



MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER ("Q1FY2015") IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2015 ("FY2015")

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS

The balance sheet of the Group as at 31 December 2014, the income statement and cash flow statement of the Group for Q1FY2015 had, with effect from 10 December 2014, taken into account the deconsolidation of the relevant financial result/ position of PT Pelayaran Nasional Bina Buana Raya Tbk ("BBR") when the Group ceased to have a controlling interest in BBR following the renunciation of its rights entitlement in BBR to Nam Cheong Ltd (or its nominees) pursuant to the rights issue carried out by BBR on 13 November 2014 (the "Right Issue") as announced by the Company on 29 September 2014 (the "Deemed Disposal").

1.(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediate preceding financial year.

	The Group		
	Q1FY2015	Q1FY2014	%
	S\$'000	S\$'000	Change
Revenue	26,609	30,141	(12)
Cost of sales	(20,582)	(20,987)	(2)
Gross profit	6,027	9,154	(34)
Other operating income	2,819	148	1,805
Administrative expenses	(2,422)	(2,150)	13
Other operating expenses	(1,420)	(1,088)	31
Profit from operations	5,004	6,064	(17)
Finance costs	(1,029)	(2,002)	(49)
Share of results of jointly controlled entities	971	384	153
Gain on deemed disposal of a subsidiary	2,917	-	NM
Profit before taxation	7,863	4,446	77
Income tax	(1,058)	(922)	15
Profit after taxation	6,805	3,524	93
Profit attributable to:-			
Owners of the parent	7,410	3,253	128
Non-controlling interests	(605)	271	NM
	6,805	3,524	

"Q1FY2015" denotes the first financial quarter of the financial year ended 30 September 2015 ("FY2015").

"Q1FY2014" denotes the first financial quarter of the financial year ended 30 September 2014 ("FY2014").

"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure.

"NM" denotes not meaningful.

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

	The Group		
	Q1FY2015 S\$'000	Q1FY2014 S\$'000	%
			Change
Profit for the period	6,805	3,524	93
Exchange differences on translating foreign operations	2,347	1,668	41
Other comprehensive income, net of tax	2,347	1,668	41
Total comprehensive income for the period	9,152	5,192	76
Total comprehensive income attributable to:-			
Owners of the parent	6,669	3,555	88
Non-controlling interest	2,483	1,637	52
	9,152	5,192	76

1.(a)(iii) Net profit for the period was stated after (crediting)/charging:

	The Group		
	Q1FY2015 S\$'000	Q1FY2014 S\$'000	%
			Change
Profit before income tax has been arrived at after charging/(crediting)			
Depreciation and amortization	4,702	5,366	(12)
Net foreign currency exchange (gain)/loss	(2,579)	89	NM
Allowance for impairment of trade receivable	305	-	NM
Gain on disposal of property, plant and equipment	-	(7)	NM
Gain on deemed disposal of a subsidiary	(2,917)*	-	NM
Interest income	(12)	(31)	(61)
Interest expenses	1,029	2,002	(49)
Grant of share options to employee	14	42	(67)
Fair value adjustment of derivative contract	-	53	NM

* Inclusive of: (1) cumulative exchange differences of S\$3.0 million, which were recognized in the other comprehensive income to the Deemed Disposal; and (2) impairment in goodwill, recognized previously in January 2013 when the Group increased its equity interest in BBR, by S\$1.6 million.

