces new guidance on specific circumstances where cost should be capitalised and also sets out new requirements for disclosure of revenue in the financial statements.

The Group has yet to assess the full impact of FRS 115 and intends to apply the standard from 1 January 2017.

*FRS 109 Financial instruments (effective from annual periods beginning on or after 1 January 2018)*

The standard guidance on the classification and measurement of financial assets and financial liabilities and de-recognition of financial instruments.

The Group has yet to assess the full impact of FRS 109 and intends to apply the standard from 1 January 2018.

## 42. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Swiber Holdings Limited on 23 March 2015.

# // STATISTICS OF SHAREHOLDINGS //

AS AT 12 MARCH 2015

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 21 | 0.19 | 784 | 0.00 |
| 100 – 1,000 | 362 | 3.33 | 261,900 | 0.03 |
| 1,001 – 10,000 | 3,949 | 36.32 | 25,430,157 | 2.77 |
| 10,001 – 1,000,000 | 6,501 | 59.78 | 353,261,056 | 38.52 |
| 1,000,001 and above | 41 | 0.38 | 538,125,103 | 58.68 |
| **TOTAL** | 10,874 | 100.00 | 917,079,000 | 100.00 |

## TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | HSBC (SINGAPORE) NOMINEES PTE LTD | 161,011,634 | 17.56 |
| 2 | RAFFLES NOMINEES (PTE) LIMITED | 81,008,464 | 8.83 |
| 3 | DBS NOMINEES (PRIVATE) LIMITED | 73,129,267 | 7.97 |
| 4 | CITIBANK NOMINEES SINGAPORE PTE LTD | 59,151,201 | 6.45 |
| 5 | SWISSCO INTERNATIONAL PTE LTD | 17,700,000 | 1.93 |
| 6 | OCBC SECURITIES PRIVATE LIMITED | 16,636,000 | 1.81 |
| 7 | UOB KAY HIAN PRIVATE LIMITED | 14,315,100 | 1.56 |
| 8 | DBSN SERVICES PTE LTD | 12,902,945 | 1.41 |
| 9 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 10,706,298 | 1.17 |
| 10 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 9,796,500 | 1.07 |
| 11 | CIMB SECURITIES (SINGAPORE) PTE LTD | 8,576,118 | 0.94 |
| 12 | PHILLIP SECURITIES PTE LTD | 7,724,820 | 0.84 |
| 13 | MAYBANK KIM ENG SECURITIES PTE LTD | 6,983,554 | 0.76 |
| 14 | MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED | 5,966,000 | 0.65 |
| 15 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 5,535,100 | 0.60 |
| 16 | HONG LEONG FINANCE NOMINEES PTE LTD | 5,239,500 | 0.57 |
| 17 | CHUA KEE TEE | 3,000,000 | 0.33 |
| 18 | CITIBANK CONSUMER NOMINEES PTE LTD | 2,788,500 | 0.30 |
| 19 | LIM CHER KHIANG | 2,603,400 | 0.28 |
| 20 | LIM & TAN SECURITIES PTE LTD | 2,482,000 | 0.27 |
| | **TOTAL** | 507,256,401 | 55.30 |

# // STATISTICS OF SHAREHOLDINGS //
AS AT 12 MARCH 2015

| | | |
|---|---|---|
| Total number of issued shares excluding treasury shares | : | 917,079,000 |
| Total number and percentage of treasury shares | : | Nil |
| Class of shares | : | Ordinary share |
| Voting rights | : | One vote per share |

**SUBSTANTIAL SHAREHOLDERS**

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 12 March 2015:

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| **Name** | **No. of shares** | **%*** | **No. of shares** | **%*** |
| Raymond Kim Goh | 7,800,000 | 0.85 | 140,068,167 | 15.27 [1] |
| Yeo Chee Neng | 20,403,000 | 2.22 | 140,068,167 | 15.27 [1] |
| Pang Yoke Min | – | – | 94,542,021 | 10.31 [2] |
| Newshire Capital Limited | 140,068,167 | 15.27 | – | – |

**Notes :**

* Computed based on 917,079,000 shares, being the total number of issued voting shares of the Company (excluding treasury shares).

1 Mr Raymond Kim Goh and Mr Yeo Chee Neng are deemed to be interested in the shares held by Newshire Capital Limited by virtue of Section 4 of the Securities and Futures Act (Cap. 289).

2 The shares are held through nominees accounts.

**FREE FLOAT**

As at 12 March 2015, the percentage of shareholdings of the Company held in the hands of the public was 68.68 per cent. and therefore Rule 723 of the Listing Manual is complied with.

