MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD FINANCIAL QUARTER ("Q3FY2017") AND NINE MONTH FINANCIAL PERIOD ENDED 30 JUNE 2017 ("9MFY2017") IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2017 ("FY2017")

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

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

	Group			Group		
	Q3FY2017	Q3FY2016	% Change	**9MFY2017**	9MFY2016	% Change
	S$'000	S$'000		**S$'000**	S$'000	
Revenue	**9,086**	9,124	-	**33,338**	38,080	(12)
Cost of sales	**(8,363)**	(8,929)	(6)	**(30,124)**	(28,731)	5
Gross profit	**723**	195	NM	**3,214**	9,349	(66)
Other operating income	**(179)**	(48)	NM	**1,880**	503	NM
Administrative expenses	**(1,501)**	(2,934)	(49)	**(4,391)**	(5,669)	(23)
Other operating expenses	**(300,622)**	(3,799)	NM	**(301,942)**	(6,938)	NM
Loss from operations	**(301,579)**	(6,586)	NM	**(301,239)**	(2,755)	NM
Finance costs	**(2,044)**	(1,437)	42	**(5,989)**	(4,140)	45
Share of losses in joint ventures	**(723)**	(114)	NM	**(1,140)**	(1,508)	(24)
Loss before income tax	**(304,346)**	(8,137)	NM	**(308,368)**	(8,403)	NM
Income tax	**119**	1,728	(93)	**(633)**	893	NM
Loss for the financial period	**(304,227)**	(6,409)	NM	**(309,001)**	(7,510)	NM
Loss attributable to:-						
Equity holders of the Company	**(304,227)**	(6,409)	NM	**(309,001)**	(7,510)	NM
	(304,227)	(6,409)	NM	**(309,001)**	(7,510)	NM

"Q3FY2017" denotes the third financial quarter of the financial year ended 30 September 2017 ("FY2017").

"9MFY2017" denotes the 9 months financial year of FY2017.

"Q3FY2016" denotes the third financial quarter of the financial year ended 30 September 2016 ("FY2016").

"9MFY2016" denotes the 9 months financial year of FY2016.

"% 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.

	Group			Group		
	Q3FY2017	Q3FY2016	% Change	**9MFY2017**	9MFY2016	% Change
	S$'000	S$'000		**S$'000**	S$'000	
Loss for the financial period	**(304,227)**	(6,409)	NM	**(309,001)**	(7,510)	NM
Other comprehensive income:						
Exchange difference on translating foreign operation	**(1,748)**	183	NM	**(763)**	(1,864)	(59)
Total comprehensive income	**(305,975)**	(6,226)	NM	**(309,764)**	(9,374)	NM
Total comprehensive income attributable to:-						
Equity holders of the Company	**(305,975)**	(6,226)	NM	**(309,764)**	(9,374)	NM
	(305,975)	(6,226)	NM	**(309,764)**	(9,374)	NM

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

	Group			Group		
	Q3FY2017	Q3FY2016	% Change	**9MFY2017**	9MFY2016	% Change
Loss before income tax has been arrived at after charging/(crediting):	**S$'000**	S$'000		**S$'000**	S$'000	
Depreciation of property, plant and equipment	**3,866**	2,777	39	**11,324**	8,470	34
Net foreign currency exchange loss/(gain)	**(37)**	2,870	NM	**(1,639)**	4,238	NM
Allowance for impairment of trade receivables	**8,748**	-	NM	**8,748**	-	NM
Allowance for impairment of inventories	**43,257**	-	NM	**43,257**	-	NM
Impairment of investment in joint ventures	**56,670**	-	NM	**56,670**	-	NM
Impairment on recoverable amount	**35,079**	-	NM	**35,079**	-	NM
Write off forfeited deposits	**2,289**	-	NM	**2,289**	-	NM
Impairment of property, plant and equipment	**153,272**	-	NM	**153,272**	-	NM
Gain on disposal of property, plant and equipment	**-**	130	NM	**-**	(320)	NM
Interest income	**(3)**	(11)	(70)	**(9)**	(23)	(61)
Interest expenses	**2,044**	1,437	42	**5,989**	4,140	45
Share-based payment expense	**35**	35	-	**105**	64	64
(Gain)/loss on fair value adjustment of derivative financial instruments	**(5)**	(206)	(97)	**(252)**	21	NM

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.