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

	The Group		The Company	
	As at 31 December 2014 S\$'000	As at 30 September 2014 S\$'000	As at 31 December 2014 S\$'000	As at 30 September 2014 S\$'000
Non-current assets				
Property, plant and equipment	172,460	343,334	-	-
Investment in subsidiaries	-	-	4,320	4,320
Goodwill	3,685	5,250	-	-
Investment in jointly controlled entities	88,751	34,714	6,453	6,450
Finance lease receivables	-	718	-	-
	264,896	384,016	10,773	10,770
Current assets				
Inventories	13,536	14,786	-	-
Trade receivables	11,497	15,467	-	-
Due from customers for construction contracts	34,136	23,419	-	-
Other receivables, deposits & prepayment	18,719	19,310	432	642
Finance lease receivables	-	541	-	-
Due from subsidiaries (non-trade)	-	-	95,300	94,326
Fixed deposits	757	1,286	-	-
Cash and bank balances	17,507	24,486	3,227	5,789
	96,152	99,295	98,959	100,757
Total assets	361,048	483,311	109,732	111,527
Current liabilities				
Bank overdraft	1,392	786	-	-
Trade payables	16,690	14,922	-	-
Due to customers for construction contracts	860	3,718	-	-
Other payables and accruals	10,616	11,495	943	1,781
Borrowings – interest bearing	78,959	115,735	-	-
Derivative financial instruments	450	451	-	-
Income tax payable	6,716	7,359	15	15
	115,683	154,466	958	1,796
Non-current liabilities				
Borrowings – interest bearing	70,743	107,388	50,000	50,000
Deferred tax liabilities	1,077	936	-	-
	71,820	108,324	50,000	50,000
Total liabilities	187,503	262,790	50,958	51,796
Net assets	173,545	220,521	58,774	59,731
Share capital and reserves				
Share capital	59,239	59,239	59,239	59,239
Capital reserve	-	634	-	-
Employee share option reserve	99	85	-	-
Treasury shares	(1,003)	(104)	(1,003)	-
Foreign currency translation reserve	2	743	-	-
Retained earnings	115,208	107,798	538	492
	173,545	168,395	58,774	59,731
Non-controlling interest	-	52,126	-	-
Total equity	173,545	220,521	58,774	59,731

1.(b)(ii) Aggregate amount of borrowings and debts securities for the Group.

	The Group	
	As at	As at
	31 December	30 September
	2014	2014
	S\$'000	S\$'000
Amount repayable in one year or less or on demand Secured*	80,351	116,521
Amount repayable after one year Secured*	70,743	107,388

Details of any collateral

* These are secured by:

- Mortgages over certain property, plant and equipment of subsidiaries.
- Assignment of certain charter income and insurance policies of vessels of a subsidiary.
- Corporate guarantees by the Company.
- Certain property, plant and equipment are under finance lease arrangements.

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

	The Group	
	Q1FY2015 S\$'000	Q1FY2014 S\$'000
Cash flow from operating activities		
Profit before income tax	7,863	4,446
Adjustments for:		
Depreciation and amortization	4,702	5,366
Interest expense	1,029	2,002
Interest income	(12)	(31)
Allowance for impairment of trade receivable	305	-
Gain on disposal of property, plant and equipment	-	(7)
Loss on deemed disposal of a subsidiary	123	-
Fair value adjustment of derivative contracts	-	53
Share of profits in jointly controlled entities	(971)	(384)
Grant of share options to employees	14	42
Currency realignment	(440)	771
Operating profit before working capital changes	12,613	12,258
Working capital changes:		
Inventories	600	(717)
Trade and other receivables	(11,548)	(6,341)
Due from customers for construction contracts	(13,575)	(11,906)
Trade and other payables	8,488	272
Cash used in operations	(3,422)	(6,434)
Interest paid	(17)	(5)
Income tax paid	(1,373)	(424)
Net cash used in generated from operating activities	(4,812)	(6,863)
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,225)	(1,721)
Proceeds from disposal of property, plant and equipment	-	7
Withdrawal of fixed deposits and cash pledged with licensed bank	-	138
Receipt of minimum lease payment	718	-
Net cash outflow on deemed disposal of a subsidiary	(2,366)	-
Interest received	12	31
Net cash used in investing activities	(14,861)	(1,545)
Cash flows from financing activities		
Proceeds from loans	37,923	50,000
Repayment of term loans	(23,277)	(16,400)
Repayment of lease obligations	(11)	(53)
Interest paid on lease obligations	-	(6)
Interest paid on term loans	(750)	(1,272)
Interest paid on medium term note	(262)	(719)
Purchase of treasury shares	(1,003)	-
Dividend paid	-	(4,771)
Net cash generated from financing activities	12,620	26,779
Net change in cash and cash equivalents	(7,053)	18,371
Effect of exchange rate changes on cash and cash equivalents	88	77
Cash and cash equivalents at beginning of financial year	23,837	7,350
Cash and cash equivalents at end of financial year (Note 1)	16,872	25,798