# // NOTICE OF ANNUAL GENERAL MEETING //

**SWIBER HOLDINGS LIMITED**
(Incorporated in the Republic of Singapore)
(Company Registration No. 200414721N)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting ("**AGM**") of Swiber Holdings Limited (the "**Company**") will be held at 12 International Business Park, Swiber@IBP #03-02 Singapore 609920, on Monday, 20 April 2015 at 10.00 a.m. for the following purposes:

**ORDINARY BUSINESS**

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following directors of the Company retiring pursuant to Article 93 of the Articles of Association of the Company:

   Mr Francis Wong Chin Sing **(Resolution 2)**
   Mr Nitish Gupta **(Resolution 3)**
   Mr Oon Thian Seng **(Resolution 4)**

   [See Explanatory Note (i)]

3. To approve the payment of Directors' fee of US$330,000 for the financial year ending 31 December 2015 (2014: US$330,000). **(Resolution 5)**

4. To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an AGM.

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to allot and issue shares

   "THAT, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), authority be and is hereby given to the Directors to:

   (a) allot and issue shares in the Company (the "**Shares**"); and

   (b) issue convertible securities and any Shares pursuant to convertible securities

   (whether by way of rights, bonus or otherwise) at any time and upon such term and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, provided that the aggregate number of Shares (including any Shares to be issued pursuant to the convertible securities) to be issued pursuant to such authority shall not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares of the Company for the time being and that the aggregate number of Shares to be issued other than on a pro rata basis to the existing shareholders of the Company (including any Shares to be issued pursuant to the convertible securities) will not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares of the Company for the time being. Unless prior shareholder approval is required under the Listing Manual, an issue of treasury shares will not require further shareholders' approval, and will not be included in the aforementioned limits. Unless revoked or varied by the Company in general meeting, such authority shall continue in full force until the conclusion of the next AGM of the Company or the date by which the next AGM is required by law to be held, whichever is earlier, except that the Directors shall be authorised to allot and issue new Shares pursuant to the convertible securities notwithstanding that such authority has ceased.

For the purposes of this Resolution and Rule 806(3) of the Listing Manual, the total number of issued Shares excluding treasury shares is based on the total number of issued Shares excluding treasury shares of the Company at the time this Resolution is passed after adjusting for:

(i) new Shares arising from the conversion or exercise of convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares."

[See Explanatory Note (ii)] **(Resolution 7)**

7. The Proposed Renewal of the Share Buyback Mandate

"THAT,

(1) for the purposes of the Companies Act (as defined in Ordinary Resolution 7) approval be and is hereby given generally and unconditionally for the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) ("**Market Purchase**"), transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") through the ready market, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(b) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to any equal access scheme(s) in accordance with Section 76C of the Companies Act, as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on:

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied (in accordance with the Companies Act) by the Shareholders in a general meeting, whichever is the earliest;

(3) in this Resolution:

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of the passing of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (hereinafter defined); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme in accordance with Section 76C of the Companies Act, 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share for the last five (5) Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities) on which transactions in the Shares are recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Manual for any corporate action which occurs after the relevant five (5) Market Days period; and

"**date of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

[See Explanatory Note (iii)] **(Resolution 8)**

8. Authority to grant options and issue Shares under the Swiber Employee Share Option Scheme

"THAT, pursuant to Section 161 of the Companies Act (as defined in Ordinary Resolution 7), the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the Swiber Employee Share Option Scheme (the "**Scheme**") and to issue such Shares as may be required to be issued pursuant to the exercise of the options granted or to be granted under the Scheme provided always that the aggregate number of Shares to be issued pursuant to the Scheme, when added to the number of Shares issued and issuable in respect of all options granted or to be granted under the Scheme, all awards granted or to be granted under the Swiber Performance Share Plan and all shares, options or awards granted or to be granted under any other share option schemes or share plans of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares excluding treasury shares of the Company from time to time."

[See Explanatory Note (iv)] **(Resolution 9)**

9. Authority to allot and issue Shares under Swiber Performance Share Plan

"THAT, pursuant to Section 161 of the Companies Act (as defined in Ordinary Resolution 7), the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the Swiber Performance Share Plan (the "**Plan**") and to allot and issue from time to time such Shares as may be required to be issued pursuant to the Plan provided always that the aggregate number of Shares to be issued pursuant to the Plan, when added to the number of Shares issued and issuable or existing Shares delivered and deliverable in respect of all awards granted or to be granted under the Plan, all options granted or to be granted under the Swiber Employee Share Option Scheme and all Shares, options or awards granted or to be granted under any other share scheme of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares excluding treasury shares of the Company from time to time."

[See Explanatory Note (v)] **(Resolution 10)**

By Order of the Board

Lee Bee Fong
Company Secretary
Singapore, 2 April 2015

**Explanatory Notes:**

(i) With regard to Ordinary Resolution 2 to 4 proposed in item 2 above, please note the following:

Mr Francis Wong Chin Sing will, upon re-election as a Director, remain as the member of the Audit Committee and Executive Director and Group CEO of the Company. There is no relationship including immediate family relationships between himself and the other Directors, the Company, its related corporations, its 10% shareholders or its officers (as defined in the Code of Corporate Governance 2012 (the "**Code**")).

