



**SWIBER HOLDINGS LIMITED**

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**Financial Statements And Dividends Announcement**

**For The First Quarter And Three Months Ended  
31 March 2014**

**UNAUDITED FINANCIAL STATEMENT AND DIVIDENDS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014 ("1Q2014").**

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

	Group		Change
	1Q2014 US'000	1Q2013 US'000	
<b>Revenue</b>	<b>199,498</b>	309,743	-35.6%
<b>Cost of sales</b>	<b>(190,489)</b>	(259,879)	-26.7%
<b>Gross profit</b>	<b>9,009</b>	49,864	-81.9%
Other operating income	<b>97,062</b>	6,390	1419.0%
Administrative expenses	<b>(14,715)</b>	(14,680)	0.2%
Other operating expenses	<b>(31,346)</b>	(6,065)	416.8%
Finance expenses	<b>(13,840)</b>	(9,273)	49.3%
Share of profit of associates and joint ventures	<b>9,991</b>	4,728	111.3%
<b>Profit before tax</b>	<b>56,161</b>	30,964	81.4%
Income tax expense	<b>(3,328)</b>	(5,368)	-38.0%
<b>Profit for the period</b>	<b>52,833</b>	25,596	106.4%
Attributable to :			
Owners of the company	<b>48,021</b>	20,069	139.3%
Perpetual capital securities holders	<b>1,385</b>	1,536	-9.8%
Non-controlling interests	<b>3,427</b>	3,991	-14.1%
	<b>52,833</b>	25,596	
Gross profit margin	<b>4.5%</b>	16.1%	
Net profit margin	<b>26.5%</b>	8.3%	
EBITDA* (US\$'000)	<b>76,474</b>	44,306	
EBITDA* margin	<b>38.3%</b>	14.3%	

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



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

	<b>Group</b>		
	<b>1Q2014 US\$'000</b>	1Q2013 US\$'000	Change
<b>Profit for the period</b>	<b>52,833</b>	25,596	
Other comprehensive income:			
Cash flow hedges	<b>660</b>	990	-33.3%
Currency translation differences on translation of foreign operations	<b>(1,737)</b>	1,808	-196.1%
Total comprehensive income for the period	<b>51,756</b>	28,394	
Total comprehensive income attributable to:			
Owners of the company	<b>46,944</b>	22,867	105.3%
Perpetual capital securities holders	<b>1,385</b>	1,536	-9.8%
Non-controlling interests	<b>3,427</b>	3,991	-14.1%
Total	<b>51,756</b>	28,394	

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

	<b>Group</b>		
	<b>1Q2014</b>	1Q2013	
	<b>US\$'000</b>	US\$'000	
<b><u>Charging:</u></b>			
Depreciation of property, plant and equipment	<b>7,783</b>	8,305	-6.3%
Employees' share option/ awards expense	<b>462</b>	330	40.0%
Fair value loss on financial liabilities designated as at fair value through profit or loss	<b>20,852</b>	4,853	329.7%
Foreign exchange losses	<b>343</b>	-	N/M
Interest on borrowings	<b>12,528</b>	5,037	148.7%
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<b><u>Crediting:</u></b>			
Interest income	<b>(1,008)</b>	(856)	17.8%
Foreign exchange gain	-	(2,884)	N/M
Gain on disposal of subsidiaries	<b>(95,058)</b>	-	N/M
Gain on disposal of property, plant and equipment	-	(1,406)	N/M
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N/M: Not Meaningful

