



SWIBER HOLDINGS LIMITED

Financial Statements And Dividends Announcement

**For The Second Quarter And Six Months Ended
30 June 2015**

UNAUDITED SECOND QUARTER ("2Q2015") FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015 ("6M2015").
1(a)(i) Consolidated Income Statement

	Group			Group		
	2Q2015	2Q2014		HY2015	HY2014	
	US\$'000	US\$'000	Change	US\$'000	US\$'000	Change
Revenue	200,221	219,334	-8.7%	365,126	418,832	-12.8%
Cost of sales	(178,630)	(202,268)	-11.7%	(324,113)	(392,756)	-17.5%
Gross profit	21,591	17,066	26.5%	41,013	26,076	57.3%
Other operating income	932	19,445	-95.2%	3,683	112,427	-96.7%
Administrative expenses	(7,717)	(15,178)	-49.2%	(15,848)	(29,893)	-47.0%
Other operating expenses	(1,393)	(340)	309.7%	(2,873)	(27,605)	-89.6%
Finance expenses	(14,143)	(15,953)	-11.3%	(29,284)	(29,793)	-1.7%
Share of profit of associates and joint ventures	2,944	6,789	-56.6%	7,788	16,780	-53.6%
Profit before tax	2,214	11,829	-81.3%	4,479	67,992	-93.4%
Income tax expenses	(5,397)	(1,691)	219.2%	(7,592)	(5,019)	51.3%
(Loss)/ Profit for the period	(3,183)	10,138	-131.4%	(3,113)	62,973	-104.9%
Attributable to :						
Owners of the company	(4,574)	7,503	-161.0%	(8,293)	55,526	-114.9%
Perpetual securities holders	1,442	2,622	-45.0%	2,802	4,007	-30.1%
Non-controlling interests	(51)	13	-492.3%	2,378	3,440	-30.9%
	(3,183)	10,138	-131.4%	(3,113)	62,973	-104.9%
Gross profit margin	10.8%	7.8%		11.2%	6.2%	
Net profit margin	-1.6%	4.6%		-0.9%	15.0%	
EBITDA* (US\$'000)	19,574	39,212		51,349	110,666	
EBITDA* margin	9.8%	17.9%		14.1%	26.4%	

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

N/M : Not Meaningful

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

	Group			Group		
	2Q2015	2Q2014		HY2015	HY2014	
	US\$'000	US\$'000		US\$'000	US\$'000	
(Loss)/ Profit for the period	(3,183)	10,138		(3,113)	62,973	
Other comprehensive income:						
Cash flow hedges						
- Fair value gain/ (losses)	9,905	(1,351)	-833.2%	(310)	(1,292)	-76.0%
- Reclassification	-	-	N/M	-	601	N/M
Currency translation differences arising from consolidation	(1,511)	1,479	-202.2%	(5,837)	(262)	2127.9%
Share of other comprehensive income of:						
- Associates	(91)	(1)	N/M	(108)	(34)	217.6%
- Joint Ventures	42	(339)	-112.4%	(613)	(339)	80.8%
Other comprehensive profit/ (loss) for the period, net of tax	8,345	(212)		(6,868)	(1,326)	
Total comprehensive income for the period	(4,743)	10,266		(9,981)	61,419	
Total comprehensive income attributable to:						
Owners of the company	(6,134)	7,631	-180.4%	(15,161)	53,972	-128.1%
Perpetual securities holders	1,442	2,622	-45.0%	2,802	4,007	-30.1%
Non-controlling interests	(51)	13	-492.3%	2,378	3,440	-30.9%
Total	(4,743)	10,266		(9,981)	61,419	

