



SWISSCO

Company Registration No: 200404711D

SWISSCO HOLDINGS LIMITED

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

The Board of Directors of Swissco Holdings Limited is pleased to announce the unaudited consolidated results of the Group for the 1st quarter (“1Q2014”).

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding year.

Consolidated Statement of Comprehensive Income

	GROUP Unaudited 1Q2014 (\$'000)	GROUP Unaudited 1Q2013 (\$'000)	Inc/ (Decr) %
Sales	13,733	11,220	22.4
Cost of sales	(7,490)	(8,572)	(12.6)
Gross profit	6,243	2,648	135.8
Other income	100	1,577	(93.7)
Other gains/(losses) – net	128	361	(64.5)
Less: Expenses			
Administrative	(1,666)	(1,811)	(8.0)
Finance	(718)	(614)	16.9
Share of loss of joint ventures	(139)	(123)	13.0
Profit before tax	3,948	2,038	93.7
Income tax expense	(203)	(231)	(12.1)
Profit, net of tax	3,745	1,807	107.2

Other Comprehensive Income/(Loss):

Items that may be reclassified subsequently to profit or loss:

Currency translation differences arising from consolidation	(123)	122	n.m.
Financial assets, available for sale			
– fair value gain	-	1,517	n.m.
– reclassification on disposal	-	147	n.m.
Other Comprehensive (Loss)/Income, Net of Tax	(123)	1,786	n.m.
Total Comprehensive Income Attributable to Equity Holders of the Company	3,622	3,593	0.8

1(a)(ii) The total comprehensive income/(loss) attributable to equity holders of the Company include the following credits/(charges):-

	GROUP Unaudited 1Q2014 (\$'000)	GROUP Unaudited 1Q2013 (\$'000)	Inc/ (Decr) %
Depreciation	(2,569)	(1,989)	29.2
Allowance for impairment on trade and other receivables	(96)	(411)	(76.6)
Interest income	81	25	224.0
Interest expense	(718)	(613)	17.1
Foreign exchange gains	198	66	200.0
Forfeiture of deposit	-	1,214	n.m.
Dividend income	-	250	n.m.
Net gain on disposal of property, plant and equipment	88	442	(80.1)
Net loss on disposal of non-current asset held for sale	(158)	-	n.m.
Loss on disposal of financial assets, available for sale	-	(147)	n.m.
Amortisation of facility fee	(27)	(141)	(80.9)
Under provision of income tax in prior years	-	(70)	n.m.

n.m. = not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP Unaudited As at 31/03/2014 (\$'000)	GROUP Audited As at 31/12/2013 (\$'000)	COMPANY Unaudited As at 31/03/2014 (\$'000)	COMPANY Audited As at 31/12/2013 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	23,922	6,533	1,149	248
Financial assets, available-for- sale	14,896	14,896	-	-
Trade and other receivables	19,350	31,001	1,630	8,650
Inventories	210	58	-	-
Other current assets ⁽¹⁾	44,499	39,316	61	54
	<u>102,877</u>	<u>91,804</u>	<u>2,840</u>	<u>8,952</u>
Non-current assets classified as held for sale	4,937	6,562	-	-
	<u>107,814</u>	<u>98,366</u>	<u>2,840</u>	<u>8,952</u>
Non-current assets				
Other receivables	-	357	-	357
Other non-current assets	1,682	1,681	-	-
Investment in subsidiaries	-	-	177,987	177,987
Investment in joint ventures	1,384	1,529	50	50
Property, plant and equipment	186,359	175,060	-	-
	<u>189,425</u>	<u>178,627</u>	<u>178,037</u>	<u>178,394</u>
Total assets	<u>297,239</u>	<u>276,993</u>	<u>180,877</u>	<u>187,346</u>
LIABILITIES				
Current liabilities				
Trade and other payables	28,647	32,790	70,547	75,001
Borrowings	62,915	57,459	5,958	6,802
Current income tax liabilities	2,905	2,725	-	-
	<u>94,467</u>	<u>92,974</u>	<u>76,505</u>	<u>81,803</u>
Non-current liabilities				
Other payables	1,683	1,687	-	-
Borrowings	55,392	40,302	824	2,400
Deferred income tax liabilities	2,204	2,204	-	-
	<u>59,279</u>	<u>44,193</u>	<u>824</u>	<u>2,400</u>
Total liabilities	<u>153,746</u>	<u>137,167</u>	<u>77,329</u>	<u>84,203</u>
NET ASSETS	<u>143,493</u>	<u>139,826</u>	<u>103,548</u>	<u>103,143</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	92,672	92,672	92,672	92,672
Other reserves	(9,943)	(9,865)	235	190
Retained earnings	60,764	57,019	10,641	10,281
Total equity	<u>143,493</u>	<u>139,826</u>	<u>103,548</u>	<u>103,143</u>