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

	Group		Company	
	3M2014 US\$'000	FY2013 US\$'000	3M2014 US\$'000	FY2013 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	110,144	162,413	22,819	20,553
Trade receivables	570,001	510,576	-	-
Other receivables	307,149	307,441	796,011	608,759
Inventories	11,286	10,391	-	-
Derivative financial instruments	14,018	56,830	14,018	56,830
Assets held for sale	771	771	-	-
Construction contract work-in-in progress	247,907	205,231	-	-
Total current assets	<b>1,261,276</b>	1,253,653	<b>832,848</b>	686,142
<b>Non-current assets</b>				
Derivative financial instruments	2,423	1,704	-	-
Investment in associates	145,575	106,358	103,749	73,336
Investment in joint ventures	53,485	54,193	-	-
Investment in subsidiaries	-	-	128,619	249,628
Other receivables	150,326	150,441	28,398	27,810
Property, plant and equipment	576,222	414,302	73	92
Goodwill	309	309	-	-
Total non-current assets	<b>928,340</b>	727,307	<b>260,839</b>	350,866
<b>Total assets</b>	<b>2,189,616</b>	1,980,960	<b>1,093,687</b>	1,037,008

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

	Group		Company	
	3M2014 US\$'000	FY2013 US\$'000	3M2014 US\$'000	FY2013 US\$'000
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	211,917	228,787	-	-
Other payables	197,411	111,621	252,316	259,098
Income tax liabilities	18,857	32,338	-	-
Bank borrowings	265,857	258,130	-	-
Derivative financial instruments	3,124	3,638	3,124	3,638
Notes payables	94,987	94,347	94,987	94,347
Convertible bonds	37,336	37,500	37,336	37,500
Finance leases	27,906	3,469	36	36
Total current liabilities	<b>857,395</b>	769,830	<b>387,799</b>	394,619
<b>Non-current liabilities</b>				
Derivative financial instruments	7,185	8,515	5,084	6,162
Bank borrowings	57,522	69,763	-	-
Notes payables	374,324	371,811	257,536	255,748
Finance leases	190,902	2,708	40	48
Deferred income tax liabilities	1,903	16,769	-	-
Total non-current liabilities	<b>631,836</b>	469,566	<b>262,660</b>	261,958
<b>Capital, reserves and non- controlling interests</b>				
Share capital	208,246	208,246	208,246	208,246
Treasury shares	-	(780)	-	(780)
Perpetual capital securities	61,933	63,601	61,933	63,601
Hedging reserve	(5,242)	(5,902)	(3,186)	(3,544)
Translation reserve	(2,255)	(517)	-	-
Equity reserve	(624)	(7,899)	-	-
Employees' share option reserve	5,883	6,138	5,883	6,138
Retained earnings	329,556	282,868	170,352	106,770
Equity attributable to owners of the Company and perpetual capital securities holders	<b>597,497</b>	545,755	<b>443,228</b>	380,431
Non-controlling interests	102,888	195,809	-	-
Total equity	<b>700,385</b>	741,564	<b>443,228</b>	380,431
<b>Total liabilities and equity</b>	<b>2,189,616</b>	1,980,960	<b>1,093,687</b>	1,037,008

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

**Amount repayable in one year or less, or on demand**

<b>Group</b>		<b>Group</b>	
<b>3M2014</b>		<b>FY2013</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>331,099</b>	<b>94,987</b>	299,099	94,347

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>3M2014</b>		<b>FY2013</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>248,424</b>	<b>374,324</b>	72,471	371,811

The bank loans and finance leases are secured by:

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

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

	Group	
	1Q2014 US\$'000	1Q2013 US\$'000
<b>Operating activities</b>		
Profit after income tax	52,835	25,596
Adjustments for :		
Income tax expense	3,328	5,368
Bad debts written off	-	8
Depreciation of property, plant and equipment	7,783	8,305
Employees' share options/ awards expense	462	330
Interest income	(1,008)	(856)
Finance expense	13,840	9,273
Fair value loss on financial liabilities designated as at fair value through profit and loss	20,852	4,853
Unrealised currency translation losses	(1,155)	1,271
Gain on disposal of property, plant and equipment	-	(1,406)
Gain on disposal of subsidiaries	(95,058)	-
Share of profit of associates and joint ventures	(9,991)	(4,728)
Operating cash flows before movements in working capital	(8,112)	48,014
Trade receivables	(163,065)	(33,247)
Construction work in progress	(42,676)	(54,048)
Inventories	(1,478)	45,832
Other receivables	(63,243)	(75,291)
Trade payables	42,204	(19,860)
Other payables	80,066	65,813
Cash used in operations	(156,304)	(22,787)
Income taxes paid	(3,910)	(7,031)
Interest expense paid	(1,767)	(362)
Net cash used in operating activities	(161,981)	(30,180)
<b>Investing activities</b>		
Interest income received	189	856
Dividend paid on preference shares issued by a subsidiary	(1,333)	-
Disposal of subsidiaries	121,263	-
Dividend received from associates and joint venture	1,861	2,291
Proceeds on disposal of property, plant and equipment	269	22,828
Purchases of property, plant and equipment	(3,998)	(39,301)
Investment in associate	(12,804)	-
Net cash generated from/ (used in) investing activities	105,447	(13,326)



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

	<b>Group</b>	
	<b>1Q2014</b>	1Q2013
	<b>US\$'000</b>	US\$'000
<b>Financing activities</b>		
Pledged deposits	<b>1,101</b>	(95)
Redemption of preference shares issued by a subsidiary	<b>(2,000)</b>	(5,250)
Repayment of obligations under finance leases	<b>(5,191)</b>	(753)
New bank loans raised	<b>183,808</b>	344,556
Repayment of bank loans	<b>(172,204)</b>	(257,410)
Net cash generated from financing activities	<b>5,514</b>	81,048
Net (decrease)/ increase in cash and cash equivalents	<b>(51,020)</b>	37,542
Cash and cash equivalents at beginning of the period	<b>151,375</b>	118,310
Effect of exchange rate changes on the balance of cash held in foreign currencies	<b>(148)</b>	(44)
<b>Cash and cash equivalents at end of the period</b>	<b>100,207</b>	155,808
Cash and cash equivalents consist of:		
Cash at bank	<b>100,170</b>	155,772
Fixed deposits	<b>9,934</b>	11,294
Cash on hand	<b>40</b>	26
	<b>110,144</b>	167,092
Less: Pledged cash placed with banks	<b>(9,937)</b>	(11,284)
Total	<b>100,207</b>	155,808

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

	←----- Equity attributable to owners of the Company -----→										
	Share capital	Treasury	Hedging	Translation	Equity	Employees'	Retained	Perpetual	Subtotal	Non-	Total
	US\$'000	shares	reserve	reserve	reserve	share option	earnings	capital	US\$'000	controlling	US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	reserve	US\$'000	securities	US\$'000	interests	US\$'000
<b>GROUP</b>											
<b>Balance at 1 January 2014</b>	208,246	(780)	(5,902)	(517)	(7,899)	6,138	282,868	63,601	545,755	195,809	741,564
Total comprehensive income for the period	-	-	660	(1,738)	(29)	-	48,021	1,385	48,299	3,430	51,729
Value of employee services received for issue of share options	-	-	-	-	-	462	-	-	462	-	462
Performance shares awarded using issued by a subsidiary	-	780	-	-	(63)	(717)	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	7,367	-	-	-	7,367	(94,351)	(86,984)
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(2,000)	(2,000)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	(1,333)	-	(1,333)	-	(1,333)
Perpetual capital securities distribution payable and paid	-	-	-	-	-	-	-	(3,053)	(3,053)	-	(3,053)
<b>Balance at 31 March 2014</b>	<b>208,246</b>	<b>-</b>	<b>(5,242)</b>	<b>(2,255)</b>	<b>(624)</b>	<b>5,883</b>	<b>329,556</b>	<b>61,933</b>	<b>597,497</b>	<b>102,888</b>	<b>700,385</b>
<b>Balance at 1 January 2013</b>	208,246	(1,643)	(12,387)	(378)	(7,584)	4,236	227,356	63,627	481,473	184,106	665,579
Total comprehensive income for the period	-	-	990	1,808	-	-	20,069	-	22,867	3,991	26,858
Value of employee services received for issue of share options	-	-	-	-	-	330	-	-	330	-	330
Performance shares awarded using treasury shares	-	863	-	-	(4)	(859)	-	-	-	(5,250)	(5,250)
Dividends paid on preference shares issued by a subsidiary	-	-	-	-	-	-	(1,475)	(1,536)	(3,011)	-	(3,011)
Dividends paid relating on interim FY2013 by a subsidiary	-	-	-	-	-	-	(4,500)	-	(4,500)	-	(4,500)
Transaction costs relating to issuance of perpetual capital securities	-	-	-	-	-	-	-	(37)	(37)	-	(37)
<b>Balance at 31 March 2013</b>	<b>208,246</b>	<b>(780)</b>	<b>(11,397)</b>	<b>1,430</b>	<b>(7,588)</b>	<b>3,707</b>	<b>241,450</b>	<b>62,054</b>	<b>497,122</b>	<b>182,847</b>	<b>679,969</b>