*N/M : Not Meaningful

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

	Group 2Q2015 US\$'000			Group HY2015 US\$'000		
	2Q2015 US\$'000	2Q2014 US\$'000		HY2015 US\$'000	HY2014 US\$'000	
Charging:						
Bad debts written off	17	-	N/M	21	-	N/M
Depreciation of property, plant and equipment	11,071	12,807	-13.6%	22,073	20,590	7.2%
Employees' share options/ awards expense	235	254	-7.5%	471	716	-34.2%
Fair value loss on financial liabilities designated as at fair value through profit or loss	-	-	N/M	-	17,365	N/M
Foreign exchange losses - net	648	-	N/M	1,806	-	N/M
Interest on borrowings	11,683	14,575	-19.8%	24,792	27,104	-8.5%
Gain on disposal of property, plant and equipment	122	-	N/M	-	-	N/M
Property, plant and equipment written off	-	-	N/M	9	-	N/M
Crediting:						
Bad debts recovered	-	(5,067)	N/M	-	(5,067)	N/M
Interest income	(71)	(835)	-91.5%	(1,233)	(1,843)	-33.1%
Fair value gain on financial instruments designated as at fair value through profit or loss	-	(3,487)	N/M	(720)	-	N/M
Foreign exchange gains - net	-	(4,586)	N/M	-	(4,246)	N/M
Gain on disposal of property, plant and equipment	-	-	N/M	(421)	-	N/M
Gain on disposal of subsidiaries	-	-	N/M	-	(95,056)	N/M
Gain on disposal of associate	(251)	(4,011)	-93.7%	(251)	(4,011)	-93.7%

*N/M: Not Meaningful

1(b)(i) Statements of Financial Position

	Group		Company	
	6M2015	FY2014	6M2015	FY2014
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and bank balances	122,305	176,098	30,541	19,416
Trade receivables	479,262	454,342	-	-
Other receivables	236,968	207,205	812,461	910,079
Inventories	2,536	6,887	-	-
Construction contract work-in-progress	188,852	175,987	-	-
Total current assets	1,029,923	1,020,519	843,002	929,495
Non-current assets				
Investment in associates	188,862	196,357	131,658	141,720
Investment in joint ventures	24,887	22,559	-	-
Investment in subsidiaries	-	-	121,805	121,805
Other receivables	155,725	157,048	67,180	67,578
Property, plant and equipment	753,148	748,690	473	575
Deferred income tax assets	58	3,819	-	-
Goodwill	309	309	-	-
Total non-current assets	1,122,989	1,128,782	321,116	331,678
Total assets	2,152,912	2,149,301	1,164,118	1,261,173

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

	Group		Company	
	6M2015 US\$'000	FY2014 US\$'000	6M2015 US\$'000	FY2014 US\$'000
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	286,731	181,699	-	-
Other payables	60,633	89,537	207,013	259,776
Income tax liabilities	14,563	16,221	-	-
Bank borrowings	246,557	251,289	-	-
Derivative financial instruments	7,778	4,376	7,778	4,376
Notes payables	95,184	71,615	95,184	71,615
Finance leases	31,975	26,529	109	212
Total current liabilities	743,421	641,266	310,084	335,979
Non-current liabilities				
Derivative financial instruments	40,093	38,182	26,704	27,974
Bank borrowings	114,334	101,181	-	-
Notes payables	463,727	566,645	317,450	417,802
Finance leases	130,643	148,702	294	305
Total non-current liabilities	748,797	854,710	344,448	446,081
Capital, reserves and non-controlling interests				
Share capital	241,335	208,246	241,335	208,246
Perpetual capital securities	61,941	63,512	61,941	63,512
Hedging reserve	(13,624)	(13,428)	(7,351)	(8,023)
Translation reserve	(2,159)	4,514	-	-
Equity reserve	(459)	(590)	-	-
Employees' share option reserve	7,114	6,643	7,114	6,643
Retained earnings	276,447	284,740	206,547	208,735
Equity attributable to owners of the Company and perpetual capital securities holders	570,595	553,637	509,586	479,113
Non-controlling interests	90,099	99,688	-	-
Total equity	660,694	653,325	509,586	479,113
Total liabilities and equity	2,152,912	2,149,301	1,164,118	1,261,173

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

Amount repayable in one year or less, or on demand

Group 6M2015		Group FY2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
278,532	95,184	277,818	71,615

Amount repayable after one year

Group 6M2015		Group FY2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
244,977	463,727	249,883	566,645