Note 1:

Cash and cash equivalents consist of:

	The Group	
	Q1FY2015 S\$'000	Q1FY2014 S\$'000
Cash and bank balances	17,507	18,440
Fixed deposits	757	7,865
Bank overdraft	(1,392)	-
Total cash, bank balances and fixed deposit	16,872	26,305
Less: fixed deposits and cash pledged	-	(507)
Cash and cash equivalents	16,872	25,798

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

Attributable to equity holders of the Company								
Share capital	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 October 2013	59,239	634	28	558	102,423	162,882	50,324	213,206
Profit for the year	-	-	-	-	3,253	3,253	271	3,524
Other comprehensive income, net of tax	-	-	-	302	-	302	1,366	1,668
Total comprehensive income for the year	-	-	-	302	3,253	3,555	1,637	5,192
Contributions by and distributions to owners								
Grant of employee share option	-	-	42	-	-	42	-	42
Dividend paid	-	-	-	-	(4,771)	(4,771)	-	(4,771)
Total contributions by and distributions to owners	-	-	42	-	(4,771)	(4,729)	-	(4,729)
Balance as at 31 December 2013	59,239	634	70	860	100,905	161,708	51,961	213,669

Attributable to equity holders of the Company									
Share capital	Treasury shares	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity	
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2014	59,239	(104)	634	85	743	107,798	168,395	52,126	220,521
Profit for the year	-	-	-	-	-	7,410	7,410	(605)	6,805
Other comprehensive income, net of tax	-	-	-	-	(741)	-	(741)	3,088	2,347
Total comprehensive income for the year	-	-	-	-	(741)	7,410	6,669	2,483	9,152
Contributions by and distributions to owners									
Grant of employee share option	-	-	-	14	-	-	14	-	14
Purchase of treasury shares	-	(1,003)	-	-	-	-	(1,003)	-	(1,003)
Disposal of subsidiary	-	104	(634)	-	-	-	(530)	(54,609)	(55,139)
Total contributions by and distributions to owners	-	(899)	(634)	14	-	-	(1,519)	(54,609)	(56,128)
Balance as at 31 December 2014	59,239	(1,003)	-	99	2	115,208	173,545	-	173,545

	The Company		
	Share capital	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2013	59,239	4,353	63,592
Total comprehensive income for the year	-	1,670	1,670
Dividend on ordinary shares	-	(4,771)	(4,771)
Balance as at 31 December 2013	59,239	1,252	60,491

	The Company			
	Share capital	Treasury shares	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2014	59,239	-	492	59,731
Total comprehensive income for the year	-	-	46	46
Purchase of treasury shares	-	(1,003)	-	(1,003)
Balance as at 31 December 2014	59,239	(1,003)	538	58,774

1.(d)(ii) Details of any changes in 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 previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

On 9 July 2012, the shareholders of the Company approved the adoption of (a) a restricted share scheme; (b) a performance share scheme; and (c) an employee share option scheme ("ESOS"). On 24 April 2013, 4,910,000 shares options, which are capable of being exercised into the same equivalent number of shares of the Company, were issued by the Company pursuant to the ESOS Scheme.

Save as disclosed, the Company has no outstanding convertibles as at 31 December 2013 and 31 December 2014.

There is no change in the Company's share capital since 30 September 2014.

During the 3 months ended 31 December 2014, the Company acquired 3,371,000 of its own shares through on-market purchases on the Singapore Exchange Securities Trading Limited and these shares are held as treasury shares.

