



SWIBER HOLDINGS LIMITED

Financial Statements And Dividends Announcement

For The Financial Year Ended 31 December 2014

UNAUDITED FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014("FY2014").

1(a)(i) Consolidated Income Statement

	Group		
	FY2014	FY2013	
	US\$'000	US\$'000	Change
Revenue	726,513	1,039,133	-30.1%
Cost of sales	(708,999)	(868,776)	-18.4%
Gross profit	17,514	170,357	-89.7%
Other operating income - net	126,070	66,582	89.3%
Administrative expenses	(55,291)	(79,284)	-30.3%
Other operating expenses	(28,469)	(17,342)	64.2%
Finance expenses	(65,541)	(46,979)	39.5%
Share of profit of associates and joint ventures	41,451	29,456	40.7%
Profit before tax	35,734	122,790	-70.9%
Income tax expense	(4,487)	(31,895)	-85.9%
Profit for the year	31,247	90,895	-65.6%
Attributable to :			
Owners of the company	21,708	62,115	-65.1%
Perpetual capital securities holders	6,111	6,169	-0.9%
Non-controlling interests	3,428	22,611	-84.8%
	31,247	90,895	-65.6%
Gross profit margin	2.4%	16.4%	
Net profit margin	4.3%	8.7%	
EBITDA* (US\$'000)	138,801	195,257	
EBITDA* margin	19.1%	18.8%	

* : Denotes earnings before interest, taxes, depreciation and amortization.
N/M : Not Meaningful

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

	Group		
	FY2014	FY2013	
	US\$'000	US\$'000	
Profit for the year	31,247	90,895	
Other comprehensive income:			
Cash flow hedges	(6,903)	6,432	-207.3%
Currency translation differences on translation of foreign operations	3,644	(139)	71.4%
Share of other comprehensive income of			
- Associates	(763)	28	N/M
- Joint venture	(864)	53	N/M
Total comprehensive income for the period	26,361	97,269	
Total comprehensive income attributable to:			
Owners of the company	16,822	68,489	-75.4%
Perpetual securities holders	6,111	6,169	-0.9%
Non-controlling interests	3,428	22,611	-84.8%
Total	26,361	97,269	

*N/M : Not Meaningful

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

	Group		
	FY2014 US\$'000	FY2013 US\$'000	
<u>Charging:</u>			
Allowance for impairment of receivables	-	6,445	N/M
Bad debts written off	838	48	1645.8%
Currency translation losses	-	1,535	-100.0%
Depreciation of property, plant and equipment	44,091	34,737	26.9%
Employees' share options/ awards expense	1,222	2,759	-55.7%
Fair value loss on financial instruments designated as at fair value through profit or loss	22,565	-	N/M
Interest on borrowings	58,975	46,979	25.5%
Loss on disposal of subsidiaries	-	1,249	N/M
Loss on disposal of joint venture	-	2,249	N/M
Property, plant and equipment written off	8	8,830	-99.9%
<u>Crediting:</u>			
Interest income	(3,329)	(5,104)	-34.8%
Fair value gain on financial instruments designated as at fair value through profit or loss	-	(49,078)	N/M
Foreign exchange gains - net	(9,845)	-	N/M
Gain on disposal of property, plant and equipment	(1,796)	(3,142)	-42.8%
Gain on disposal of associates & subsidiaries	(101,812)	(8,896)	1044.5%

*N/M: Not Meaningful

1(b)(i) Statements of Financial Position

	Group		Company	
	FY2014 US\$'000	FY2013 US\$'000	FY2014 US\$'000	FY2013 US\$'000
ASSETS				
Current assets				
Cash and bank balances	176,098	162,413	19,416	20,553
Trade receivables	454,342	510,576	-	-
Other receivables	207,205	307,441	910,079	608,759
Inventories	6,887	10,391	-	-
Derivative financial instruments	-	56,830	-	56,830
Assets held for sale	-	771	-	-
Construction contract work-in-progress	175,987	205,231	-	-
Total current assets	1,020,519	1,253,653	929,495	686,142
Non-current assets				
Derivative financial instruments	-	1,704	-	-
Investment in associates	207,910	106,358	141,720	73,336
Investment in joint ventures	22,559	54,193	-	-
Investment in subsidiaries	-	-	121,805	249,628
Other receivables	157,048	150,441	67,578	27,810
Property, plant and equipment	748,690	414,302	575	92
Deferred assets	3,819	-	-	-
Goodwill	309	309	-	-
Total non-current assets	1,140,335	727,307	331,678	350,866
Total assets	2,160,854	1,980,960	1,261,173	1,037,008