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	
	2Q2015	2Q2014
	US\$'000	US\$'000
Operating activities		
(Loss)/ Profit after income tax	(3,183)	10,138
Adjustments for :		
Income tax expense	5,397	1,691
Bad debts written off	(4)	-
Depreciation of property, plant and equipment	11,071	12,807
Employees' share options/ awards expense	235	254
Fair value loss on financial instruments designated as at fair value through profit and loss	-	(3,487)
Finance expense	14,143	15,953
Foreign exchange gains	(1,459)	(5,123)
Gain on disposal of associate	(251)	(4,011)
Gain on disposal of property, plant and equipment	122	-
Interest income	(71)	(835)
Share of profit of associates and joint ventures - net	(2,944)	(6,789)
Operating cash flows before movements in working capital	23,056	20,598
Trade receivables	45,380	(84,787)
Construction work in progress	(26,625)	35,888
Inventories	2,967	6,353
Other assets and receivables	(14,199)	(73,344)
Trade payables	(11,696)	49,318
Other payables	31,305	(13,941)
Cash generated from/ (used in) operations	50,188	(59,915)
Income taxes paid	(4,672)	(823)
Interest expense paid	(15,724)	(17,858)
Net cash generated from/ (used in) operating activities	29,792	(78,596)
Investing activities		
Interest income received	169	1,020
Dividend received from associates and joint venture	1,315	1,084
Proceeds on disposal of property, plant and equipment	(671)	1,650
Proceeds from disposal of associate	334	2,270
Purchases of property, plant and equipment	(5,939)	(7,288)
Dividend paid	-	(14,550)
Net cash used in investing activities	(4,792)	(15,814)

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

	Group	
	2Q2015	2Q2014
	US\$'000	US\$'000
Financing activities		
Pledged deposits	(24,994)	(2,991)
Proceeds on issuance of notes payable	-	183,005
Redemption of notes payable	(75,962)	-
Redemption of preference shares issued by a subsidiary	(5,000)	-
Repayment of obligations under finance leases	(6,681)	(4,102)
New bank loans raised	165,722	135,102
Repayment of bank loans	(110,008)	(197,428)
Net cash (used in)/ generated from financing activities	(56,923)	113,586
Net (decrease)/ increase in cash and cash equivalents	(31,923)	19,176
Cash and cash equivalents at beginning of the period	120,868	100,207
Effect of exchange rate changes on the balance of cash held in foreign currencies	15	(83)
Cash and cash equivalents at end of the period	88,960	119,300
Cash and cash equivalents consist of:		
Cash at bank	88,913	119,232
Fixed deposits	33,353	12,936
Cash on hand	39	60
	122,305	132,228
Less: Pledged cash placed with banks	(33,345)	(12,928)
Total	88,960	119,300

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

	Equity attributable to owners 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 option reserve US\$'000	Retained earnings US\$'000	Perpetual capital securities US\$'000	Subtotal US\$'000	Non-controlling interests US\$'000	Total US\$'000
GROUP											
Balance at 1 January 2015	208,245	-	(13,429)	4,514	(590)	6,643	284,740	63,518	553,641	99,688	653,329
(Loss)/ Profit for the period	-	-	-	-	-	-	(8,293)	2,802	(5,491)	2,378	(3,113)
Other comprehensive loss for the period	-	-	(195)	(6,673)	-	-	-	-	(6,868)	-	(6,868)
Total comprehensive income for the period	-	-	(195)	(6,673)	-	-	(8,293)	2,802	(12,359)	2,378	(9,981)
Proceeds from shares issued	33,090	-	-	-	-	-	-	-	33,090	-	33,090
Value of employee services received for issue of share options	-	-	-	-	131	471	-	-	602	-	602
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(9,500)	(9,500)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(2,467)	(2,467)
Perpetual capital securities distribution payable and paid	-	-	-	-	-	-	-	(4,379)	(4,379)	-	(4,379)
Balance at 30 June 2015	241,335	-	(13,624)	(2,159)	(459)	7,114	276,447	61,941	570,595	90,099	660,694
Balance at 1 January 2014	208,246	(780)	(5,902)	(517)	(7,899)	6,138	282,868	63,601	545,755	195,809	741,564
Profit for the period	-	-	-	-	-	-	55,526	4,007	59,533	3,440	62,973
Other comprehensive income for the period	-	-	(692)	(605)	(29)	-	-	-	(1,326)	-	(1,326)
Total comprehensive income for the period	-	-	(692)	(605)	(29)	-	55,526	4,007	58,207	3,440	61,647
Value of employee services received for issue of share options	-	-	-	-	-	716	-	-	716	-	716
Performance shares awarded using treasury shares	-	780	-	-	(63)	(717)	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	7,372	-	-	-	7,372	(94,351)	(86,979)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Interim dividends paid	-	-	-	-	-	-	(14,550)	-	(14,550)	-	(14,550)
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(4,400)	(4,400)
Transaction costs relating to issuance of perpetual capital securities	-	-	-	-	-	-	-	(5,675)	(5,675)	-	(5,675)
Balance at 30 June 2014	208,246	-	(6,594)	(1,122)	(619)	6,137	323,844	61,933	591,825	100,498	692,323