Mr Nitish Gupta will, upon re-election as a Director, remain as an Executive Director of the Company. There is no relationship including immediate family relationships between himself and the other Directors, the Company, its related corporations, its 10% shareholders or its officers (as defined in the Code).

Mr Oon Thian Seng will, upon re-election as a Director, remain as the Chairman of the Nominating Committee and a member of Audit Committee and Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. There is no relationship including immediate family relationships between himself and the other Directors, the Company, its related corporations, its 10% shareholders or its officers (as defined in the Code).

The detailed information on the abovementioned Directors are set out in their respective profiles as disclosed in page 23 and 24 of the Annual Report.

(ii) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of the above AGM until the date of the next AGM, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares of the Company as at the date of the passing of this Resolution. For issues of Shares other than on a pro rata basis to all Shareholders, the aggregate number of Shares to be issued will not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares of the Company as at the date of the passing of this Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

(iii) The Ordinary Resolution 8 proposed in item 7 above, if passed, renews the Share Buyback Mandate and will authorise the Directors from the date of the above AGM until the date of the next AGM, or the date by which the next AGM of the Company is required by law to be held or the date on which such authority is revoked or varied by the Shareholders in a general meeting, whichever is the earliest, to purchase up to ten per cent. (10%) of the total number of issued Shares in the capital of the Company. Please refer to the Letter to Shareholders dated 2 April 2015 appended to the Annual Report for details.

(iv) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors to grant options and to allot and issue Shares upon the exercise of such options granted or to be granted in accordance with the Scheme provided that the number of Shares which the Directors may allot and issue under this Resolution, together with all Shares issued and issuable in respect of all options granted or to be granted under the Scheme, all awards granted or to be granted under the Plan and all Shares, options or awards granted or to be granted under other share schemes of the Company, shall not, in aggregate, exceed fifteen per cent. (15%) of the total number of issued Shares excluding treasury shares of the Company from time to time.

(v) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors to grant awards and to allot and issue Shares pursuant to the vesting of such awards in accordance with the Plan provided that the number of Shares which the Directors may allot and issue under this Resolution, together with all Shares issued and issuable in respect of all awards granted or to be granted under the Plan, all options granted or to be granted under the Scheme and all Shares, options or awards granted or to be granted under any other share schemes of the Company, shall not, in aggregate, exceed fifteen per cent. (15%) of the total number of issued Shares excluding treasury shares of the Company from time to time.

# // NOTICE OF ANNUAL GENERAL MEETING //

**Notes:**

1. A member entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 12 International Business Park, Swiber@IBP, #01-05, Singapore 609920 not less than forty-eight hours (48) before the time for holding the AGM.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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# // PROXY FORM //

**SWIBER HOLDINGS LIMITED**
(Incorporated in the Republic of Singapore)
(Company Registration No. 200414721N)

IMPORTANT:
1. For investors who have used their CPF monies to buy Swiber Holdings Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____________________ (Name)

of ____________________ (Address)
being a member/members of Swiber Holdings Limited (the "**Company**") hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

or failing him/her/them, the Chairman of the meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company (the "**Meeting**") to be held at 12 International Business Park, Swiber@IBP, #03-02, Singapore 609920, on Monday, 20 April 2015, at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any matter arising at the Meeting:

| No. | Resolutions Relating to: | For | Against |
|---|---|---|---|
| 1. | Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014 | | |
| 2. | Re-election of Mr Francis Wong Chin Sing | | |
| 3. | Re-election of Mr Nitish Gupta | | |
| 4. | Re-election of Mr Oon Thian Seng | | |
| 5. | Approval of Directors' fees of US$330,000 for the financial year ending 31 December 2015 | | |
| 6. | Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors | | |
| 7. | Authority to allot and issue shares | | |
| 8. | Proposed Renewal of the Share Buyback Mandate | | |
| 9. | Authority to grant options and issue shares under the Swiber Employee Share Option Scheme | | |
| 10. | Authority to allot and issue shares under the Swiber Performance Share Plan | | |

Dated this ____________ day of ________ 2015

| | Total Number of Shares |
|---|---|
| In CDP Register | |
| In Register of Members | |

____________________
Signature(s) of Member(s)
or, Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

**NOTES**:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead.

2. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at **12 International Business Park, Swiber@IBP, #01-05, Singapore 609920**, not less than forty-eight hours (48) before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

**GENERAL:**

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at forty-eight hours (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2015.

**SWIBER HOLDINGS LIMITED**
(REGISTRATION. NO.: 200414721N)

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