MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD FINANCIAL QUARTER ("Q3FY2012") AND THE NINE-MONTH ("9MFY2012) ENDED 30 JUNE 2012 IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2012 ("FY2012")

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.

	The Group			The Group		
	Q3FY2012 S$'000	Q3FY2011 S$'000	% Change	**9MFY2012 S$'000**	9MFY2011 S$'000	% Change
Revenue	**14,403**	21,175	(32)	**69,981**	62,677	12
Cost of sales	**(6,581)**	(16,343)	(60)	**(47,560)**	(46,899)	1
Gross profit	**7,822**	4,832	62	**22,421**	15,778	42
Other operating income	**800**	3,212	(75)	**2,933**	9,782	(70)
Administrative expenses	**(1,771)**	(1,659)	7	**(5,351)**	(4,966)	8
Other operating expenses	**(593)**	(1,230)	(52)	**(2,345)**	(3,574)	(34)
Profit from operations	**6,258**	5,155	21	**17,658**	17,020	4
Finance costs	**(329)**	(426)	(23)	**(1,160)**	(1,781)	(35)
Share of results of an associate	**3,588**	-	NM	**2,522**	-	NM
Share of results of jointly–controlled entities	**361**	328	10	**1,077**	461	134
Profit before tax	**9,878**	5,057	95	**20,097**	15,700	28
Income tax	**(985)**	(701)	41	**(2,625)**	(1,916)	37
Net profit attributable to the shareholders	**8,893**	4,356	104	**17,472**	13,784	27

"Q3FY2012" denotes the third financial quarter of the financial year ended 30 September 2012 ("FY2012").
"9MFY2012" denotes the 9 months of FY2012.
"Q3FY2011" denotes the third financial quarter of the financial year ended 30 September 2011 ("FY2011").
"9MFY2011" denotes the 9 months of FY2011.
"% 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			The Group		
	Q3FY2012 S$'000	Q3FY2011 S$'000	% Change	**9MFY2012 S$'000**	9MFY2011 S$'000	% Change
Profit for the period	**8,893**	4,356	104	**17,472**	13,784	27
Exchange differences on translating foreign operations	**31**	106	(71)	**(15)**	(144)	(90)
Share of comprehensive income of Jointly-controlled entities	**202**	(344)	NM	**435**	(706)	NM
Other comprehensive income, net of tax	**233**	(238)	NM	**420**	(850)	NM
Total comprehensive income for the period	**9,126**	4,118	122	**17,892**	12,934	38
Profit attributable to equity holders of the Company	**8,893**	4,356	104	**17,472**	13,784	27
Total comprehensive income attributable to equity holders of the Company	**9,126**	4,118	122	**17,892**	12,934	38

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

	The Group			The Group		
	Q3FY2012 S$'000	Q3FY2011 S$'000	% Change	**9MFY2012 S$'000**	9MFY2011 S$'000	% Change
Profit before income tax has been arrived at after charging/(crediting)						
Depreciation and amortization	**1,680**	1,727	(3)	**4,958**	5,191	(4)
Net foreign currency exchange (gain)/loss	**(343)**	356	NM	**(149)**	(314)	(53)
Gain on disposal of property, plant and equipment	**(157)**	(3,318)	(95)	**(1,185)**	(8,691)	(86)
Property, plant and equipment written-off	**-**	-	NM	**20**	1	NM
Impairment loss on trade receivables recognized	**103**	8	1,188	**103**	170	(39)
Amortization of deferred income – government grant	**-**	(6)	NM	**(31)**	(21)	48
Interest income	**(10)**	(5)	100	**(49)**	(99)	(51)
Interest expenses	**329**	426	(23)	**1,160**	1,781	(35)
Fair value adjustment of derivative contract	**(64)**	-	NM	**(703)**	-	NM
Adjustment for overprovision of tax in respect of prior years	**-**	-	NM	**(72)**	(679)	(89)