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

	<b>Share capital</b> US\$'000	<b>Treasury shares</b> US\$'000	<b>Hedging reserve</b> US\$'000	<b>Employees' share option reserve</b> US\$'000	<b>Retained earnings</b> US\$'000	<b>Perpetual capital securities</b> US\$'000	<b>Total</b> US\$'000
<b>Balance at 1 January 2014</b>	208,246	(780)	(3,544)	6,138	106,770	63,601	380,431
Total comprehensive income for the period	-	-	358	-	63,582	(1,668)	62,272
Value of employee services received for issue of share options	-	-	-	462	-	-	462
Performance shares awarded using treasury shares	-	780	-	(717)	-	-	63
<b>Balance at 31 March 2014</b>	<b>208,246</b>	<b>-</b>	<b>(3,186)</b>	<b>5,883</b>	<b>170,352</b>	<b>61,933</b>	<b>443,228</b>
<b>Balance at 1 January 2013</b>	208,246	(1,643)	(7,612)	4,236	67,199	63,627	334,053
Total comprehensive income for the period	-	-	636	-	513	(1,536)	(387)
Proceeds from shares issued	-	-	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	330	-	-	330
Performance shares awarded using treasury shares	-	863	-	(859)	-	-	4
Transaction costs relating to issuance of perpetual capital securities	-	-	-	-	-	(37)	(37)
<b>Balance at 31 March 2013</b>	<b>208,246</b>	<b>(780)</b>	<b>(6,976)</b>	<b>3,707</b>	<b>67,712</b>	<b>62,054</b>	<b>333,963</b>

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

**A) US\$100.0 MILLION 5% CONVERTIBLE BONDS DUE IN 2014**

As announced via SGXNET on 16 October 2009, Swiber Holdings Limited (the "**Company**") had on 16 October 2009 issued US\$100.0 million 5% convertible bonds due in 2014 \*the ("**Convertible Bonds**") Key feature of the Convertible Bonds is as follow:

"The Convertible Bonds may be converted at the option of bondholders at any time on and from November 26, 2009 to October 6, 2014, at the current conversion price of S\$1.14, into fully paid-up ordinary shares of the Company at the fixed exchange rate of US\$1.00 = S\$1.44. The conversion price will be reset on each interest payment date (the "**Reset Date**") based on the average market price, defined as the Volume Weighted Average Price of shares for up to 20 consecutive trading days ("**VWAP**") immediately preceding the relevant Reset Date.

Due to the reset feature on conversion price, the Company does not deliver fixed amount of equity for a fixed number of bonds based on the prevailing conversion rate. Therefore, it will not be able to determine the aggregate number of shares that may be issued on conversion of all the outstanding convertibles as at the end of current financial period reported on.

As at 31 March 2014, US\$35,600,000 in aggregate principal amount of the Convertible Bonds is outstanding. The current Conversion Price per Share of the outstanding Convertible Bonds is S\$0.78.