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

	Share capital US\$'000	Treasury shares US\$'000	Hedging reserve US\$'000	Employees' share option reserve US\$'000	Retained earnings US\$'000	Perpetual capital securities US\$'000	Total US\$'000
COMPANY							
Balance at 1 January 2015	208,245	-	(8,021)	6,643	208,734	63,518	479,119
Profit for the period	-	-	-	-	(2,187)	2,802	615
Other comprehensive income for the period	-	-	670	-	-	-	670
Total comprehensive income for the period	-	-	670	-	(2,187)	2,802	1,285
Proceeds from shares issued	33,090	-	-	-	-	-	33,090
Value of employee services received for issue of share options	-	-	-	471	-	-	471
Perpetual capital securities distribution payable and paid	-	-	-	-	-	(4,379)	(4,379)
Balance at 30 June 2015	241,335	-	(7,351)	7,114	206,547	61,941	509,586
Balance at 1 January 2014	208,246	(780)	(3,544)	6,138	106,770	63,601	380,431
Profit for the period	-	-	-	-	41,139	(1,668)	39,471
Other comprehensive income for the period	-	-	(685)	-	-	-	(685)
Total comprehensive income for the period	-	-	(685)	-	41,139	(1,668)	38,786
Value of employee services received for issue of share options	-	-	-	716	-	-	716
Performance shares awarded using treasury shares	-	780	-	(717)	-	-	63
Balance at 30 June 2014	208,246	-	(4,229)	6,137	147,909	61,933	419,996

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

A) SHARE OPTION SCHEME

Date of grant	Date of Expiration	1 January 2015	Granted	30 June 2015	Exercise price per share
26-Jan-2011	20/1/2016	15,000,000	-	15,000,000	S\$0.97
19-Mar-2013	19/3/2018	15,000,000	-	15,000,000	S\$0.64

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

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

B) PERFORMANCE SHARE PLAN

Date of grant	1 January 2015	Granted	Vested	Cancelled	30 June 2015
19-Mar-2013	4,000,000	-	(1,860,000)	(140,000)	2,000,000

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

Validity period of the awards:

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

C) RIGHTS ISSUE

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

The Company issued a total of 305,693,000 new ordinary shares in the capital of the Company during the period ended 30 June 2015 pursuant to the rights issuance exercise that was fully subscribed as of 27 January 2015.

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

Issued and fully paid ordinary shares, with no par value	No. of shares	US\$'000
At 1 January 2015	611,386,000	208,246,000
Issue of new ordinary shares pursuant to rights issuance	305,693,000	33,089,000
Issue of new ordinary shares pursuant to share option and awards	1,860,000	-
Balance at 30 June 2015	918,939,000	241,335,000

2. Audit

Except for the comparative balance sheets of the Company and its subsidiaries (the "**Group**") and of the Company as at 31 December 2014, the financial statements have not been audited or reviewed by the Company's auditors.

3. Auditors' report

Not applicable.

4. Accounting policies

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those applied in the audited financial statement for the year ended 31 December 2014.