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 30 June 2012 S$'000	As at 30 September 2011 S$'000	**As at 30 June 2012 S$'000**	As at 30 September 2011 S$'000
Non-current assets				
Property, plant and equipment	**104,482**	96,577	**-**	-
Investment in subsidiaries	**-**	-	**4,320**	4,320
Investment in associated company	**19,961**	17,439	**-**	-
Convertible bond in associated company	**25,434**	-	**-**	-
Jointly-controlled entities	**21,856**	19,258	**-**	-
	171,733	133,274	**4,320**	4,320
Current assets				
Inventories	**5,191**	10,138	**-**	-
Trade receivables	**4,482**	6,966	**-**	-
Due from associated company (trade)	**10,181**	1,384		
Due from customers for construction contracts	**5,644**	9,108	**-**	-
Other receivables, deposits & prepayment	**4,191**	9,708	**51**	73
Due from associated company (non-trade)	**24**	19,785	**-**	-
Due from subsidiaries (non-trade)	**-**	-	**55,826**	50,656
Derivative financial instruments	**70**	-	**-**	-
Fixed deposits	**3,532**	4,644	**2,109**	2,144
Cash and bank balances	**16,074**	13,685	**4,099**	293
	49,389	75,418	**62,085**	53,166
Total assets	**221,122**	208,692	**66,405**	57,486
Current liabilities				
Bank overdraft	**-**	999	**-**	-
Trade payables	**14,633**	26,644	**-**	-
Other payables and accruals	**7,356**	7,863	**246**	414
Borrowings – interest bearing	**32,190**	20,586	**-**	418
Derivative financial instruments	**-**	633	**-**	-
Income tax payable	**4,706**	2,633	**-**	-
	58,885	59,358	**246**	832
Non-current liabilities				
Borrowing – interest bearing	**22,580**	24,556	**-**	-
Deferred tax liabilities	**1,662**	1,236	**-**	-
Deferred income – government grant	**-**	31	**-**	-
	24,242	25,823	**-**	-
Total liabilities	**83,127**	85,181	**246**	832
Net assets	**137,995**	123,511	**66,159**	56,654
Share capital and reserves				
Share capital	**59,239**	59,239	**59,239**	59,239
Translation reserve	**(191)**	(611)	**-**	-
Retained earnings/(Accumulated losses)	**78,947**	64,883	**6,920**	(2,585)
Total equity	**137,995**	123,511	**66,159**	56,654

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

	The Group	
	As at 30 June 2012 S$ '000	As at 30 September 2011 S$ '000
Amount repayable in one year or less or on demand		
Secured*	**32,190**	21,585
Amount repayable after one year		
Secured*	**22,580**	24,556

Details of any collateral

* These are secured by:

- Mortgages over certain property, plant and equipment of subsidiaries.
- Joint and several guarantees by certain directors of the Group.
- Assignment of certain charter income and insurance policies of vessels of a subsidiary.
- Corporate guarantees by the Company and a related company.
- Deposits provided by the Group.
- Assets of certain directors and related parties of the Group.
- Certain 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	
	9MFY2012	9MFY2011
	S$'000	S$'000
Cash flow from operating activities		
Profit before income tax	**20,097**	15,700
Adjustments for:		
Depreciation and amortization	**4,958**	5,191
Interest expense	**1,160**	1,781
Interest income	**(49)**	(99)
Gain on disposal of property, plant and equipment	**(1,185)**	(8,691)
Fair value adjustment of derivative contracts	**(703)**	-
Share of profits in jointly-controlled entities	**(1,077)**	(461)
Share of profits in associated company	**(2,522)**	-
Property, plant and equipment written-off	**20**	1
Amortization of deferred income	**(31)**	(21)
Currency realignment	**165**	263
Operating profit before working capital changes	**20,833**	13,664
Working capital changes:		
Inventories	**4,947**	(318)
Trade and other receivables	**8,001**	(79,335)
Due from associated company	**(14,470)**	-
Due from customers for construction contracts	**3,464**	11,407
Trade and other payables	**(12,518)**	(1,706)
Cash from/(used in) operations	**10,257**	(56,288)
Interest paid	**(81)**	(413)
Income tax paid	**(126)**	(725)
Net cash from/(used in) operating activities	**10,050**	(57,426)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(28,348)**	(62,009)
Proceeds from disposal of property, plant and equipment	**16,650**	78,319
Jointly-controlled entities	**(1,090)**	(1,365)
Placement of fixed deposits and cash pledged with licensed bank	**4,698**	2,849
Interest received	**49**	99
Net cash (used in)/from investing activities	**(8,041)**	17,893
Cash flows from financing activities		
Proceeds from issue of new share – net	**-**	14,566
Proceeds from loans – net	**9,938**	27,997
Repayment of lease obligations	**(311)**	(894)
Interest paid on lease obligations	**(30)**	(84)
Interest paid on term loans	**(1,049)**	(1,284)
Dividend paid	**(3,408)**	-
Net cash from financing activities	**5,140**	40,301
Net change in cash and cash equivalents	**7,149**	768
Effect of exchange rate changes on cash and cash equivalents	**(175)**	(409)
Cash and cash equivalents at beginning of financial year	**10,524**	3,819
Cash and cash equivalents at end of financial year (Note 1)	**17,498**	4,178