For the purpose of illustration, assuming that all the Convertible Bonds are converted at current conversion price of S\$0.78, the aggregate number of shares that may be issued on conversion would be approximately 65,723,077 shares. This represents approximately 10.7% of the Company's existing share capital of 611,386,000 shares (net of treasury shares).

**B) SHARE OPTION SCHEME**

Date of grant	1 January 2014	Granted	31 March 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.

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

**C) PERFORMANCE SHARE PLAN**

Date of grant	1 January 2014	Granted	Vested	Cancelled	31 March 2014
26-Jan-2011	1,031,668	-	(896,668)	(100,000)	-
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)**

	<b>3M2014</b>	FY2013
Total number of issued shares	<b><u>611,386,000</u></b>	<u>608,489,333</u>

**1(d)(iv) Treasury shares**

	<b>3M2014</b>	FY2013
Total number of treasury shares	<u>-</u>	<u>931,667</u>

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 period 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 Standard ("**FRS**") and the interpretation of FRS that become effective for the entities with financial period commencing 1 January 2013. The adoption of these new and revised FRSs have no material impact to the result of the Group and of the Company for 1Q2014.

## 6. Earnings per ordinary share

	Group	
	1Q2014	1Q2013
Net profit after tax attributable to owners of the Company	48,021	20,069
Earnings per share		
a) Based on weighted average number of ordinary shares on issue (US\$ cents)	7.9	3.3
b) Based on fully diluted basis (US\$ cents)	7.2	3.2
Weighted average number of shares applicable to basic earnings per share ('000)	610,389	607,744
Weighted average number of shares based on fully diluted basis ('000)	672,906	630,568

\* Convertible loan notes, share options and share awards were not included in the computation of diluted earnings per share because they were anti-dilutive.

## 7. Net asset value

	Group		Company	
	1Q2014	FY2013	1Q2014	FY2013
Net asset value (US\$'000)	597,497	545,755	443,228	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)	97.7	89.7	72.5	62.5

## 8. Review of the group performance

### **Consolidated Income Statement and Statement of Comprehensive Income**

#### ***(a) Revenue***

Group's revenue decreased by US\$110.2 million or 35.6%, from US\$309.7 million in first quarter ended 31 March 2013 ("**1Q2013**") to US\$199.5 million in 1Q2014. The decrease was due to significant revenue from on-going projects was recognized in FY2013 and recently awarded projects have not been commenced.

#### **Revenue contributed by geographical area**

	1Q2014 US\$'000	1Q2013 US\$'000
Southeast Asia	170,842	137,810
Latin America	14,873	81,780
South Asia	12,873	66,294
Others	910	23,859
	<b>199,498</b>	309,743

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

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

Corresponding to lower revenue, cost of sales decreased by US\$69.4 million or 26.7% from US\$259.9 million in 1Q2013 to US\$190.5 million in 1Q2014. Gross profit margin reduced from 16.1% in 1Q2013 to 4.5% 1Q2014.

### **(c) Other operating income**

Other operating income increased by US\$90.7 million from US\$6.4 million in 1Q2013 to US\$97.1 million in 1Q2014. The increase was due to disposal of subsidiaries of \$95.1m.

### **(d) Other operating expense**

Other operating expense increased by US\$25.2 million from US\$6.1 million in 1Q2013 to US\$31.3 million in 1Q2014. The increase was due mainly to fair value loss on financial liabilities designated as fair value through profit or loss and fair value loss on option shares of an associated company of total US\$ 20.9 million.

### **(e) Finance expenses**

Finance costs increased by US\$4.5 million or 49.3% from US\$9.3 million in 1Q2013 to US\$13.8 million in 1Q2014, primarily as a result of higher borrowing and issuance of debt securities. Finance expenses include interest on bank borrowings, Convertible Bonds, and finance charges/ debt issuance cost on debt securities. The increase was due mainly to:

1. Issuance of debt securities with higher interest rate with longer tenure; and [is this correct? ]
2. Over-lapping of new bond issuance and bond retirement

Total borrowings as at 31 March 2014 were US\$1,048.8 million as compared to 31 March 2013 of US\$850.4 million.