1.(d)(iii) The 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 Dec 2014	As at 30 Sep 2014
Total number of issued ordinary shares (excluding treasury shares)	337,379,000	340,750,000

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

Treasury Shares Movement:

Date of share buy back	Number of shares
24-Nov-14	1,107,000
25-Nov-14	249,000
26-Nov-14	789,000
28-Nov-14	772,000
01-Dec-14	93,000
04-Dec-14	128,000
05-Dec-14	50,000
08-Dec-14	36,000
10-Dec-14	56,000
11-Dec-14	91,000
Treasury Shares as at 31 December 2014	3,371,000

2. Whether the figures have been audited, or reviewed in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the preparing the financial statements for the current financial year as with those used in preparing the audited financial statements as at 30 September 2014.

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.

The Group and the Company adopted all the new and revised Singapore Financial Reporting Standards (FRSs) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2014, where applicable. The adoption of these standards does not have a material impact on the financial statements of the Group and of the Company as at 1 October 2014.

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

	The Group	
	Q1FY2015 S\$'000	Q1FY2014 S\$'000
Net profit attributable to shareholders	7,410	3,253
Earnings per share		
Basic (Singapore cents)	2.18 cents*	0.95 cents*
Diluted (Singapore cents)	2.18 cents*	0.95 cents*

* Basic and diluted earnings per share for Q1FY2015 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$7.4 million and the weighted average number of shares of 339,470,054.

** Basic and diluted earnings per share for Q1FY2014 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$3.3 million and the weighted average number of shares of 340,750,000.

There were no potential dilutive shares as at 31 December 2014.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	As at 31 December 2014 S\$'000	As at 30 September 2014 S\$'000	As at 31 December 2014 S\$'000	As at 30 September 2014 S\$'000
Net asset value as at the respective balance sheet dates	173,545	168,395	58,774	59,731
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	51.4 cents	49.4 cents	17.4 cents	17.5 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.

Overview

The Group, comprising Marco Polo Marine Ltd (the "Company") and its subsidiaries, is a reputable regional integrated marine logistic company which principally engages in shipping and shipyard businesses.

The shipping business of the Group relates to the chartering of Offshore Supply Vessels ("OSVs"), which comprise mainly Anchor Handling Tug Supply (AHTS) vessels for deployment in the regional waters, including the Gulf of Thailand, Malaysia, Indonesia and Australia, as well as the chartering of tugboats and barges to customers, especially those which engaged in the mining, commodities, construction, infrastructure and land reclamation industries. As part of the diversification of its shipping business, the Group is also in the midst of establishing a Rig Division, subsequent to its engagement of PPL Shipyard to build a high-specification Pacific Class 400 rig, which is slated for delivery in November 2015 (as announced by the Company on 26 February 2014 with details contained in its Circular to the shareholders dated 17 March 2014) (the "Rig Under Construction").

The shipyard business of the Group relates to ship building as well as the provision of ship maintenance, repair, outfitting and conversion services which are being carried out through its shipyard located in Batam, Indonesia. Occupying a total land area of approximately 34 hectares with a seafront of approximately 650 meters, the modern shipyard also houses three dry docks which boosted the Group's technical capabilities and service offerings to undertake projects involving mid-sized and sophisticated vessels.

(a) Review of financial performance of the Group for Q1FY2015 compared to Q1FY2014

Our Group's revenues for Q1FY2015 and Q1FY2014 were as follow:

	Q1FY2015		Q1FY2014		Change	
	S\$ million	%	S\$ million	%	S\$ million	%
Ship Chartering Operations	13.2	49.6	18.3	60.8	(5.1)	(27.9)
Ship Building & Repair Operations	13.4	50.4	11.8	39.2	1.6	13.6
	26.6	100.0	30.1	100.0	(3.5)	(11.6)

The revenue from our Ship Chartering Operations recorded a decrease of 27.9% from S\$18.3 million in Q1FY2014 to S\$13.2 million in Q1FY2015. The decrease was attributed principally to: (1) the deconsolidation of the results of BBR following the Deemed Disposal; (2) the lower utilization of tugboat and barge fleet amidst the continued weakened shipping demand in the regional market for the shipment of coal and other commodities; and (3) the transitional deployment of one of the Group's OSVs to other locations following a change in charterers.