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

	Group		Company	
	FY2014	FY2013	FY2014	FY2013
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	181,699	228,787	-	-
Other payables	89,537	111,621	259,776	259,098
Income tax liabilities	16,221	32,338	-	-
Bank borrowings	251,289	258,130	-	-
Derivative financial instruments	4,376	3,638	4,376	3,638
Notes payables	71,615	94,347	71,615	94,347
Convertible bonds	-	37,500	-	37,500
Finance leases	26,529	3,469	212	36
Total current liabilities	641,266	769,830	335,979	394,619
Non-current liabilities				
Derivative financial instruments	38,182	8,515	27,974	6,162
Bank borrowings	101,181	69,763	-	-
Notes payables	566,645	371,811	417,802	255,748
Finance leases	148,702	2,708	305	48
Deferred income tax liabilities	-	16,769	-	-
Total non-current liabilities	854,710	469,566	446,081	261,958
Capital, reserves and non-controlling interests				
Share capital	208,246	208,246	208,246	208,246
Treasury shares	-	(780)	-	(780)
Perpetual capital securities	63,512	63,601	63,512	63,601
Hedging reserve	(13,428)	(5,902)	(8,023)	(3,544)
Translation reserve	4,514	(517)	-	-
Equity reserve	10,963	(7,899)	-	-
Employees' share option reserve	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	565,190	545,755	479,113	380,431
Non-controlling interests	99,688	195,809	-	-
Total equity	664,878	741,564	479,113	380,431
Total liabilities and equity	2,160,854	1,980,960	1,261,173	1,037,008

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

Amount repayable in one year or less, or on demand

Group FY2014		Group FY2013	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
277,818	71,615	299,099	94,347

Amount repayable after one year

Group FY2014		Group FY2013	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
249,883	566,645	72,471	371,811

The bank loans and finance leases are secured by:

- First legal mortgage over certain vessels and equipment.
- Assignment of all marine insurances in respect of the vessels mentioned above.
- Assignment of earnings/charter proceeds in respect of the vessels mentioned above.
- Lessors' title to the lease assets.

1(c) Consolidated Statement of Cash Flows

	Group	
	FY2014	FY2013
	US\$'000	US\$'000
Operating activities		
Profit after income tax	31,247	90,895
Adjustments for :		
Income tax expense	4,487	31,895
Allowance for impairment of receivables	-	6,445
Bad debts written off	838	48
Depreciation of property, plant and equipment	44,091	34,737
Employees' share options/ awards expense	1,222	2,759
Fair value loss/ (gain) on financial instruments designated as at fair value through profit and loss	22,565	(49,078)
Finance expenses	65,541	46,979
Loss/ (Gain) on disposal of property, plant and equipment	(1,796)	(3,142)
Interest income	(3,329)	(5,104)
Unrealised currency translation losses	3,138	1,535
Gain on disposal of associates, joint ventures and subsidiaries	(101,812)	(5,398)
Property, plant and equipment written off	8	8,830
Share of profit of associates and joint ventures - net	(41,451)	(29,456)
Operating cash flows before movements in working capital	24,749	131,945
Trade receivables	(74,730)	96,141
Construction work in progress	29,244	(178,470)
Inventories	2,733	158,808
Other assets and receivables	161,200	(81,549)
Trade payables	(11,916)	63,454
Other payables	(43,672)	(223,833)
Cash generated from/ (used in) operations	87,608	(33,504)
Income taxes paid	(14,934)	(22,773)
Interest expense paid	(43,331)	(30,320)
Net cash from/ (used in) operating activities	29,343	(86,597)
Investing activities		
Interest income received	2,095	1,107
Disposal of subsidiaries	96,030	76
Disposal of associates	24,631	-
Dividend received from associates and joint venture	4,706	9,404
Proceeds on disposal of property, plant and equipment	7,951	196,504
Dividends paid to equity holders of the Company	(14,550)	(900)
Proceeds from disposal of joint ventures	-	1,450
Purchases of property, plant and equipment	(191,765)	(144,152)
Acquisition of subsidiary	1,141	(400)
Dividend paid on preference shares issued by a subsidiary	(5,286)	(5,703)
Investment in associate	(55,193)	-
Net cash (used in)/ generated from investing activities	(130,240)	57,386