### **(f) Share of profit from associates and joint ventures**

Share of profit of associates and joint ventures increased by approximately US\$5.3 million or 111.3%, from US\$4.7 million in 1Q2013 to US\$10.0 million in 1Q2014. The increase was due mainly to contribution from the Indonesia and Singapore associates .

## **Statements of Financial Position**

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

The Group's trade receivables and CWIP increased by US\$102.1 million from US\$715.8 million as at 31 December 2013 to US\$817.9 million as at 31 March 2014. The increase was due to timing difference between achievement of milestone and revenue recognized for projects in progress.

Subsequent to 31 March 2014, the Group received settlement and billing of approximately US\$120.0 million.

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

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

Other receivables decreased marginally by US\$0.4 million from US\$457.9 million as at 31 December 2013 to US\$457.5 million as at 31 March 2014.

Other assets and receivables include seller credits granted under the sales and leaseback transactions. The Group has entered into sales and lease back agreements ("**Agreements**") with several outside parties. Under the Agreements, the Group has granted each buyer of the vessel credit facilities in connection with their purchase of vessel. The seller credits shall serve as security for the obligations of the Group under the respective bareboat charter parties. These deposits will be refunded in the event that the Company decides not to seek for renewal upon the expiry of the Agreement. As such, the seller credits are recorded as deposits in other receivables.

### **(i) Inventories**

Inventories increased by US\$0.9 million, from US\$10.4 million as at 31 December 2013 to US\$11.3 million as at 31 March 2014. The increase was due to increase in consumable and spares.

### **(j) Investment in associates**

Investment in associates increased by US\$39.2 million, from US\$106.4 million as at 31 December 2013 to US\$145.6 million as at 31 March 2014. The increase was due mainly to fair value recognition in relation to the option shares of an associated company of \$21.3 million and positive results delivered by certain associates.

### **(k) Investment in joint ventures**

Investment in joint ventures decreased by US\$0.7 million, from US\$54.2 million as at 31 December 2013 to US\$53.5 million as at 31 March 2014, the decrease was due mainly to dividend declared by joint venture.

### **(l) Property, plant and equipment**

Property, plant and equipment increased by US\$161.9 million from US\$414.3 million as at 31 December 2013 to US\$576.2 million as at 31 March 2014. The increase was due mainly to addition of a finance leased vessel of approximately US\$250 million as a result of Group strategy to restructure certain existing vessels under various leasing arrangement, this addition was partially offset against de-recognition of property, plant and equipment of approximately US\$115.6 million as a result of deconsolidation of a disposed subsidiaries.

Depreciation decreased by US\$0.5 million or 6.0%, from US\$8.3 million in 1Q2013 to US\$7.8 million in 1Q2014.



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

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

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

	Group					
	3M2014			FY2013		
	Current US\$'000	Non- Current US\$'000	Total US\$'000	Current US\$'000	Non- Current US\$'000	Total US\$'000
Bank Loans	17,938	57,522	75,460	29,145	69,763	98,908
Working Lines	247,919	-	247,919	228,985	-	228,985
Convertible Bonds	37,336	-	37,336	37,500	-	37,500
Notes Payables	94,987	374,324	469,311	94,347	371,814	466,158
Finance Leases	27,906	190,902	218,808	3,469	2,708	6,177
	<b>426,086</b>	<b>622,748</b>	<b>1,048,834</b>	393,446	444,282	837,728

Total current and non-current borrowings increased by US\$211.1 million from US\$837.7 million as at 31 December 2013 to US\$1,048.8 million as at 31 March 2014. The increase was due to higher finance lease for purchase of vessel.