	Group		Company	
	As at 30 June 2017 S$'000	As at 30 September 2016 S$'000	**As at 30 June 2017 S$'000**	As at 30 September 2016 S$'000
Non-current assets				
Property, plant and equipment	**68,312**	238,178	**-**	-
Investment in subsidiaries	**-**	-	**4,320**	4,320
Investment in joint ventures	**22,177**	80,692	**8,703**	8,265
	90,489	318,870	**13,023**	12,585
Current assets				
Inventories	**11,268**	12,119	**-**	-
Trade receivables	**11,444**	15,951	**-**	-
Gross amounts due from customers for construction contracts	**-**	47,405	**-**	-
Other receivables, deposits and prepayments	**5,738**	42,553	**2,235**	168
Due from subsidiaries (non-trade)	**-**	-	**155,200**	96,132
Cash and bank balances	**5,343**	11,824	**94**	213
	33,793	129,852	**157,529**	96,513
Total assets	**124,282**	448,722	**170,552**	109,098
Current liabilities				
Bank overdraft	**2,000**	1,983	**-**	-
Trade payables	**10,781**	10,557	**-**	-
Gross amounts due to customers for construction	**1,227**	-	**-**	-
Other payables and accruals	**9,539**	23,871	**62,370**	1,514
Borrowings – interest bearing	**247,926**	116,788	**50,000**	-
Derivative financial instruments	**-**	249	**-**	-
Income tax payable	**1,068**	-	**-**	-
Deferred tax liabilities	**2,576**	2,381	**-**	-
	275,117	155,829	**112,370**	1,514
Non-current liabilities				
Borrowings – interest bearing	**-**	133,034	**-**	50,000
Deferred tax liabilities	**-**	1,035	**-**	-
	-	134,069		
Total liabilities	**275,117**	289,898	**112,370**	51,514
Net (liabilities)/assets	**(150,835)**	158,824	**58,182**	57,584
Share capital and reserves				
Share capital	**59,239**	59,239	**59,239**	59,239
Treasury shares	**(1,203)**	(1,203)	**(1,203)**	(1,203)
Capital reserve	**634**	634	**-**	-
Employee share option reserve	**346**	241	**-**	-
Foreign currency translation reserve	**(231)**	532	**-**	-
Retained earnings	**(209,620)**	99,381	**146**	(452)
	(150,835)	158,824	**58,182**	57,584
Total (deficit) equity	**(150,835)**	158,824	**58,182**	57,584

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

	Group	
	As at 30 June 2017 S$'000	As at 30 September 2016 S$'000
Amount repayable in one year or less or on demand		
Secured*	**247,926**	116,788
Amount repayable after one year		
Secured*	**-**	133,034

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.