Note 1:

Cash and cash equivalents consist of:

	The Group	
	9MFY2012	9MFY2011
	S$'000	S$'000
Cash and bank balances	**16,074**	10,506
Fixed deposits	**3,532**	5,137
Bank overdraft	**-**	(1,896)
Total cash, bank balances and fixed deposit	**19,606**	13,747
Less: fixed deposits and cash pledged	**(2,108)**	(9,569)
Cash and cash equivalents	**17,498**	4,178

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.

	The Group			
	Share Capital S$'000	Translation Reserve S$'000	Retained Earnings S$'000	Total S$'000
Balance as at 1 October 2011	59,239	(611)	64,883	123,511
Total comprehensive income for the year	-	420	17,472	17,892
Dividend paid	-	-	(3,408)	(3,408)
Balance as at 30 June 2012	59,239	(191)	78,947	137,995

	The Group			
	Share Capital S$'000	Translation Reserve S$'000	Retained Earnings S$'000	Total S$'000
Balance as at 1 October 2010	44,673	(352)	47,575	91,896
Total comprehensive income for the year	-	(850)	13,784	12,934
Issue of shares	15,050	-	-	15,050
Share issue expenses	(484)	-	-	(484)
Balance as at 30 June 2011	59,239	(1,202)	61,359	119,396

	The Company		
	Share Capital S$'000	Retained Earnings S$'000	Total S$'000
Balance as at 1 October 2011	59,239	(2,585)	56,654
Total comprehensive income for the year	-	12,913	12,913
Dividend on ordinary shares	-	(3,408)	(3,408)
Balance as at 30 June 2012	59,239	6,920	66,159

	The Company		
	Share Capital S$'000	Accumulated Losses S$'000	Total S$'000
Balance as at 1 October 2010	44,673	(1,324)	43,349
Total comprehensive income for the year	-	(934)	(934)
Issue of shares	15,050	-	15,050
Share issue expenses	(484)	-	(484)
Balance as at 30 June 2011	59,239	(2,258)	56,981

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.

There is no change in company's share capital during 9MFY2012.

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 Jun 2012	As at 30 Sep 2011
Total number of issued ordinary shares (excluding treasury shares)	340,750,000	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.

The Company had no treasury shares as at 1 October 2011. Neither had there been any sale, transfer, disposal, cancellation and/or use of treasury shares during 9MFY2012.

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.

Except as disclosed in Note 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 30 September 2011.

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 2011, 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 2011.

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	
	9MFY2012	9MFY2011
	S$'000	S$'000
Net profit attributable to shareholders	**17,472**	13,784
Earnings per share		
Basic (Singapore cents)	**5.13***	4.06**
Diluted (Singapore cents)	**5.13***	4.06**

* Basic and diluted earnings per share for 9MFY2012 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S$17.5 million and the weighted average number of shares of 340,750,000.

** Basic and diluted earnings per share for 9MFY2011 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S$13.8 million and the weighted average number of shares of 339,339,744.

There were no potential dilutive shares as at 30 June 2012.

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 30 June 2012 S$'000	As at 30 September 2011 S$'000	**As at 30 June 2012 S$'000**	As at 30 September 2011 S$'000
Net asset value as at the respective balance sheet dates	**137,995**	123,511	**66,159**	56,654
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	**40.5**	36.2	**19.4**	16.6

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

Marco Polo Marine, an integrated marine logistic group, has grown and expanded to become a reputable player in the marine industry in the region.

The Group's ship chartering business charters tugboats and barges to customers from the mining, commodities, construction, infrastructure, property development and land reclamation industries as well as offshore vessels which are being deployed in the waters of Australia, the Gulf of Thailand and Indonesia. The Group also provides transshipment services which involve principally the transportation of coal from mines in Indonesia to coal purchasers' bulkers for their onward transportation to electric power plants throughout Asia.