Net debt-to-equity ratio is as follows:

Financial period ended	31 March 2014	31 December 2013	30 September 2013	30 June 2013	31 March 2013
Net debt-to-equity ratio	<b>1.34</b>	0.91	0.98	0.92	1.00

As at 31 March 2014, the Group has the following outstanding notes payables and Convertible Bonds:

#### Notes Payables

Multicurrency medium term notes	Tenure (year)	Interest rate	Due Date	3M2014 S\$'000	Group 3M2014 US\$'000	FY2013 US\$'000
<u>Current</u>						
- series 9	3.5	5.9%	25 July 2014	120,000	94,987	94,347
				<b>120,000</b>	<b>94,987</b>	94,347
<u>Non-current</u>						
- series 11	3	6.25%	8 June 2015	95,000	74,630	74,089
- series 12	4	7.0%	6 July 2016	75,000	58,508	58,099
- series 14	4	7.1%	18 April 2017	160,000	124,398	123,560
- Islamic trust certificateSeries 1	5	6.5%	2 August 2018	150,000	116,788	116,063
				<b>480,000</b>	<b>374,324</b>	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)

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

#### **Convertible Bonds**

	Group		Due Date
	3M2014 US\$'000	FY2013 US\$'000	
<u>Current</u>			
Nominal value of the Convertible Bonds	35,600	35,600	16 October 2014
Fair value through profit or loss	1,736	1,900	
	<b>37,336</b>	37,500	

The decreased amount of Convertible Bonds represents changes in fair value of financial derivative embedded in the Convertible Bonds of US\$0.2 million in 1Q2014, such changes in fair value was accounted for at fair value through profit or loss.

#### **Consolidated Statement of Cash Flows**

##### ***(n) Cash flow used in operating activities***

In 1Q2014, the Group net cash used in operating activities amounted to US\$162.0 million, this comprised operating cash flow before working capital changes of US\$8.1 million, and adjusted for net working capital outflows of US\$148.2 million and income tax and interest payment of US\$5.7 million. The net working capital outflows were mainly the result of the followings:

- (i) increase in trade receivables and CWIP of US\$205.8 million;
- (ii) increase in other receivables of US\$63.2 million;
- (iii) increase in inventories of US\$1.5 million.
- (iv) increase in trade and other payables of US\$122.3 million; and

##### ***(o) Cash flow generated from investing activities***

In 1Q2014, the Group's net cash generated from investing activities amounting to US\$105.4 million, which were due mainly to disposal of subsidiaries of US\$ 121.3 million, purchase of property, plant and equipment and capital expenditure of US\$4.0 million which partially offset against investment of associates of \$12.8 million.

##### ***(p) Cash flow generated from financing activities***

In 1Q2014, the Group recorded net cash inflow from financing activities of US\$5.5 million, which was due mainly to new bank borrowings amounted to total US\$183.3 million. This cash inflow was however partially offset by repayment of bank borrowings amounting to US\$177.4 million.

## 9. Forecast or a prospect statement

Not applicable.

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

Oil price has remained within a healthy range and it is forecasted that most of the major oil and gas companies expect to expand their offshore exploration activities and production capital expenditure.

The Group is capitalising on the increase of activities in the offshore sector by actively bidding for major projects in our target market and geographical region. Barring unforeseen circumstances, the management anticipates growth in order book to be coming in over the next two quarters as more bids are being submitted. At the same time, we believe that fourth quarter of 2014 will be a significant quarter compared to the first three quarters of the year 2014.

As of May 2014, the group has an order book of approximately US\$650 million. The group will remain prudent in managing its operations, maximizing cost efficiencies to provide value added solutions to its customers.

**11. Dividend**

**(a) Current Financial Year Reported On**

**Any dividend recommended for the current financial year 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 Year of the Immediately Preceding Financial Year**

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

No

**(c) Date Payable**

The Special Dividend was paid on 28 April 2014

**(d) Book Closure Date.**

The Transfer Books and the Register of Members of the Company was closed on 9 April 2014 for purposes of preparing the Special Dividend.

**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.

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

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On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the **first quarter and three months' financial results for the period ended 31 March 2014** 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  
15 May 2014  
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