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

	Group	
	FY2014	FY2013
	US\$'000	US\$'000
Financing activities		
Pledged deposits	1,253	151
Proceeds on issuance of notes payables	288,339	240,945
Redemption of notes payables	(133,310)	(188,278)
Redemption of preference shares issued by a subsidiary	(5,200)	(10,750)
Repayment of obligations under finance leases	(18,557)	(4,404)
New bank loans raised	651,370	1,101,084
Repayment of bank loans	(667,901)	(1,076,377)
Net cash generated from financing activities	115,994	62,371
Net increase in cash and cash equivalents	15,097	33,160
Cash and cash equivalents at beginning of the year	151,375	118,310
Effect of exchange rate changes on the balance of cash held in foreign currencies	(159)	(95)
Cash and cash equivalents at end of the year	166,313	151,375
Cash and cash equivalents consist of:		
Cash at bank	166,255	151,325
Fixed deposits	9,785	11,046
Cash on hand	58	42
	176,098	162,413
Less: Pledged cash placed with banks	(9,785)	(11,038)
Total	166,313	151,375

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

	Equity attributable to owners of the company										Total US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Perpetual capital securities US\$'000	Hedging reserve US\$'000	Translation reserve US\$'000	Equity reserve US\$'000	Employees' share option reserve US\$'000	Retained earnings US\$'000	Equity attributable to owners of the company US\$'000	Non-controlling interests US\$'000	
GROUP											
Balance at 1 January 2014	208,246	(780)	63,601	(5,902)	(517)	(7,899)	6,138	282,868	545,755	195,809	741,564
Total comprehensive income for the period	-	-	6,111	(7,526)	2,640	-	-	21,708	22,933	3,428	26,361
Value of employee services received for issue of share options	-	-	-	-	-	-	1,222	-	1,222	-	1,222
Share of associates' perpetual capital securities and other reserves	-	-	-	-	-	11,553	-	-	11,553	-	11,553
Performance shares awarded using treasury shares	-	780	-	-	-	(63)	(717)	-	-	-	-
Disposal of subsidiary	-	-	-	-	2,391	7,372	-	-	9,763	(94,349)	(84,586)
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)	-	(5,286)
Interim dividends paid	-	-	-	-	-	-	-	(14,550)	(14,550)	-	(14,550)
Perpetual capital securities distribution payable and paid	-	-	(6,200)	-	-	-	-	-	(6,200)	-	(6,200)
Balance at 31 December 2014	208,246	-	63,512	(13,428)	4,514	10,963	6,643	284,740	565,190	99,688	664,878
Balance at 1 January 2013	208,246	(1,643)	63,627	(12,387)	(378)	(7,584)	4,236	227,356	481,473	184,106	665,579
Total comprehensive income for the period	-	-	6,169	6,485	(139)	28	-	62,115	74,658	22,611	97,269
Value of employee services received for issue of share options	-	-	-	-	-	-	2,759	-	2,759	-	2,759
Performance shares awarded using treasury shares	-	863	-	-	-	(6)	(857)	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	(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)
Interim dividends paid	-	-	-	-	-	-	-	(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
Balance at 31 December 2013	208,246	(780)	63,601	(5,902)	(517)	(7,899)	6,138	282,868	545,755	195,809	741,564