The Group's shipyard undertakes ship building, ship repair, outfitting and conversion services in Batam, Indonesia. Occupying a total land area of approximately 34 hectares with a seafront of approximately 650 metres, it also has three dry docks to conduct its ship repair and conversion services.

(a) Review of the financial performance of the Group for 9MFY2012 (compared to that of 9MFY2011) and for Q3FY2012 (compared to that of Q3FY2011)

Revenue

Our Group's revenues for 9MFY2012 (*vis-à-vis* 9MFY2011) and Q3FY2012 (*vis-à-vis* Q3FY2011) were as follow:

	9MFY2012		**9MFY2011**		***Change***		**Q3FY2012**		**Q3FY2011**		***Change***	
	S$'m	**%**	**S$'m**	**%**	***S$'m***	***%***	**S$'m**	**%**	**S$'m**	**%**	***S$'m***	***%***
Ship Chartering Operations	15.9	22.7	24.4	38.9	*(8.5)*	*(34.8)*	5.2	36.1	8.1	38.2	*(2.9)*	*(35.8)*
Ship Building & Repair Operations	54.1	77.3	38.3	61.1	*15.8*	*41.3*	9.2	63.9	13.1	61.8	*(3.9)*	*(29.8)*
	70.0	100.0	62.7	100.0	*7.3*	*11.6*	14.4	100.0	21.2	100.0	*(6.8)*	*(32.1)*

The Group's total revenue increased by 11.6% to S$70.0 million in 9MFY2012 relative to that of 9MFY2011, despite the Group's total revenue decreased by 32.1% to S$14.4 million in Q3FY2012 (*vis-à-vis* Q3FY2011's S$21.2 million) and the Group's revenue from Ship Chartering Operations decreased by 34.8% to S$15.9 million in 9MFY2012 (*vis-à-vis* 9MFY2011's S$24.4 million).

Ship Chartering Operations

Following the completion of the Group's acquisition of the 49% equity interest in PT Pelayaran Nasional Bina Buana Raya ("BBR"), and the accompanying reflagging exercise in FY2011, carried out in order to comply with Indonesia's Cabotage principle which requires all vessels plying Indonesian waters to be Indonesia flagged and such Indonesia flagged vessels must be owned by Indonesian entities controlled by Indonesian persons, the shipping business of the Group has been confined to waters beyond Indonesia (with BBR assuming the shipping business within Indonesian waters). As a consequence, the Group's ship chartering revenue declined by 34.8% to S$15.9 million in 9MFY2012 from S$24.4 million in 9MFY2011, and by 35.8% to S$5.2 million in Q3FY2012 from S$8.1 million in Q3FY2011.

Ship Building & Repair Operations

The significant reduction in total revenue in Q3FY2012 relative to Q3FY2011 was attributed mainly to a de-recognition of revenue of S$9.3 million accumulated since Q4FY2011 pursuant to the mutually agreed cancellation of a ship building order which the Group contracted in mid 2011 with its Indonesian associate, BBR. The cancellation was effected following the Group's decision in Q3FY2012 to redeploy the vessel in question outside Indonesia waters with a view to fetch better yields (the "De-Recognized Revenue").

Had it not for the De-Recognized Revenue, the Group's revenue for Q3FY2012 would have been S$23.7 million, an increase of 11.8% relative to that for Q3FY2011 due largely to the Group's Ship Building & Repair Operations, which posted strong growth of 41.1% to S$18.5 million from S$13.1 million in Q3FY2011.

The commendable revenue growth attained in Q3FY2012 (*vis-à-vis Q3FY2011) and in 9MFY2012* (*vis-à-vis 9MFY2011)* were attributed particularly to more ship repair jobs and higher value ship conversion and outfitting jobs having been completed, especially since early Q3FY2012 when the Group's third dry dock, which is capable of docking merchant vessels of up to 45,000 dwt, swung into full operation.

Gross profit

Notwithstanding the exclusion of the De-Recognized Revenue (together with the related cost involved), the Group's gross profit increased by 78.6% to S$8.6 million in Q3FY2012 relative to that of Q3FY2011 against an enhanced margin of 36.4% from 22.8%. The Group's gross profit also rose by 42.1% to S$22.4 million in 9MFY2012 relative to that of 9MFY2011 against an enhanced margin of 32.0% from 25.2%. The markedly improved gross profits and margins over the relevant periods under consideration were due primarily to the Group's Ship Repair Operations which generated substantial increases in ship repair and outfitting revenues at higher yields, particularly in Q3FY2012 when all its three dry docks were in full operation.