	Group		Group	
	Q3FY2017	Q3FY2016	**9MFY2017**	9MFY2016
	S$'000	S$'000	**S$'000**	S$'000
Cash flow from operating activities				
Loss before income tax	**(304,346)**	(8,137)	**(308,368)**	(8,403)
Adjustments for:				
Depreciation of property, plant and equipment	**3,866**	2,777	**11,324**	8,470
Bad debts written off	**-**	-	**38**	-
Interest expense	**2,044**	1,437	**5,989**	4,140
Interest income	**(3)**	(11)	**(9)**	(23)
Gain/(loss) on disposal of property, plant and equipment	**4**	130	**4**	(320)
Gain/(loss) on fair value adjustment of derivative financial instruments	**(5)**	(207)	**(252)**	(27)
Impairment of investment in joint ventures	**56,670**	-	**56,670**	-
Impairment on property, plant and equipment	**153,272**	-	**153,272**	-
Allowance for impairment of trade receivables	**8,748**	-	**8,748**	-
Impairment on recoverable amount	**35,079**		**35,079**	
Write off forfeited deposits	**2,289**	-	**2,289**	-
Allowance for impairment of inventories	**43,257**	-	**43,257**	-
Share based payment expense	**35**	34	**105**	63
Share of loss in joint ventures	**723**	114	**1,140**	1,508
Foreign exchange difference	**(5,525)**	2,283	**(2,894)**	4,530
Operating profit before working capital changes	**(3,892)**	(1,580)	**6,391**	9,938
Movement in working capital				
Inventories	**6,550**	(2,466)	**4,768**	1,204
Trade and other receivables	**1,079**	1.618	**(4,656)**	(6,689)
Due from/(to) customers for construction contracts	**(1,580)**	(3,225)	**464**	6,338
Trade and other payables	**(368)**	4,178	**(5,983)**	1,915
Cash (used in)/generated from operations	**1,789**	(1,475)	**984**	12,706
Interest paid	**(22)**	(102)	**(63)**	(244)
Income tax paid	**(271)**	(828)	**(520)**	(2,761)
Net cash generated from/(used in) operating activities	**1,496**	(2,405)	**401**	9,701
Cash flows from investing activities				
Purchase of property, plant and equipment	**(3)**	(5,953)	**(4)**	(34,970)
Proceeds from disposal of property, plant and equipment	**-**	12	**-**	1,202
Interest received	**3**	11	**9**	23
Net cash generated from/(used in) investing activities	**-**	(5,930)	**5**	(33,745)
Cash flows from financing activities				
Proceeds from term loans	**-**	1,314	**-**	50,642
Repayment of term loans	**(452)**	(7,120)	**(2,829)**	(16,570)
Repayment of finance lease payables, net	**(16)**	(20)	**(54)**	(60)
Interest paid on finance lease	**(2)**	-	**(7)**	-
Interest paid on term loans	**(169)**	(1,111)	**(2,433)**	(3,207)
Interest paid on medium term note	**-**	(224)	**(1,691)**	(689)
(Placement)/withdrawal of fixed deposits and bank balances pledged with licensed bank	**475**	-	**491**	(398)
Net cash (used in)/generated from financing activities	**(164)**	(7,161)	**(6,523)**	29,718
Net increase/(decrease) in cash and cash equivalents	**1,332**	(15,496)	**(6,117)**	5,674
Cash and cash equivalents at beginning of the period	**970**	29,959	**8,210**	9,935
Effect of exchange rate changes on cash and cash equivalents	**(99)**	26	**110**	(1,120)
Cash and cash equivalents at end of the financial period (Note 1)	**2,203**	14,489	**2,203**	14,489

	Group	
	9MFY2017	9MFY2016
Note 1	**S$'000**	S$'000
Cash and cash equivalent consist of:		
Cash and bank balances	**5,343**	18,341
Bank overdraft	**(2,000)**	(2,328)
Total cash and bank balances (as per statement of financial position)	**3,343**	16,013
Less: Pledged bank balances	**(1,140)**	(1,524)
Cash and cash equivalent at the end of financial period (as per cash flow statement)	**2,203**	14,489

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.

Group	Share capital	Treasury shares	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Retained earning	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the Company								
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 October 2016	59,239	(1,203)	634	241	532	99,381	158,824	-	158,824
Loss for the financial period	-	-	-	-	-	(309,001)	(309,001)	-	(309,001)
Other comprehensive income, net of tax	-	-	-	-	(763)	-	(763)	-	(763)
Total comprehensive income for the financial period	-	-	-	-	(763)	(309,001)	(309,764)	-	(309,764)
Employee share option	-	-	-	105	-	-	105	-	105
Balance as at 30 Jun 2017	59,239	(1,203)	634	346	(231)	(209,620)	(150,835)	-	(150,835)
Balance as at 1 October 2015	59,239	(1,203)	634	142	2,243	116,319	177,374	-	177,374
Profit for the financial period	-	-	-	-	-	(7,510)	(7,510)	-	(7,510)
Other comprehensive income, net of tax	-	-	-	-	(1,864)	-	(1,864)	-	(1,864)
Total comprehensive income for the financial period	-	-	-	-	(1,864)	(7,510)	(9,374)	-	(9,374)
Employee share option	-	-	-	64	-	-	64	-	64
Balance as at 30 Jun 2016	59,239	(1,203)	634	206	379	110,405	168,064	-	168,064

Company	Share capital $'000	Treasury share $'000	Foreign currency translation reserve $'000	Retained earning $'000	Total $'000
Balance at 1 October 2016	59,239	(1,203)	-	(452)	57,584
Total comprehensive income for the financial period	-	-	-	598	598
Balance at 30 June 2017	59,239	(1,203)	-	146	58,182
Balance at 1 October 2015	59,239	(1,203)	-	1,752	59,788
Total comprehensive income for the financial period	-	-	-	(1,932)	(1,932)
Balance at 30 June 2016	59,239	(1,203)	-	(180)	57,856

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").