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

COMPANY	Share capital US\$'000	Treasury shares US\$'000	Perpetual capital securities US\$'000	Hedging reserve US\$'000	Employees' share option reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2014	208,246	(780)	63,601	(3,544)	6,138	106,770	380,431
Total comprehensive income for the period	-	-	6,111	(4,479)	-	121,047	122,679
Value of employee services received for issue of share options	-	-	-	-	1,222	-	1,222
Performance shares awarded using treasury shares	-	780	-	-	(717)	-	63
Interim dividends paid	-	-	-	-	-	(14,550)	(14,550)
Perpetual capital securities distribution payable and paid	-	-	(6,200)	-	-	(4,532)	(10,732)
Balance at 31 December 2014	208,246	-	63,512	(8,023)	6,643	208,735	479,113
Balance at 1 January 2013	208,246	(1,643)	63,627	(7,612)	4,236	67,199	334,053
Total comprehensive income for the period	-	-	-	4,068	-	45,766	49,834
Value of employee services received for issue of share options	-	-	-	-	2,759	-	2,759
Performance shares awarded using treasury shares	-	863	-	-	(857)	-	6
Perpetual capital securities distribution payable and paid	-	-	-	-	-	(6,213)	(6,213)
Transaction costs relating to issuance of perpetual capital securities	-	-	(26)	-	-	18	(8)
Balance at 31 December 2013	208,246	(780)	63,601	(3,544)	6,138	106,770	380,431

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

A) SHARE OPTION SCHEME

Date of grant	1 January 2014	Exercised	31 December 2014	Exercise price per share
26-Jan-2011	15,000,000	-	15,000,000	S\$0.97
19-Mar-2013	15,000,000	-	15,000,000	S\$0.64

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

Validity period of the options:

- (a) Exercisable after the first anniversary of the Date of Grant of the options.
- (b) A period of five (5) years commencing from the Date of Grant of the options.

B) PERFORMANCE SHARE PLAN

Date of grant	1 January 2014	Granted	Vested	Cancelled	31 December 2014
26-Jan-2011	1,031,668	-	(896,668)	(135,000)	-
19-Mar-2013	6,000,000	-	(2,000,000)		4,000,000

The above-mentioned share awards were all granted to the senior management of the Company.

Validity period of the awards:

- (a) Vesting period : over 3 years
- (b) Release schedule: one third of the awards shall be vested in each year on the anniversary of the awards.

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

	FY2014	FY2013
Total number of issued shares	611,386,000	608,489,333

1(d)(iv) Treasury shares

	FY2014	FY2013
Total number of treasury shares	-	931,667

On 27 January 2014, 931,667 treasury shares were transferred for the purpose of the performance share plan.

2. Audit

Except for the comparative balance sheets of the Company and its subsidiaries (the "**Group**") and of the Company as at 31 December 2013, the financial statements have not been audited or reviewed by the Company's auditors.

3. Auditors' report

Not applicable.

4. Accounting policies

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as those applied in the audited financial statement for the year ended 31 December 2013.

5. Changes in the accounting policies

The Group has adopted the new or revised Financial Reporting Standards ("**FRS**") and the interpretation of FRS that become effective for the entities with financial period commencing 1 January 2014. The Group also early adopted *Amendments to FRS 110 and FRS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The adoption/ early adoption of these new and revised FRSs have no material impact to the result of the Group and of the Company for FY2014.

6. Earnings per ordinary share

	Group	
	FY2014	FY2013
Net profit after tax attributable to owners of the Company	21,708	62,115
Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	3.6	10.2
b) Based on fully diluted basis (US\$ cents)	3.5 *	9.4
Weighted average number of shares applicable to basic earnings per share ('000)	610,900	608,419
Weighted average number of shares based on fully diluted basis ('000)	614,900	670,936

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

7. Net asset value

	Group		Company	
	FY2014	FY2013	FY2014	FY2013
Net asset value (US\$'000)	565,190	545,755	479,113	380,431
Total number of shares issued ('000)	611,386	608,489	611,386	608,489
Net asset value per share (US\$ cents per share)	92.4	89.7	78.4	62.5

8. Review of the group performance

Consolidated Income Statement and Statement of Comprehensive Income

(a) Revenue

Revenue decreased by 30.1%, or US\$312.6 million, to US\$726.5 million in FY2014 compared to US\$1,039.1 million for the corresponding year ended 31 December 2013 ("**FY2013**"). The decrease was due to significant revenue from on-going projects recognized in FY2013.