Underpinned by increased demand for ship building, the Ship Building & Repair Operations of the Group reported an increase in revenue by 13.6% to S\$13.4 million in Q1FY2015 from S\$11.8 million in Q1FY2014.

The Group's overall gross profit decreased by 34.2% from S\$9.1 million in Q1FY2014 to S\$6.0 million in Q1FY2015, with gross profit margin reduced from 30.4% to 22.7% over the same periods under consideration, chiefly as a result of a lower proportion of the revenue being contributed by the Ship Chartering Operations, which generally commanded higher gross profit margin relative to the Ship Building & Repair Operations.

The other operating income of the Group increased to S\$2.8 million in Q1FY2015 from S\$0.1 million in Q1FY2014, due mainly to net foreign exchange gain as a result of the appreciation of US\$ against S\$ in deposit payment to the Rig Under Construction.

The increase in administrative expenses of 12.3% in Q1FY2015 relative to that of Q1FY2014 was mainly attributed to increased personnel expenses.

The increase in other operating expenses in Q1FY2015 relative to Q1FY2014 was mainly attributed to the impairment loss on the collectability of debt due from one of the Group's customers in Indonesia.

The decreased in finance costs by 48.6% in Q1FY2015 relative to that of Q1FY2014 was attributed mainly to: (1) the deconsolidation of BBR's interest expense attributed to vessel loans after the Deemed Disposal; and (2) capitalization of interest of S\$0.4 million as part of the asset cost of the Rig Under Construction.

The share of results from jointly controlled companies increased by 147.4% in Q1FY2015 relative to that of Q1FY2014, attributed mainly to the contribution from the newly forged jointly controlled entity in Q4FY2014 which principally engages in the chartering of Accommodation Work Vessel (as announced by the Company on 19 August 2014).

The gain on deemed disposal of a subsidiary of S\$2.9 million recorded in Q1FY2015 was a gain in connection with a re-measurement of the fair value of BBR from a subsidiary to a jointly controlled company as a result of the Deemed Disposal.

The increased in income tax expense was mainly attributed to the Group's revenue and profit derived from in-house ship building projects which, though eliminated upon consolidation, were taxable.

(b) Review of financial position of the Group as at 31 December 2014 compared to FY2014

The Group's non-current assets decreased by 31.0% to S\$264.9 million as at 31 December 2014 from S\$384.0 million as at 30 September 2013. The decrease was attributed mainly to the deconsolidation of 76 vessels, worth about S\$179.4 million owned by BBR, from the Group's balance sheet following the Deemed Disposal, albeit the partial offset by the recognition of: (1) the Group's equity interest of 34.8% in BBR (as a jointly controlled entity); and (2) a newly added AHTS in November 2014 (as announced by the Company on 5 January 2015).

The decrease in trade receivables, inventories as well as deposits and prepayments were in tandem with the business activities.

The amounts due from customers for construction contracts increased by 45.8% to S\$34.1 million as at 31 December 2014 from S\$23.4 million as at 30 September 2014, mainly as a result of work done but yet to be billed in respect of a vessel under construction, which is scheduled for delivery to the customer in Q2FY2015.

In line with the accounting treatment for finance lease, the finance lease receivable, in relation to the bareboat charter agreement with a third party charterer to charter a set of vessels since July 2013, had been fully collected as at 31 December 2014.

The increase in trade payables as at 31 December 2014 was mainly attributed to the increased purchase of materials and equipment required for the building of vessels towards the end of the quarter.