As at 30 June 2017, 3,430,000 share options was outstanding (30 June 2016: 4,910,000), which are capable of being exercised into the same equivalent number of shares of the Company, pursuant to share option granted on 24 April 2013 under the ESOS (2013 Option).

As at 30 June 2017, 4,280,000 share options was outstanding (30 June 2016: 4,980,000), which are capable of being exercised into the same equivalent number of shares of the Company, pursuant to share option granted on 28 April 2015 under the ESOS (2015 Option).

Save as disclosed, the Company has no outstanding convertibles as at 30 June 2017 and 30 June 2016.

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 30 June 2017	As at 30 September 2016
Total number of issued ordinary shares (excluding treasury shares)	336,548,600	336,548,600

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.

There was no movement on the treasury shares held by the Company during the reporting financial period. The number of treasury shares owned by Company as at 30 June 2017 was 4,201,400.

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 2016.

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.

Basis of preparation

As at 30 June 2017, the Group is in the midst of a refinancing and debt restructuring exercise (the "Proposed Refinancing and Debt Restructuring Exercise"), triggered by its inability to service some of its debts as and when they fell due. In view of the following material uncertainties which may cast significant doubt on the ability of the Group to continue as a going concern and to comply with the relevant accounting standards, the Board of Directors of the Company (the "Board") is of the view that preparation of the unaudited financial statements of the Group for Q3FY2017 be more prudently prepared, taking into consideration the following factors:

(a) there is no assurance that the Group may successfully complete the Proposed Refinancing and Debt Restructuring Exercise; and
(b) there is no assurance that the Group may raise sufficient fresh funds from potential investors to meet its working capital needs and

sustain its operations for the next 12 months.

If the Group were unable to continue in operational existence for the foreseeable future, it may be unable to discharge its liabilities in the normal course of business. In view of this, certain impairment adjustments on assets were made to reflect current depressed market conditions (and not to be stated at values to be realized in the normal course of business and at amounts currently recorded in the balance sheet) and the non-current liabilities of the Group would have to be reclassified as current liabilities as they fall due.

However, there are practical difficulties in estimating the value of the fleets of the Group given the present highly volatile and uncertain economic prospects of the oil and gas as well as marine industries. In the opinion of the Board, the distressed current market value of similar fleets of the Group would be best guided by shipbroker's report.

Accordingly, the unaudited financial statements of the Group for Q3FY2017 (as contained in this results announcement) had been prepared based on the aforesaid (**without taking into account of the outcome of the Proposed Refinancing and Debt Restructuring Exercise if it were to be successfully completed**).

Adoption of Singapore Financial Reporting Standards (FRSs)

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 2016, 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 2016.

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.

	Group	
	9MFY2017	9MFY2016
	S$'000	S$'000
Loss attributable to equity holders	**(309,001)**	(7,510)

	9MFY2017		9MFY2016	
Earnings per share	**Number of shares**	**Singapore cents**	Number of shares	Singapore cents
Basic	**336,548,600**	**(91.81)**	336,548,600	(2.23)
Diluted	**340,386,201**	**(91.81)**	338,446,364	(2.23)

* Basic earnings per share is calculated by dividing profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

** Diluted earnings per share is calculated by dividing profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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.

	Group		Company	
	As at 30 June 2017 S$'000	As at 30 September 2016 S$'000	**As at 30 June 2017 S$'000**	As at 30 September 2016 S$'000
Net asset value	**(150,835)**	**158,824**	**58,182**	**57,584**
Net asset value per ordinary share based on issued share capital (Singapore cents)	**(44.8) cents**	47.2 cents	**17.3 cents**	17.1 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 principally engaged in shipping and shipyard businesses.

The shipping business of the Group relates to the chartering of Offshore Supply Vessels ("OSVs"), comprising 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.