Revenue contributed by geographical area

	FY2014	FY2013
	US\$'000	US\$'000
South Asia	44,552	92,919
South East Asia	479,136	761,782
Latin America	193,457	124,502
Others	9,368	59,930
	<u>726,513</u>	<u>1,039,133</u>

(b) Cost of sales and gross profit

Corresponding to lower revenue, cost of sales decreased by US\$159.8 million or 18.4%, from US\$868.8 million in FY2013 to US\$709.0 million in FY2014.

Gross profit margin reduced from 16.4% in FY2013 to 2.4% in FY2014. This was due to lower revenue but fixed cost remained.

(c) Other operating income - net

Other operating income increased by US\$59.5 million or 89.3%, from US\$66.6 million in FY2013 to US\$126.1 million in FY2014. The increase was due mainly to net gain on disposal of a group of subsidiaries and associates of \$101.8 million. As for FY2013, higher net fair value gain on financial instruments designated as at fair value through profit or loss of US\$49.1 million.

(d) Administrative expenses

Administrative expenses decreased by approximately US\$24.0 million or 30.3% from US\$79.3 million in FY2013 to US\$55.3 million in FY2014. The decrease was mainly due to organizational restructuring as part of the optimization program.

(e) Other operating expenses

Other operating expenses increased by approximately US\$11.2 million or 64.2% from US\$17.3 million in FY2013 to US\$28.5 million in FY2014. The increase was mainly due to higher net fair value loss on share options designated as at fair value through profit or loss of US\$22.6 million. These share options were crystallized during the year.

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

(f) Finance expenses

Finance expenses increased by approximately US\$18.5 million or 39.5%, from US\$47.0 million in FY2013 to US\$65.5 million in FY2014 primarily as a result of higher borrowing, issuance of debt securities and negative carry between new issuance of debt securities and repayment of maturing debt securities. Finance expenses include interest on bank borrowings, and finance charges/ debt issuance cost on debt securities. Total borrowings as at 31 December 2014 was US\$1,166.0 million as compared to US\$837.7 million as at 31 December 2013.

(g) Share of profit of associates and joint ventures

Share of profit of associates and joint ventures increased by US\$12.0 million or 40.7%, from US\$29.5 million in FY2013 to US\$41.5 million in FY2014. The increase was due to certain associates delivering positive results.

Statements of Financial Position

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

Revenue is recognized based on percentage of completion method. This is computed based on the percentage of cost incurred to date on contracts to their estimated total costs. Invoices are issued to customers once certain milestones are reached.

The Group's trade receivables and CWIP decreased by US\$85.5 million from US\$715.8 million as at 31 December 2013 to US\$630.3 million as at 31 December 2014. The decrease corresponds with the decrease in revenue and timing difference between achievement of milestone and revenue recognized for projects in progress.

Subsequent to 31 December 2014, the Group received settlement and billing of approximately US\$62.1 million.

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

Other receivables decreased by US\$93.6 million from US\$457.9 million as at 31 December 2013 to US\$364.3 million as at 31 December 2014. The decrease was due mainly to settlement of receivable.

(j) Inventories

Inventories decreased by US\$3.5 million, from US\$10.4 million as at 31 December 2013 to US\$6.9 million as at 31 December 2014. The decrease was due to utilization in FY2014.

(k) Investment in associates

Investment in associates increased by US\$101.5 million, from US\$106.4 million as at 31 December 2013 to US\$207.9 million as at 31 December 2014. The increase were due mainly to:

- (i) Subscription of share options of an associated company of US\$54.0 million,
- (ii) Fair value recognition of share options of US\$31.0 million; and
- (iii) Positive results delivered by certain associates.

(l) Investment in joint ventures

Investment in joint ventures decreased by US\$31.6 million, from US\$54.2 million as at 31 December 2013 to US\$22.6 million as at 31 December 2014. The decrease was due mainly to repayment of shareholder advances.