Notwithstanding that the Group's net cash used in operation decreased by 29.9% in Q1FY2015 relative to that of Q1FY2014, the Group's cash and cash equivalent decreased by S\$8.9 million to S\$16.9 million as at 31 December 2014 from S\$25.8 million as at 30 September 2014, chiefly as a result of the newly added AHTS in November 2014 and the Deemed Disposal.

The Group's total interest-bearing borrowings decreased by S\$72.8 million to S\$151.1 million as at 31 December 2014 from S\$223.9 million as at 30 September 2014, primarily attributed to the deconsolidation of BBR's vessel loans following the Deemed Disposal.

Following from the above:

1. the negative working capital position of the Group improved by S\$35.6 million to S\$19.5 million as at 31 December 2014 from S\$55.2 million as at 30 September 2014;
2. the net gearing of the Group (defined as the ratio of the aggregate of interest bearing loans net of cash and cash equivalents to total equity) decreased to 77.4% as at 31 December 2014 from 90.2% as at 30 September 2014.

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

Not applicable.

10. A commentary at the date of the announcement of the 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.

Against the backdrop of an anemic global economy, the financial quarter under review was characterized by the general precipitous and unrelenting decline in oil prices to multi-year lows, which had adversely impacted sentiments and demand for vessels. Given that the region is characterized by relatively shallow waters with an active and sizeable fleet of jack-up rigs in operation, the offshore oil and gas exploration and production activities in the region have so far remained resilient amidst signs of weakening.

The Group expects the offshore business of its Ship Chartering Operations to continue to spearhead its growth for the next 12 months as evident by recent charters that the Group has secured (as announced by the Company in January 2015). The Group has also diversified its vessel composition within the OSV fleet, with the addition of the second Maintenance Work Vessel (MWV) which has secured a long-term chartering contract commencing from April 2015. MWVs are utilized mainly for maintenance and development work involving offshore oil-fields and platforms while AHTSs are used mainly to support exploration work involving jack-up rigs.

In contrast, the market conditions facing the tugboat and barge division of the Group are expected to continue to remain challenging. The Group's Ship Building and Repair Operations are also expected to continue to be affected by the global subdued economic outlook and strong competition in the region. Notwithstanding which, our shipyard continues to be firmly and broadly engaged with new ship-building programs, targeting mainly the mid-sized OSVs and in meeting internal demands, including those from BBR bolstered by the completion of investment by Nam Cheong Ltd in December 2014.

With regard to the Rig Under Construction, the Group continues to closely monitor its construction progress as well as market conditions. Amidst the general weakness of oil prices and cut-back on exploration work by operators, a softening in market daily charter rates for jack-up rigs is expected. The Group has commenced pre-marketing efforts and remains active on the lookout for potential partners to complement its resources and expertise for its eventual rig chartering operations.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and factors such as general economic and business conditions, including the uncertainties of the pace of recovery of the United States of America economy, continued concerns of the scale of the possible adverse fallouts and their implications on the global scene triggered by the current Euro zone debt crisis, inflationary pressures and currency appreciation which will affect the continued strong growth in Asia, especially East Asia; timing or delay in signing, commencement, implementation and performance of programs, or the delivery of products or services under them; relationships with customers; competition; and ability to attract personnel. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future and any negative impacts arising from these issues will affect the performance of the Group's businesses, undue reliance must not be placed on these statements.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded for Q1FY2015.

13. Interested Person Transactions

Pursuant to Rule 907 of the SGX-ST Listing Manual and the new IPT General Mandate procured from the shareholders of the Company on 29 January 2015, the following interested person transactions had been entered into during Q1FY2015:

Name of Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the Shareholders' Mandate (excluding transactions less than S\$100,000) pursuant to Rule 920
	S\$'000	S\$'000
Sales of newbuild vessels by Marco Polo Shipyard Pte Ltd to PT Pelayaran Nasional Bina Buana Raya Tbk	-	6,104

14. Negative Assurance on Interim Financial Statement.

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 statements of the Group and the Company for Q1FY2015 to be false or misleading in any material aspect.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
CEO

Liely Lee
CFO

11 February 2015