5. Changes in the accounting policies

The Group has adopted the new or revised Financial Reporting Standard ("**FRS**") and the interpretation of FRS that become effective for the entities with financial period commencing 1 January 2015. The adoption of these new and revised FRSs have no material impact to the result of the Group and of the Company for 2Q2015.

6. Earnings per ordinary share

	Group		Group	
	2Q2015	2Q2014	HY2015	HY2014
Net profit after tax attributable to owners of the Company	(4,574)	7,503	(8,293)	55,526
Earnings per share				
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	-	1.2	-	9.1
b) Based on fully diluted basis (US\$ cents)	-	1.4	-	8.3
Weighted average number of shares applicable to basic earnings per share ('000)	906,325	610,389	906,325	609,398
Weighted average number of shares based on fully diluted basis ('000)	910,325	676,007	910,325	671,975

* 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	
	6M2015	FY2014	6M2015	FY2014
Net asset value (US\$'000)	570,595	553,637	509,586	479,113
Total number of shares issued ('000)	918,939	611,386	918,939	611,386
Net asset value per share (US\$ cents per share)	62.1	90.6	55.5	78.4

8. Review of the Group's performance

Consolidated Income Statement and Statement of Comprehensive Income

(a) Revenue

HY2015 vs HY2014/ 2Q2015 vs 2Q2014

Revenues decreased by 12.8%, or US\$53.7 million, to US\$365.1 million in HY2015 compared to US\$418.8 million for the corresponding period ended 30 June 2014 ("**HY2014**"). As for 2Q2015, the Group's revenue decreased by US\$19.1 million or 8.7%, from US\$219.3 million in second quarter ended 30 June 2014 ("**2Q2014**") to US\$200.2 million in 2Q2015. The decrease was due to lesser contracts being executed.

Revenue contributed by geographical area

	2Q2015 US\$'000	2Q2014 US\$'000	HY2015 US\$'000	HY2014 US\$'000
Latin America	128,741	40,630	242,577	55,503
South East Asia	65,821	129,249	87,870	300,092
South Asia	1,140	42,252	21,772	55,124
Others	4,519	7,203	12,907	8,113
	200,221	219,334	365,126	418,832

(b) Cost of sales and gross profit

HY2015 vs HY2014/ 2Q2015 vs 2Q2014

Corresponding to lower revenue, cost of sales decreased by US\$68.7 million or 17.5%, from US\$392.8 million in HY2014 to US\$324.1 million in HY2015. As for 2Q2015, cost of sales decreased by \$23.7 million, 11.7% from US\$202.3 million in 2Q2014 to US\$178.6 million in 2Q2015.

Gross profit margin increased from 6.2% in HY2014 to 11.2% in HY2015 and 7.8% in 2Q2014 to 10.8% in 2Q2015. This was due to stringent control over its operating costs.

(c) Other operating income

HY2015 vs HY2014/ 2Q2015 vs 2Q2014

Other operating income decreased by US\$108.7 million or 96.7%, from US\$112.4 million in HY2014 to US\$3.7 million in HY2015. The decrease was due mainly to absence of gain on disposal of group of subsidiaries and associate of US\$97.2 million. As for 2Q2015, other operating income decreased by US\$18.5 million or 95.2%, from US\$19.4 million in 2Q2014 to US\$0.9 million in 2Q2015. The decrease in 2Q2015 was due mainly to absence of foreign exchange gains of US\$4.6 million, gain on disposal of associate of \$4.0 million, and fair value gain on financial liabilities designated as fair value through profit and loss of US\$3.5million.

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

(d) Administrative expenses

HY2015 vs HY2014/ 2Q2015 vs 2Q2014

Administrative expenses decreased by US\$14.1 million or 7.0% from US\$29.9 million in HY2014 to US\$15.8 million in HY2015. As for 2Q2015, administrative expenses decreased by US\$7.5 million or 49.2% from US\$15.2 million in 2Q2014 to US\$7.7 million in 2Q2015. The decrease was the result of the Group's cost optimization program.