Other operating income

The Group registered decreased other operating income in 9MFY2012 (*vis-à-vis* 9MFY2011) and Q3FY2012 (*vis-à-vis* Q3FY2011), chiefly as a result of lower gains on disposal of vessels being recognized, with the decrease in Q3FY2012 (*vis-à-vis* Q3FY2011) being mitigated by foreign exchange gains (as contrasted against foreign exchange losses incurred in Q3FY2011).

Administrative expenses

The marginal increases in administrative expenses of 7.8% in 9MFY2012 (*vis-à-vis* 9MFY2011) and 6.8% in Q3FY2012 (*vis-à-vis* Q3FY2011) were mainly attributed to the increased shipyard utilities cost.

Other operating expenses

The decreases in other operating expenses registered in 9MFY2012 and Q3FY2012 relative to the respective corresponding periods of FY2011 were mainly attributed to higher marketing, legal and professional expenses incurred in the relevant periods of FY2011.

Operating profit

Accordingly, the Group achieved an operating profit of S$17.7 million for 9MFY2012 and S$6.3 million for Q3FY2012 compared to that of S$17.0 million for 9MFY2011 and S$5.2 million for Q3FY2011. Eliminating the effects attributed to the gain on disposal of vessels, the operating profit of the Group for 9MFY2012 would have more than doubled to S$16.5 million from S$8.3 million in 9MFY2011 and more than tripled to S$6.1 million from S$1.8 million in Q3FY2011.

Finance costs

The Group's finance costs decreased by 34.9% to S$1.2 million in 9MFY2012 relative to that in 9MFY2011 and by 22.8% to S$0.3 million in Q3FY2012 relative to that in Q3FY2011 chiefly as a result of lower average monthly outstanding loans.

Share of results of an associate

The shares of results of an associate for 9MFY2012 and Q3FY2012 were in relation to BBR, which the Group acquired a 49% equity interest in Q4FY2011. As US$ best reflects the current and prospective economic substance of the underlying transactions and substance of BBR and its subsidiary since October 2011, BBR changed its functional currency and presentation currency from IDR to US$ accordingly since then, which necessitated the Group to reverse its shares of losses attributed to BBR for Q1FY2012 (from a loss of S$0.3 million to a profit of S$0.6 million) and for Q2FY2012 (from a loss of S$0.8 million to a profit of S$0.3 million) into the Group's share of results of BBR for Q3FY2012; the shares of losses in Q1FY2012 and Q2FY2012 were due primarily to BBR's unrealized foreign exchange losses.

Share of results of jointly controlled entities

The shares of results from jointly controlled entities had improved for both 9MFY2012 (*vis-à-vis* 9MFY2011) and Q3FY2012 (*vis-à-vis* 9MFY2011), largely as a result of more ship chartering contracts having been procured by these jointly controlled companies over the periods under consideration.

(b) Review of the financial position of the Group as at 30 June 2012 compared to that as at 30 September 2011

Non-current assets

The capitalization of the costs associated with the De-Recognized Revenue coupled with the acquisition of six vessels, net of eight vessels which were reflagged to BBR and four vessels which were sold to a third-party, the Group's property, plant and equipment increased by S$7.9 million to S$104.5 million as at 30 June 2012 compared to S$96.6 million as at 30 September 2011.

Current assets

The decreases in inventories and trade payables were mainly due to decreased raw materials purchased towards the end of Q3FY2012.

The trade receivables as at 30 Jun 2012 decreased by 35.7% to S$4.5 million compared to S$7.0 million as at 30 September 2011 largely as a result of shorter credit terms granted to ship repair customers which collectively accounted for a significantly high proportion to revenue in 9MFY2012.

The decreases in other receivables, deposits and prepayments were mainly due to reduction in the advanced payments made to the vessel equipment makers.

The amounts due from customers for construction contracts decreased by 38.0% to S$5.6 million as at 30 June 2012 from S$9.1 million as at 30 September 2011 mainly as a result of completed works having been billed as trade receivables.