The shipyard business of the Group relates to ship building as well as the provision of ship maintenance, repair, outfitting and conversion service 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 boost 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

Our Group's revenues for 9MFY2017 (vis-à-vis 9MFY2017) and Q3FY2016 (vis-a-vis Q3FY2016) were as follow:

	Q3FY2017		Q3FY2016		Change		9MFY2017		9MFY2016		Change	
	S$ m	**%**	**S$ m**	**%**	**S$ m**	**%**	**S$ m**	**%**	**S$ m**	**%**	**S$ m**	**%**
Ship Chartering Operations	**3.9**	**43**	2.6	29	1.3	50	**12.4**	**37**	13.5	35	(1.1)	(8)
Ship Building & Repair Operations	**5.2**	**57**	6.5	71	(1.3)	(20)	**20.9**	**63**	24.6	65	(3.7)	(15)
	9.1	**100**	9.1	100	-	-	**33.3**	**100**	38.1	100	(4.8)	(13)

While Q3FY2017 revenue had been maintained at S$9.1 million, compared to Q3FY2016, the Group's 9MFY2017 revenue had been reduced by 12% from S$38.1 million for 9MFY2016 to S$33.3 million.

Revenue for the Group's Ship Chartering Operations increased by 50% from S$2.6 million in Q3FY2016, and to S$3.9 million in Q3FY2017. The increase was due mainly to improve in utilization of the Group's fleet of tugboats and barges.

Revenue for the Ship Building & Repair Operations decreased by 20%, from S$6.5 million in Q3FY2016 to S$5.2 million in Q3FY2017. The decrease was attributed mainly to decrease in dry-dock and repair jobs. On a nine-month basis, the Ship Building & Repair

Operations recorded a decrease of 15% in revenue to S$20.9 million in 9MFY2017 from S$24.6 million in 9MFY2016, due primarily to reduced ship building projects.

Due primarily to the higher contribution from the Group's tug and barge fleets resulted in a jump in gross profit to S$723,000 in Q3FY2017, compared to a gross profit of S$195,000 in Q3FY2016. However, on a nine-month basis, the Group's overall gross profit decreased by 66% in 9MFY2017 compared to 9MFY2016, chiefly as a result of deteriorating contribution from shipbuilding and repairs as well as the offshore division, due to the continuing slump in the O&G sector.

Higher foreign exchange gains recognized in 9MFY2017 brought the Group's other operating income higher by S$0.7 million to S$1.9 million in 9MFY2017, from S$0.5 million in 9MY2016.

In line with reduced business activation and as a result of concerted cost containment measures, the Group drastically reduced its administrative expenses by 49% from S$2.9 million in Q3FY2016 to S$1.5 million in Q3FY2017 and by 23% from S$5.7 million in 9MFY2016 to S$4.4 million in 9MFY2017.

The other operating expenses of the Group increased significantly to S$300.6 million in Q3FY2017 from S$3.8 million in Q3FY2016 and to S$301.9 million in 9MFY2017 from S$6.9 million in 9MFY2016, attributed primarily to the impairment adjustments on assets.

With the prolonged slump in the O&G sector, being conservative the group decided to make impairment adjustments of S$196.5 million on its OSV assets to reflect current distressed market value. Impairment adjustments on 10 units of OSVs booked under property, plant and equipment accounted for S$153.3 million, 2 units of OSVs completed but not delivered and 1 unit of incomplete OSV, booked under inventories added S$43.3 million. In addition, impairment on the carrying value of investment in JV companies of S$56.7 million, impairment on recoverable amount for the first 10% deposit paid to a terminated rig project of S$35.1 million and trade receivables of S$8.7 million plus forfeited deposits of S$2.3 million brought total impairment and allowances to S$299.3 million.

Largely due to an increase in interest rate payable to bondholders of the restructured Notes, as announced by the Company on 18 October 2016, the finance costs of the Group increased by S$0.6 million or 42% to S$2.0 million in Q3FY2017, from S$1.4 million in Q3FY2016 and by S$1.8 million or 45% to S$6.0 million in 9MFY2017 from S$4.1 million in 9MFY2016.

The share of losses from jointly-controlled companies was S$0.7 million in Q3FY2017 compared to S$0.1 million in Q3FY2016 and S$1.1 million in 9MFY2017 compared to S$1.5 million in 9MFY2016. The share of losses from jointly-controlled companies was mainly attributable to the share of losses of BBR.

Excluding the impairment adjustments on assets of S$299.3 million, total loss of the Group would have been S$4.9 million in Q3FY2017 and S$9.7 million in 9MFY2017.