(e) Other operating expenses

HY2015 vs HY2014

Other operating expenses decreased by US\$24.7 million or 89.6% from US\$27.6 million in HY2014 to US\$2.9 million in HY2015. The decrease was due mainly to absence of fair value loss on option shares of an associated company of total US\$ 25.8 million. These options were fully exercised during the 3Q2014.

2Q2015 vs 2Q2014

As for 2Q2015, other operating expenses increased marginally by US\$1.1 million from US\$0.3 million in 2Q2014 to US\$1.4 million in 2Q 2015. The increase was due to higher foreign exchange loss.

(f) Finance expenses

HY2014 vs HY2013/ 2Q2014 vs 2Q2013

Finance expenses decreased marginally by US\$0.5 million or 1.7%, from US\$29.8 million in HY2014 to US\$29.3 million in HY2015. As for 2Q2015, finance expenses decreased by US\$1.9 million or 11.3% from US\$16.0 million in 2Q2014 to US\$14.1 million in. Finance expenses include interest on bank borrowings, and finance charges/ debt issuance cost on debt securities.

Total borrowings as at 30 June 2015 were US\$1,082.4 million as compared to 30 June 2014 of US\$1,134.7 million.

(g) Share of profit of associates and joint ventures

HY2015 vs HY2014/ 2Q2015 vs 2Q2014

Share of profit of associates and joint ventures decreased by US\$9.0 million or 53.6%, from US\$16.8 million in HY2014 to US\$7.8 million in HY2015. As for 2Q2015, share of profits decreased by US\$3.9 million or 56.6% from US\$6.8 million in 2Q2014 to US\$2.9 million in 2Q2015. The decrease was due mainly lower contribution from the certain associates.

Statements of Financial Position

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

The Group's trade receivables and CWIP increased by US\$37.8 million from US\$630.3 million as at 31 December 2014 to US\$668.1 million as at 30 June 2015. The increase were due to timing difference between achievement of milestone and revenue recognized for projects in progress.

Subsequent to 30 June 2015, the Group received settlement and billing of approximately US\$100.1 million.

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

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

Other receivables increased by US\$28.4 million from US\$364.3 million as at 31 December 2014 to US\$392.7 million as at 30 June 2015. The increase was due mainly to increase in downpayment to vendors.

(j) Inventories

Inventories decreased by US\$4.4 million, from US\$6.9 million as at 31 December 2014 to US\$2.5 million as at 30 June 2015. The decrease was due to consumption of materials in project execution.

(k) Investment in associates

Investment in associates decreased by US\$7.5 million, from US\$196.4 million as at 31 December 2014 to US\$188.9 million as at 30 June 2015. The decrease was due mainly to repayment of shareholder advances.

(l) Investment in joint ventures

Investment in joint ventures increased by US\$2.3 million, from US\$22.6 million as at 31 December 2014 to US\$24.9 million as at 30 June 2015, the increase was due mainly to positive contribution by certain joint ventures.

(m) Property, plant and equipment

Property, plant and equipment increased by US\$4.4 million from US\$748.7 million as at 31 December 2014 to US\$753.1 million as at 30 June 2015. The increase mainly from vessel upgrading was partially offset by the depreciation during the period.

Depreciation increased marginally by US\$1.5 million or 7.2%, from US\$20.6 million in HY2014 to US\$22.1 million in HY2015. The increase was mainly due to addition of vessels in the 2nd half of 2014.

Assets under construction are not depreciated.

(n) Total current and non-current borrowings

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

	Group					
	Current US\$'000	6M2015 Non- Current US\$'000	Total US\$'000	Current US\$'000	FY2014 Non- Current US\$'000	Total US\$'000
Bank Loans	28,585	114,334	142,919	23,065	101,181	124,246
Working Lines	217,972	-	217,972	228,224	-	228,224
Notes Payable	95,184	463,727	558,911	71,615	566,645	638,260
Finance Leases	31,975	130,643	162,618	26,529	148,702	175,231
	373,716	708,704	1,082,420	349,433	816,528	1,165,961

Total current and non-current borrowings decreased by US\$83.6 million from US\$1,166.0 million as at 31 December 2014 to US\$1,082.4 million as at 30 June 2015. The decrease was due to repayment during the period.