Note: (1) Other current assets as at 31 March 2014 include \$37.4 million (31 December 2013: \$31.0 million) of progress payments to shipyards for vessels under construction that are contracted for sale.

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(a) the amount repayable in one year or less, or on demand;

As at 31/03/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
(\$'000)	(\$'000)	(\$'000)	(\$'000)
52,944	9,971	49,050	8,409

(b) the amount repayable after one year;

As at 31/03/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
(\$'000)	(\$'000)	(\$'000)	(\$'000)
55,392	-	40,302	-

Details of any collateral

The Group's borrowings were secured by the pledge of the Group's leasehold properties, margin deposits, certain vessels and financial assets, available for sale.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP Unaudited 1Q2014 (\$'000)	GROUP Unaudited 1Q2013 (\$'000)
Cash flows from operating activities		
Net profit	3,745	1,807
Adjustments for:		
Income tax expense	203	231
Share of loss of joint ventures	139	123
Depreciation of property, plant and equipment	2,569	1,989
Interest expense	718	613
Interest income	(81)	(25)
Dividend income	-	(250)
Performance share and share option expense	45	76
Loss on disposal of financial assets, available for sale	-	147
Loss on disposal of non-current asset held for sale	158	-
Gain on disposal of property, plant & equipment	(88)	(442)
Operating cash flows before changes in working capital	7,408	4,269
Changes in working capital:		
Trade and other receivables	11,651	(594)
Inventories	(152)	24
Other assets	(5,183)	(2,734)
Trade and other payables	(4,147)	(395)
Net cash flows generated from operations before tax	9,577	570
Income tax paid	(17)	(1,092)
Net cash flows generated from/(used in) operating activities	9,560	(522)
Cash flows from investing activities		
Interest received	81	25
Dividend received	-	250
Repayment of loan from joint venture	357	-
Proceeds from disposal of financial assets, available for sale	-	286
Proceeds from disposal of property, plant and equipment	4,136	6,614
Purchases and construction of property, plant and equipment	(16,449)	(18,471)
Net cash flows used in investing activities	(11,875)	(11,296)
Cash flows from financing activities		
Interest paid	(718)	(613)
Proceeds from borrowings	39,680	6,905
Repayment of borrowings	(19,134)	(18,257)
Net cash flows generated from/ (used in) financing activities	19,828	(11,965)
Net increase/(decrease) in cash and cash equivalents	17,513	(23,783)
Cash and cash equivalents, beginning balance	6,533	35,111
Effects of currency translation on cash and cash equivalents	(124)	200
Cash and cash equivalents, ending balance	23,922	11,528

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group (\$'000)	Share Capital	Other Reserves	Retained Earnings / (Accumulated Losses)	Total Equity
Previous Year:				
As at 01/01/2013	91,998	(12,449)	37,302	116,851
Performance share plan – value of employee services	-	40	-	40
Employee share option plan – value of employee services	-	36	-	36
Total comprehensive income for the period	-	1,786	1,807	3,593
As at 31/03/2013	91,998	(10,587)	39,109	120,520
Current Year:				
As at 01/01/2014	92,672	(9,865)	57,019	139,826
Employee share option plan – value of employee services	-	45	-	45
Total comprehensive income for the period	-	(123)	3,745	3,622
As at 31/03/2014	92,672	(9,943)	60,764	143,493