(b) Review of financial position of the Group as at 30 June 2017 compared to that as at 30 September 2016

The impairment of vessels and investment in joint ventures as well as depreciation of AHTS and share of losses in jointly-controlled companies caused the non-current assets of the Group to decrease from S$318.9 million as at 30 September 2016 to S$90.5 million as at 30 June 2017.

The decrease in trade receivables was mainly due to impairment of trade receivables and offset by lower debts collection as at 30 June 2017.

As a result of the reclassification of completed and undelivered vessels to inventories, there is nothing due from customers as at 30 September 2017, compared to S$47.4 million as at 30 September 2016.

The decrease in other receivables, deposits and prepayments were mainly due to the writing-off of the prepayment of the deposit paid on a terminated rig and impairment on certain recoverable amounts.

All the non-current liabilities of the Group as at 30 June 2017 had been reclassified as current liabilities. This caused the current liabilities of the Group to jump from S$155.8 million as at 30 September 2016 to S$275.1 million as at 30 June 2017.

In view of the above, the Group recorded:

(a) a negative equity (net liabilities) of S$150.8 million as at 30 June 2017, compared to a positive equity of S$158.8 million as at 30 September 2016;

(b) a higher negative working capital of S$241.3 million as at 30 June 2017, compared to a negative working capital of S$26.0 million as at 30 September 2016; and

(c) a 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) of a negative 162.2% as at 30 June 2017, compared to a positive 151.1% as at 30 September 2016; and

(d) a negative net asset value per share of 44.8 cents as at 30 June 2017, compared to a positive net asset value per shares of 47.2 cents as at 30 September 2016.

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.

Trading in the shares of the Company had been suspended for reasons set out in the Company's announcement dated 1 May 2017 (Announcement Reference SG170501OTHRYO54). As further announced on 18 May 2017, the Company and its subsidiary, Marco Polo Shipyard Pte. Ltd. ("MPSY") have each filed an application to the Singapore High Court pursuant to section 210(10) of the Companies Act, Cap. 50, of Singapore ("Companies Act") for a scheme moratorium to restrain all legal proceedings against the Company and MPSY so as to allow the Company and MPSY to finalize a scheme of arrangement with their creditors as part of the Group's proposed refinancing and debt restructuring (as first announced on 13 April 2017 (Announcement Reference SG170413OTHR3ST8)). On 14 July 2017, the Singapore High Court granted the Company and MPSY moratoriums in respect of the then current proceedings against them until 31 August 2017, with a direction to file their applications under Section 210(10) of the Companies Act for the convening of the requisite scheme meetings.

As of the date of this announcement, the Company is in advance negotiations with potential investors to raise fresh funding as part of the Group's proposed financing and debt restructuring. The Group is finalizing schemes of arrangement to be filed under section 210(10) of the Companies Act as well as the terms of a consent solicitation exercise to be undertaken for the settlement of the outstanding debts due under the Series 001 S$50 million 5.75 per cent. fixed rate notes due 2016 ("Notes"), all as part of the Group's proposed refinancing and debt restructuring. Barring unforeseen circumstances, the Company and MPSY expect to file the applications to the Singapore High Court pursuant to section 210(10) of the Companies Act by 31 August 2017.

The long-term prospects of the Group, in particular, its ability to continue its business and operations in the next 12 months, are dependent on the ability of the Group to achieve a successful refinancing and debt restructuring. The proposed refinancing and debt restructuring that the Group is currently proposing to table before various stakeholders for consideration require, among others, sufficient fresh funding from the potential investors that the Company is presently in talks with, sufficient support from the creditors who are made parties to the schemes of arrangement, the requisite approval of the holders of the Notes pursuant to the consent solicitation exercise and the requisite approval of the Shareholders of the Company.

The current oil price has been hovering around and at times stayed afloat above US$50 per barrel. Notwithstanding this, the Group envisage that the outlook of the oil and gas industry, and hence the marine industry, will remain challenging in the next 12 months.

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/recommended for 9MFY2017.

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 20 January 2017, the following interested person transactions had been entered into during Q3FY2017:

Name of Interested Persons	Aggregate value of all interested person transactions during the financial period 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**
PT. Pelayaran Nasional Bina Buana	**-**	**205**

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 9MFY2017 to be false or misleading in any material aspect.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
Chief Executive Officer

Liely Lee
Executive Director

14 Aug 2017