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

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

Net debt-to-equity ratio is as follows:

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

As at 30 June 2015, the Group has the following outstanding notes payables:

Notes Payable

				Group			FY2014
				6M2015			
	Tenure (year)	Interest rate	Due Date	S\$'000	CNY'000	US\$'000	US\$'000
<u>Current</u>							
Multicurrency medium term notes							
- series 11	3	6.25%	8-Jun-15	95,000	-	-	71,615
- series 16	2.5	5.13%	6-Jun-16	130,000	-	95,184	-
						95,184	71,615
<u>Non-current</u>							
Multicurrency medium term notes							
- series 16	2.5	5.13%	6-Jun-16	-	-	-	96,466
- series 12	4	7.00%	6-Jul-16	75,000	-	55,215	56,102
- series 15	2.5	5.55%	7-Oct-16	100,000	-	73,118	74,192
- series 14	4	7.13%	18-Apr-17	160,000	-	117,194	119,154
- series 17	3	7.75%	18-Sep-17	-	450,000	71,923	71,887
						317,450	417,801
Islamic trust certificate							
- Series 2	3	6.25%	30-Oct-17	50,000	-	36,520	36,919
- Series 1	5	6.50%	2-Aug-18	150,000	-	109,757	111,925
						146,277	148,844
						463,727	566,645

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

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

Consolidated Statement of Cash Flows

(o) Cash flow from operating activities

In 2Q2015, the Group net cash generated from operating activities amounted to US\$29.8 million. This comprised operating cash flow before working capital changes of US\$23.1 million, and adjusted for net working capital inflows of US\$27.1 million and income tax and interest payment of US\$20.4 million. The net working capital inflows were mainly the result of the following:

- (i) decrease in trade receivables and CWIP of US\$18.8 million;
- (ii) increase in other receivables of US\$14.2 million;
- (iii) increase in trade and other payables of US\$19.5 million; and
- (iv) decrease in inventories of US\$3.0 million.

(p) Cash flow used in investing activities

In 2Q2015, the Group's net cash used in investing activities amounted to US\$4.8 million, which were due mainly to purchase of property, plant and equipment and capital expenditure of US\$5.9 million, was partially offset by dividend received by associates.

(q) Cash flow generated used in financing activities

In 2Q2015, the Group recorded net cash outflow from financing activities of US\$56.9 million, which was mainly due to repayment of bank loans and bonds amounting to US\$165.7 million and pledged fixed deposit of US\$25.0 million, was partially offset by new bank borrowings amounting to US\$110.0 million.

9. Forecast or a prospect statement

Not applicable.

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

The oil and gas industry has turned increasingly cautious in response to the weaker oil price environment, major oil companies have been aggressively pursuing cost reduction or delaying some of their projects. This situation is inevitably leading to price pressures within the oilfield services supply chain. However, the Group believes that the impact on shallow water field development and production activities would be lower.

The Group is an established provider of EPIC services for shallow water oil and gas field developments. This can be seen from the Group's ability to successfully secure new projects over recent months. In February 2015, the Group order book was US\$1.4 billion. These new contract wins have boosted Swiber's order book to a record of US\$1.7 billion as at 05 August 2015. The Group is filling up its order book amid a more challenging market.

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

The Group continues to see opportunities in its field of expertise and is working actively and prudently on new project tenders in its target markets in South Asia, Southeast Asia, West Africa and Latin America.

11. Dividend

(a) Current Financial Year Reported On

Any dividend recommended for the current financial year reported on?

No

(b) Corresponding Year of the Immediately Preceding Financial Year

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

Yes. The Company 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.

(c) Date Payable

Not applicable

(d) Book Closure Date.

Not applicable

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

Not applicable

13. Interested person transaction

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

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

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

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the **second quarter and six months' financial results for the period ended 30 June 2015** to be false or misleading in any material aspect.

On behalf of the Board of Directors

Raymond Kim Goh @ Goh Kim Teck
Director
Executive Chairman

Francis Wong Chin Sing
Director
Group Chief Executive Officer and President

BY ORDER OF THE BOARD

Lee Bee Fong
Company secretary
14 August 2015