Company (\$'000)	Share Capital	Other Reserves	Retained Earnings / (Accumulated Losses)	Total Equity
Previous Year:				
As at 01/01/2013	91,998	360	7,457	99,815
Performance share plan – value of employee services	-	40	-	40
Employee share option plan – value of employee services	-	36	-	36
Total comprehensive income for the period	-	-	242	242
As at 31/03/2013	91,998	436	7,699	100,133
Current Year:				
As at 01/01/2014	92,672	190	10,281	103,143
Employee share option plan – value of employee services	-	45	-	45
Total comprehensive income for the period	-	-	360	360
As at 31/03/2014	92,672	235	10,641	103,548

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital during the three months ended 31 March 2014.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31/03/2014	As at 31/12/2013
Total number of issued shares (excluding treasury shares)	435,373,565	435,373,565

The Company did not have any treasury shares as at 31 March 2014 and 31 December 2013 respectively.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Please state whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.

The figures are not required to be audited and have not been reviewed by the Company's auditors.

3. If the figures have been audited or reviewed, please provide a statement on whether there are any qualifications or emphasis of matter.

Not applicable.

4. Please state whether the same accounting policies and method of computation as in the issuer's most recently audited financial statements have been followed.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial information for the current period as the last audited financial statements for the period ended 31 December 2013, except for the adoption of the new financial reporting standards and amendments that are effective for the current period. The effect of the adoption of these standards and amendments was not material to the Group's results.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

See item 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per share (cents) based on:-

- a) weighted average number of ordinary shares on issue
- b) a fully diluted basis

GROUP 1Q2014	GROUP 1Q2013
0.860	0.417
0.858	0.416

Weighted average ordinary shares for calculation of:-

- a) weighted average number of ordinary shares on issue
- b) a fully diluted basis

435,373,565	432,898,365
436,434,543	433,973,365

7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	GROUP As at 31/03/2014	GROUP As at 31/12/2013	COMPANY As at 31/03/2014	COMPANY As at 31/12/2013
Net asset value per share (cents) ⁽¹⁾	32.96	32.12	23.78	23.69

Note:-

(1) Based on share capital of 435,373,565 ordinary shares as at 31 March 2014 and 31 December 2013.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Consolidated Income Statement

Business segments	1Q2014 (S\$' million)	1Q2013 (S\$' million)
Vessel chartering	12.3	9.0
Ship-repair	1.0	1.0
Maritime services	0.4	1.2
Total revenue	13.7	11.2

The Group's sales for 1Q2014 increased from \$11.2 million to \$13.7 million due to higher vessel chartering revenue. The higher chartering revenue was due to an increase in the fleet size to 36 (1Q2013: 30) as the Group took delivery of higher value vessels in 4Q2013 and 1Q2014. Moreover, several of these newly delivered vessels and existing AHTS secured longer term bare-boat charters contributing to Group revenue.

The Maritime Services segment registers fewer transactions while Ship Repair revenue was comparable to 1Q2013.

Cost of sales for 1Q2014 was lower at \$7.5 million despite higher revenue due to higher charter rates secured for newly delivered vessels. These higher value vessels which are of higher specifications command higher charter rates.

Other income of \$0.1 million comprises mainly \$81k of interest income whereas in 1Q2013, it included dividend received from quoted investment and forfeiture of \$1.2 million deposit received for the purchase of a vessel from the Group's fleet from a buyer who failed to complete the purchase.

Other gains / (losses)-net of \$128k comprises exchange gain of \$200k partially offset by a gain on disposal of property plant and equipment of \$88k and loss on disposal of non-current asset held for sale of \$158k. In 1Q2013 it comprised mainly gain on disposal of vessel of \$0.4 million.