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

(m) Property, plant and equipment

Property, plant and equipment increased by US\$334.4 million from US\$414.3 million as at 31 December 2013 to US\$748.7 million as at 31 December 2014. The increase was due mainly to addition of vessels of approximately US\$400.0 million as a result of Group strategy to enhance earning via termination and restructuring of certain existing vessels under various leasing arrangements. This addition was partially offset against de-recognition of property, plant and equipment of approximately US\$112.9 million as a result of deconsolidation of disposed subsidiaries.

Depreciation increased by US\$9.4 million or 26.9%, from US\$34.7 million in FY2013 to US\$44.1 million in FY2014. The increase was mainly due to addition of vessels.

Assets under construction are not depreciated.

(n) Total current and non-current borrowings

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

	Group					
	FY2014			FY2013		
	Current	Non-	Total	Current	Non-	Total
	US\$'000	Current	US\$'000	US\$'000	Current	US\$'000
		US\$'000	US\$'000		US\$'000	US\$'000
Bank loans	23,065	101,181	124,246	29,145	69,763	98,908
Working lines	228,224	-	228,224	228,985	-	228,985
Notes payables	71,615	566,645	638,260	94,347	371,811	466,158
Convertible bonds	-	-	-	37,500	-	37,500
Finance leases	26,529	148,702	175,231	3,469	2,708	6,177
	349,433	816,528	1,165,961	393,446	444,282	837,728

Total current and non-current borrowings increased by US\$328.3 million from US\$837.7 million as at 31 December 2013 to US\$1,166.0 million as at 31 December 2014. The increase was due to higher drawdown in notes payables and finance lease for purchase of vessels.

Net debt-to-equity ratio is as follows:

Financial period ended	31/12/2014	30/09/2014	30/06/2014	31/03/2014	31/12/2014
Net debt-to-equity ratio	1.49	1.68	1.45	1.34	0.91

Net debt-to-equity ratio is calculated as total bank borrowings minus cash and equivalent items and then divided by total equity

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

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

As at 31 December 2014, the Group has the following outstanding convertible bonds and notes payables:

Convertible bonds

	Group		Due Date
	FY2014 US\$'000	FY2013 US\$'000	
Nominal value of the Convertible bonds	-	35,600	16 October 2014
Fair value through profit or loss	-	1,900	
	-	37,500	

Convertible bonds had not been converted and was redeemed on 16 October 2014.

Notes Payables

				Group			
	Tenure (year)	Interest rate	Due Date	FY2014 S\$'000	FY2014 CNY'000	US\$'000	FY2013 US\$'000
<u>Current</u>							
Multicurrency medium term notes							
- series 9	3.5	5.90%	25-Jul-14	120,000	-	-	94,347
- series 11	3	6.25%	8-Jun-15	95,000	-	71,615	-
				215,000	-	71,615	94,347
<u>Non-current</u>							
Multicurrency medium term notes							
- series 11	3	6.25%	8-Jun-15	-	-	-	74,089
- series 12	4	7.00%	6-Jul-16	75,000	-	56,102	58,099
- series 14	4	7.13%	18-Apr-17	160,000	-	119,154	123,560
- series 15	2.5	5.55%	7-Oct-16	100,000	-	74,192	-
- series 16	2.5	5.13%	6-Jun-16	130,000	-	96,466	-
- series 17	3	7.75%	18-Sep-17	-	450,000	71,887	-
				465,000	450,000	417,801	255,748
Islamic trust certificate							
- series 1	5	6.50%	2-Aug-18	150,000	-	111,925	116,063
- series 2	3	6.25%	30-Oct-17	50,000	-	36,919	-
				665,000	450,000	566,645	371,811

Cross currency interest rate swap contracts relating to the above-mentioned issued notes have been established and creating an effective cash flow hedge against the foreign currency and interest rate movement.