BBR Convertible Bonds

As at 30 June 2012, the Group converted US$20 million of the current amounts due to it by BBR (the "Current Receivables") through the subscription of 20,000,000 1.5-year convertible bonds of US$1.00 each issued by BBR (the "BBR Convertible Bonds"). The BBR Convertible Bonds carry an interest of 10% per annum and are to be fully converted into new shares of BBR based on a pre-determined formula in the event that BBR is successfully listed on the Indonesia Stock Exchange. With the BBR Convertible Bonds classified as non-current assets (in contrast to the Current Receivables which were previously classified as current assets), the Group registered a negative working capital of S$9.5 million as at 30 June 2012 compared to a positive working capital of S$16.1 million as at 30 September 2011.

Interest-bearing borrowings

The increase in interest-bearing borrowings was attributed mainly to higher vessel construction loans procured in financing the building of higher value vessels, such as AHTS.

Cash flow from operations/Working capital

Through increased revenue and improved debt collections, the Group:

1. maintained a healthy cash balance of S$19.6 million as at 30 June 2012 (relative to S$17.3 million as at 30 September 2011), albeit a maiden interim dividend, aggregating S$3.4 million, paid in Q1FY2012;

2. reversed its operating cashflow position from a net cashflow used in operations of S$57.4 million in 9MFY2011 to a net cashflow generated from operations of S$10.0 million in 9MFY2012, notwithstanding a reversal in its working capital position as explained above and a marginal increase in its relative low net gearing (defined as the ratio of the aggregate of interest bearing loans net of cash and cash equivalents to total equity) from 22.5% to 25.5% over the two periods under consideration;

3. increased its earnings per share by 26.4% from 4.06 Singapore cents for 9MFY2011 to 5.13 Singapore cents for 9MFY2012; and

4. enhanced its net asset value per share by 11.9% from 36.2 Singapore cents as at 30 September 2011 to 40.5 Singapore cents as at 30 June 2012.

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

In paragraph 10 of the results announcement for Q2FY2012 made by the Company on 4 May 2012, it was stated that "the Group expects its overall performance for FY2012 to outperform that of FY2011". With improved revenue of 11.6% achieved for 9MFY2012 (*vis-à-vis* 9MFY2011) coupled with the net profits for 9MFY2012 of S$17.5 million having already surpassed FY2011's S$17.3 million (over a 12-month period), barring any unforeseen circumstances, the Group continues to be of the view that its overall performance for FY2012 is expected to outperform that for FY2011.

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.

The shipyard operations of the Group are expected to continue to drive the overall revenue of the Group for the rest of FY2012. While new-build orders of the Group have moderated, the Group has been encouraged by the increase in enquiries for ship repair, outfitting and conversion services. With the Group's three dry docks swung into full operation since Q3FY2012, the Group is able to and has been undertaking more contracts of increasing scale and complexity. Projects relating to ship repair, outfitting and conversion services allow for faster turnaround time, though they may be *ah-hoc* in nature.

With regard to the Group's ship chartering business, the Group expects its offshore business to continue to spearhead the growth. Charter rates in both the offshore vessels division as well as the tugs and barges division have stabilized and, based on the recent enquiries and indications, are expected to continue to remain stable in the foreseeable future.

Further to the announcement made by the Company on 23 April 2012, the Company's joint venture has taken delivery of the two initial bunkering vessels in July 2012 and has since secured long-term contracts in tapping the niche buoyant chartering market which leverages on Singapore's leading position as a bunkering hub,. As this business is only operational in Q4FY2012, the joint venture is envisaged to provide a stable and growing source of income to the Group from the financial years ending 30 September 2013 and thereafter.

The external macroeconomic environment, especially the Euro zone debt crisis and stuttering growth recovery in the US, is expected to negatively affect sentiments and operations. Setting aside these uncertain conditions and barring unforeseen circumstances, the Group, while maintaining the view that its overall performance for FY2012 is expected to outperform that for FY2011, is optimistic about its performance for 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 9MFY2012.

During Q1FY2012, the Company declared a tax exempt one-tier special interim dividend of one Singapore cent per ordinary share for FY2012 and the dividends, aggregating S$3.4 million, were paid on 22 December 2011.

13. If the group has obtained 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

Pursuant to Rule 907 of the SGX-ST Listing Manual and the renewed IPT General Mandate procured from the shareholders of the Company on 30 January 2012, the following interested person transactions had been entered into as at 30 June 2012:

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
None	-	-

14. Negative assurance on interim financial statements pursuant to Rule 705(4) of the SGX-ST Listing Manual

To the best of our knowledge and belief, 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 Q3FY2012 to be false or misleading in any material aspect.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng	**Liely Lee**
CEO	**Executive Director**

6 August 2012