Administrative expenses decreased by \$0.2 million in 1Q2014 as compared to 1Q2013 due mainly to lower impairment of trade receivables of \$96k (1Q2013: \$411k) partially offset by higher staff cost.

Finance expenses increased by \$0.1 million from \$0.7 million in 1Q2013 to \$0.8 million in 1Q2014 due mainly to higher borrowings in 1Q2014.

Share of (loss)/profit of joint venture. The Group's 50% owned joint venture Hadi International Marine Services Pte. Ltd continued to incur losses amounting to \$139k in 1Q2014 (1Q2013: \$128k) due to higher operating expenses.

Profit, net of tax. The Group generated a net profit after tax of \$3.8 million in 1Q2014 compared to a profit of \$1.8 million in 1Q2013 due mainly to higher contribution from the vessel chartering segment.

Income tax expenses of \$0.2 million comprise mainly of corporate tax provision for 1Q2014.

Consolidated Balance Sheet

Assets

The Group's total assets as at 31 March 2014 amounted to \$297.2 million, an increase of \$20.2 million from \$277.0 million as at 31 December 2013. The increase was due mainly to higher cash and cash equivalents arising from additional loans drawn to make progress payments to shipyards for vessels under-construction that are contracted for sale as well as fleet expansion.

Liabilities

The Group's total liabilities increased by \$16.5 million from \$137.2 million as at 31 December 2013 to \$153.7 million as at 31 March 2014 mainly due to higher borrowings to fund progress payments to shipyards.

Share Capital and Reserves

Total equity increased from \$139.8 million on 31 December 2013 to \$143.5 million on 31 March 2014 due to profit for 1Q2014.

Cash Flow Statement

The Group generated \$7.4 million from its operating activities before working capital movement. Working capital movement included progress payments towards shipbuilding contracts that are earmarked for sale of \$5.2 million, decrease in trade and other receivables of \$11.7 million and decrease in trade and other payables of \$4.1 million. After working capital movement and tax payments, the Group generated \$9.6 million in its operating activities.

Net cash used in investing activities of \$11.9 million was due mainly to cash outflow of \$16.4 million arising from progress payments for the construction of vessels ordered by the Group which was partially offset by cash inflow of \$4.1 million comprising mainly proceeds from the disposal of vessels.

Net cash from financing activities for 1Q2014 of approximately \$19.8 million was due mainly to net loan borrowing of \$20.6 million.

As a result of the above, the Group recorded an increase in cash and cash equivalents of \$17.5 million in 1Q2014.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable, the Group has not disclosed any forecast or prospect statements to its shareholders previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group expects its three business segments to continue to contribute to Group earnings with stable demand for chartering of offshore support vessels and maritime services. The Group will continue to focus on the Vessel Chartering segment as the Group continues to grow its fleet both in size and capabilities. Currently the Group has 10 vessels under construction and expects 5 of these to be added to our fleet in FY2014 and the remaining 5 in FY2015.

On 31 March 2014, the Group entered into a definitive sale and purchase agreement in relation to the Proposed Acquisition of Scott and English Energy Pte. Ltd. ("S&E"). S&E is in the business of owning and leasing mobile offshore drilling units and service rigs to support major oil and gas corporations in their exploration and production activities. The completion which is subject to shareholders' approval is expected to have a material impact on the Group's earnings.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

The directors do not recommend the payment of a dividend for the current period.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii).

There was no interested person transaction during the period ended 31 March 2014.

14. Negative confirmation pursuant to Rule 705(5).

We, Robert Chua Swee Chong and Alex Yeo Kian Teong, being directors of Swissco Holdings Limited (the “Company”), do hereby confirm for and on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the first quarter ended 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Robert Chua Swee Chong
Executive Chairman

Alex Yeo Kian Teong
Chief Executive Officer

9 May 2014