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

Consolidated Statement of Cash Flows

(o) Cash flow used in operating activities

In FY2014, the Group net cash from operating activities amounted to US\$29.3 million. This comprised operating cash flow before working capital changes of US\$24.7 million, and adjusted for net working capital outflows of US\$62.9 million and income tax and interest payment of US\$58.3 million. The net working capital inflows were mainly the result of the following:

- (i) increase in trade receivables and CWIP of US\$45.5 million;
- (ii) decrease in trade and other payables of US\$55.6 million
- (iii) decrease in other receivables of US\$161.2 million; and
- (iv) decrease in inventories of US\$2.7 million; and

(p) Cash flow used in investing activities

In FY2014, the Group's net cash used in investing activities amounted to US\$130.2 million, which were due mainly to purchase of property, plant and equipment and capital expenditure of US\$191.8 million, and investment in associates of US\$55.2 million which partially offset against disposal of subsidiaries & associates of US\$120.7 million.

(q) Cash flow from financing activities

In FY2014, the Group recorded net cash inflow from financing activities of US\$116.0 million, which was mainly due to new net bank borrowings amounting to US\$939.7 million and net issuance and retirement of notes payable of US\$801.2 million.

9. Forecast or a prospect statement

Not applicable.

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

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

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

This can be seen from the Group's ability to successfully secure new projects over recent months. In December 2014, the Group was awarded a US\$710 million EPCIC project in West Africa. This was the largest contract win in the Group's corporate history, and also marked its first entry into a new geographical market. In February 2015, the Group secured its second largest contract worth US\$310 million from a national oil company in South Asia. These contract wins have boosted Swiber's order book to a record of US\$1.4 billion as at 27 February 2015.

The Group has also undertaken various initiatives in FY2014 to streamline its operations and sharpen its focus on its core EPIC business. To improve its competitive standing, the Group will continue to work on strengthening its capabilities in higher-value EPIC services and improving its operational performance while maximizing cost efficiencies.

As part of its reorganisation efforts, the Group sold its stakes in companies that do not form part of its core activities. The sale of its interests in these companies would also enable the Group to move forward with a leaner operating structure as it focuses on pursuing offshore construction business opportunities.

In addition, the Group terminated and restructured certain existing vessels that were previously under various leasing arrangements. The Group believes this strategy would lower its leasing expenses and enhance the profitability of its operations in future. It is also the Group's intention to work on optimizing its administrative structure to yield cost savings.

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

The Special Dividend was paid on 28 April 2014.

(d) Book Closure Date.

Not applicable.

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

Not applicable

13. Interested person transaction

There was no interested person transaction during the period under review.

Note: Rule 920(1)(a)(ii) of the Listing Manual – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmental information

The Group's chief operating decision maker has been identified as the executive director of the Group, who reviews the consolidated results prepared in the following reportable segments when making decisions about allocating resources and assessing performance of the Group.

The Group reports one segment – the offshore construction services.

The Group provides a full suite of offshore engineering, procurement, installation and construction services and delivers integrated and innovative solutions to a wide and diverse range of offshore projects, including turnkey project management, procurement, transportation and installation of offshore structure, subsea completion works and decommissioning services. The EPIC services are complemented by the Group's marine and engineering division.

Geographical information

	Revenue ⁽¹⁾		Non-current assets ⁽²⁾	
	FY2014 US\$'000	FY2013 US\$'000	FY2014 US\$'000	FY2013 US\$'000
South Asia	44,552	92,919	-	-
South East Asia	479,136	761,782	837,446	726,683
Latin America	193,457	124,502	302,889	624
Others	9,368	59,930	-	-
	726,513	1,039,133	1,140,335	727,307

(1) The Group's operations are carried out offshore through its companies located in Singapore, Malaysia, Indonesia, Middle East, Latin America and branch in Brunei. Analysis of the Group's sales is by geographical location of the customer, irrespective of the origin of the work/services.

(2) Analysis of the carrying amount of non-current assets is by the geographical area in which the assets are located.

15. Material changes

Not applicable.

16. Breakdown of sales

	Group		Change
	FY2014 US\$'000	FY2013 US\$'000	
Sales reported for the first half year	418,832	551,805	-24.1%
Operating profit after tax reported for first half year	62,973	37,408	68.3%
Sales reported for the second half year	307,681	487,328	-36.9%
Operating profit after tax reported for second half year	(31,726)	53,487	-159.3%

17. Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or in any of the company's principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.